



**The Police & Crime  
Commissioner for  
Bedfordshire and the Police &  
Crime Commissioner for  
Bedfordshire Group**

**DRAFT  
STATEMENT OF ACCOUNTS**

**2020/2021**

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## **Narrative Report**

### **Management Overview**

The Police Reform and Social Responsibility Act 2011 replaced Police Authorities with Police & Crime Commissioners (PCCs) and created two corporate soles, the Police & Crime Commissioner and the Chief Constable for Bedfordshire Police. For accounting purposes the PCC for Bedfordshire and the Chief Constable of Bedfordshire Police are known as the PCC for Bedfordshire Group.

This Narrative Report covers information about the PCC for Bedfordshire as a local authority and its activities.

### **The Policing Environment**

We are dedicated to "protecting people and fighting crime together".

At 477 square miles and with 664,500 people Bedfordshire is one of England's smallest (yet most diverse), counties and faces complex crime challenges more usually seen in large metropolitan cities.

More than half of its residents live in its largest towns Luton and Bedford which have diverse and often transient communities, alongside smaller market towns and rural parishes.

London Luton Airport handled 18 million passengers in 2019, up 6.8% on the previous year. The M1 and A1(M) motorways traverse the county. Two principle railway lines connect people with the heart of London in less than an hour.

Bedfordshire has a complex mix of volume crime, serious crimes, drugs, gangs and terrorism threats. Every day our officers meet threats, harm and risks like those in large cities. In the year to October 2020 the force recorded over 52,024 crimes (a decrease of 8.1 per cent), and answered more than 369,000 calls for service.

The financial year 2020/21 has been unique as the Force continued to serve the public of Bedfordshire throughout the Covid19 pandemic with many officers and staff working from home in order to achieve this. The Covid19 pandemic has seen the profile of expenditure, use of resources and criminality change significantly this year.

Among all English police forces, Bedfordshire receives one of the lowest Government grants per head of population, and is in the lowest quartile for budget and police officers per head of population, and for council tax levels.

We employ in the region of 1,140 Police Officers, 935 police staff and 50 Police Community Support Officers (PCSOs).

Due to our limited resources, we have a Control Strategy to prioritise how we respond to crime - with protecting vulnerable people the primary focus. There is also a desire to reduce the increasing demand through 999 and 101 calls by offering digital solutions and signposting people to more appropriate agencies.

However, despite our relatively small size, we lead joint protective services (Armed Policing, Dogs, Roads Policing, Major Crime etc) for Bedfordshire, Cambridgeshire and Hertfordshire and are the lead force for the Eastern Region Special Operations Unit – a

co-ordinated approach from the seven forces to tackle serious and organised crime, and terrorism.

Recently there has been a push by the force to reintroduce a community policing model to engage with residents and prevent crime by early intervention and problem-solving before issues escalate. You can find out what's happening in your area here:

[Your area \(bedfordshire.police.uk\)](https://www.bedfordshire.police.uk)

Alongside local issues, policing nationally faces new and emerging crime such as cyber-crime, child sexual exploitation and 'county line' drug supply and associated criminality.

The Police and Crime Commissioner has responsibility for the totality of policing within Bedfordshire, allocating the policing budget to the Chief Constable on behalf of the taxpayer. A statutory requirement of this role is to publish a Police & Crime Plan which sets out the priorities for Bedfordshire Police and community safety in the county. The Commissioner holds the Chief Constable to account for the efficient and effective delivery of the Plan to ensure local people receive a policing service they are satisfied with and have trust and confidence in.

The priorities identified within the Police and Crime Plan are as follows:

1. A return of more visible Community Policing across the County.
2. To re-build public confidence in Bedfordshire Police.
3. To ensure that the police are available when we need them most.
4. Putting victims at the centre of the way we police and prosecute.
5. A fair deal on policing wherever you live – in the town or in the country.
6. Protecting the police to protect the public with a proper duty of care.
7. Genuinely being a Commissioner for all communities.
8. Working with partners to break the cycle of serial offending and to prevent crime wherever possible.

Underlying these objectives are a number of commitments from the PCC which have been compiled as a result of the PCC's engagement with local communities to establish their priorities. The progress of these commitments are reviewed by the Police & Crime Panel, whose role is to scrutinise the PCC's work. The Panel consists of ten local councillors and two independent members. The PCC's key achievements are detailed in the Non-Financial Performance Review section of this Narrative Report. The main risks which the PCC faces in delivering these objectives are:

- If the level of funding over the Medium-Term results in further budget reductions and particularly reductions to frontline police officers, there may be a resultant deterioration in the services the Force can provide to the public.
- The Police and Crime Plan is not delivered in the reduced term of three years 2021 - 2024

The risk register is regularly reviewed both within the PCC's office and by the Joint Audit Committee, each risk has a senior officer lead and a board lead, this governance ensures mitigating actions are constantly reviewed.

## **Financial Performance**

The revenue budget was set at £120.485M, and the final outturn position for the Force and OPCC is an underspend of £2.773M.

The PCC Executive Board have received regular budget monitoring reports during the year, the latest position contained in the 2021/22 budget report forecasted a year-end break-even position. This was before we had confirmation of the award of the Special Police Grant at £2.1M for Operation Costello plus two late grants awards totalling £0.687M relating to Covid19. These late changes have put the Force into an underspend position.

The final outturn position for the Force and OPCC is an under-spend of £2.773M. This includes funding £0.110M revenue spend on road safety initiatives from the reserve set aside for that specific purpose. In addition, as reported during the year, due to the actual grant received in 2019/20, for Operation Boson, being less than had been anticipated, the outturn includes a £0.197M contribution from the budget reserve.

**Revenue Expenditure was as follows:**

	<b>£'M</b>
Expenditure	117.007
Planned Transfers to / From Reserves	0.705
<b>Net Expenditure</b>	<b>£117.712</b>

**Met from Budgeted Grants:**

	<b>£'M</b>
Home Office Grant	68.887
11/12 Council Tax Freeze Grant	0.751
Council Tax Benefit Subsidy Grant	3.886
Council Tax	46.961
	<b>120.485</b>

**Net (Surplus) or Deficit for the year** **(2.773)**

**The budget variances for the year arose in the following areas:**

	<b>£'M</b>
Police Pay	-191
Police Overtime	773
Staff Pay	-342
Staff Overtime	492
Agency Staff	212
Non-Staff Costs	1,654
Externally Funded & Income	662
Collaboration	308
Grants	-7,541
Contribution to Reserves	1,457
PCC's Office	-0.072
PCC's Community Safety Fund	-0.075
PCC's Road Safety Reserve	-0.110
<b>Total</b>	<b>-2.773</b>

### Transfers to/from other useable reserves comprised:

	£'M	£'M
Transfer from Regional Budget Reserves	0.197	
Transfer from Regional Property Reserve	0.625	
Transfer from Road Safety Reserve	0.110	
Transfer to Op Kenova Budget Reserve	-1.654	
Budget Surplus from Earmarked Reserve	0.017	
<b>Budgeted Transfers included in Outturn Reporting</b>		<b>-0.705</b>
Transfers agreed after Reported Outturn		-2.773
<b>Net transfer to General Fund Reserves</b>		<b>-3.478</b>

### Capital Expenditure

Capital expenditure made by the PCC for Bedfordshire Group amounted to £12.700M this includes capital expenditure made on behalf of regional units for which Home Office Grants are provided. The outturn position of £11.481M represents an increase of £2.599M on the original programme of £8.882M. The variance on the programme of £2.599M can be segregated into three elements, payments ahead of the original schedule where progress has been better than originally anticipated, this equates to £5.059M, delays to existing projects for which the payments will be made in future years, equating to £2.382M and is known as slippage. The remaining £0.078M is a net underspend on the remaining projects, within that figure there are over and underspends.

The payment ahead of schedule of £5.059M relates solely to the HQ redevelopment project. In approving the capital programme last year, the project hadn't commenced and therefore a draft payment profile was included within the programme. The overall cost of the project is still scheduled to come in on budget, with just the timing of payments changing from those initially profiled.

### The financing of Capital Expenditure was as follows:

	£'M
Internal Borrowing	1.477
External Borrowing	8.000
Capital Receipts Reserve	0.030
Capital Receipts	0.323
Capital Grant	0.113
Direct Revenue Financing	0.602
Capital Expenditure Reserve	0.934
<b>Total (as per approved capital programme)</b>	<b>11.479</b>
Home Office Counter Terrorism Grant	0.603
Regional Organised Crime Unit Grant	0.009
Regional Organised Crime Unit Revenue Contributions	0.040
Specific Capital Grant – Project Dorothy	0.569
<b>Total Including Regional Commitments</b>	<b>12.700</b>

### Use of Reserves

The reduction in reserves identified above for funding capital and revenue expenditure results in a usable reserves balance of £12.460M, detailed in Note 10.

### Treasury Management

Treasury Management covers borrowings, investment, interest rate exposures, cash balances, cash flow forecasting and banking relationships. The Chartered Institute of Public Finance and Accountancy (CIPFA) has published a Code of Practice entitled 'Treasury Management in the Public Services' and the PCC for Bedfordshire has adopted the Code as part of its Financial Regulations. In compliance with the Code requirements, Treasury Management operations are carried out within an annually approved Treasury Strategy Statement which sets and reports on the PCC for Bedfordshire's prudential indicators.

Planned borrowing of £8.0M was undertaken in March 2021 in order to finance the new Custody building at Police Headquarter Kempston.

### Key Strengths and Resources

The PCC for Bedfordshire group continues to deal with significant change and is supported by a significant number of experienced staff and officers. They continue to provide innovative solutions and effective project management in order to progress collaborative projects and this expertise is considered a key strength.

The force has been able to quickly adapt to increased homeworking through the use of ICT enhancements and investments which were in the capital program but brought forward due to the COVID pandemic as well as making fast paced changes in working practices to accommodate teams working remotely. This has meant the PCC has been able to protect a large number of the workforce from an increased risk of infection.

The PCC continues to ensure that the Estate remains fit for purpose, and during 20/21 work was started in earnest on the replacement Custody building at the Headquarters site, the new building is expected to be in use by Spring 2022.

## **Non-Financial Performance**

As the planned election did not proceed in May 2020, with a new PCC issuing a new Police and Crime Plan and no requirement for current PCCs to re issue a plan, the outgoing Police and Crime Commissioner, Kathryn Holloway, set out a range of milestones for the 2020/21 financial year:

### Milestone One

*To deliver all possible assistance that can be provided to communities by my office.  
To include a fund to provide alternative accommodation for victims of Domestic Abuse, which is expected to rise due to enforced home isolation as a result of Covid-19.*

### Milestone Two

*To take on the governance for the charity Bedfordshire Police Partnership Trust and have its work support the Covid-19 response where possible.*

### Milestone Three

*To ensure that the Grants for 2020/2021 for Victim Support and Community Safety continue to be delivered with any alterations needed due to the pandemic.*

### Milestone Four

*A future year of grant allocation for 2021/2022.*

### Milestone Five

*To ensure the continuation of Governance, Scrutiny and Compliance.*

### Milestone Six

*To ensure Financial Scrutiny of the policing budget*

### Milestone Seven

*To deliver in my national roles as well as local duties.*

### Milestone Eight

*To ensure the continuation of transparency for my office.*

### Milestone Nine

*To ensure the continuation of support from the OPCC for Criminal Justice and Victims' services.*

### Milestone Ten

*Estates - The build of much-needed replacement custody facilities at Kempston Police HQ will go ahead.*

Milestone Eleven

*Estates – The sale of Greyfriars to be sought.*

Milestone Twelve

*Estates – The completion of the refurbishment programme to improve working facilities for officers and staff*

### **Corporate Reporting Structure**

Monitoring the performance of the force has been one of the PCC's key areas of focus, the primary mechanism has been through the Strategic Board, held monthly, at which agreed objectives and outcomes have been measured. The key areas of performance that are considered at the Strategic Board are:

- Internal Performance
- Criminal Justice Update
- Customer Services
- Control Strategy
- Strategic Risk Register
- Audits and Inspections
- Change
- Budget
- Medium and Long Term Financial Plans

Operational performance is reviewed in the Chief Constable's narrative report.

### **Medium Term Financial Plan**

During 2020/21 the PCC was successful in securing two special police grants for Bedfordshire equating to £5M. This included continuation funding for gang, gun & knife issues faced by Bedfordshire alongside a new award targeted against recently uncovered organised crime targets operating with Bedfordshire. It has been accepted that the disproportionate impact on a Force our size puts these operations outside what is considered as business as usual. While these would normally be considered one-off payments, similar bids have been submitted for 2021/22 that we expect will be approved.

These payments have transformed our finances in the short term as we would have otherwise overspent in the previous three years. The grant has also assisted in the longer-term financial position, which alongside the increase in funding through council tax increases and uplift grant will mean that the Force can plan to recruit 53 police officers in 2021/22 and will aim to continue to grow in the following financial year.

While the Finance settlement received was better than we had anticipated we have suffered a significant loss of funding as a direct result of the Covid19 pandemic. We have seen a reduction in the tax base in Bedfordshire, this represents the number of households that pay council tax. The reduction of 0.55% equates to £0.768M less funding than anticipated when our planning started for the 2021/22 budget. At the same time, we have seen a collection fund deficit further reducing our funding position.

We did see an increase in the main police main grant of £4.3M, £2.7M of this has been attributed to the cost of the officers formally funded by uplift grant in 2019/20 and 2020/21, these can now be built into the base budget. Bedfordshire has then been awarded £0.9M uplift grant in 2021/22 to fund the recruitment of 53 officers during the financial year.

Prior to setting the budget a number of medium-term financial plan scenarios had been tested and these continued to be revised until the budget was agreed. These helped the Commissioner to take the decision to increase Council Tax by the maximum amount allowed without invoking a referendum, this equated to £15 for Bedfordshire.

At the time of setting the budget and based upon the following assumptions and expectations it is projected that the Commissioner will face a funding gap over the medium term (i.e. 2021/22 to 2024/25) of some £8M:

- Central Grant will remain at a standstill position including the £4.3M granted in this Finance Settlement;
- The Police Pension Grant of £1.1M will remain
- The Police Uplift Grant will remain consistent with the number of officers recruited
- Income loss recovery grant will continue in 2021/22
- Inflation and Pay Awards totalling an estimated £8.5M
- Growth totalling £12.4M (excluding those officers funded by uplift grant from 2022/23 onwards)
- The PCC will increase Council Tax by the maximum allowed without invoking a referendum;
- Council Tax increases will be capped at 2% from 2022/23;
- Budget Reserve will be utilised in 2023/24 & 2024/25 to help balance the budget.

To offset this funding gap the Commissioner and Chief Constable have created and will continue to develop a savings plan for the Medium Term that includes:

- Savings that arise from the PBB process
- Savings that arise from further budget challenges;
- Savings that are generated through new collaborative ventures in organisational and operational support services.
- Savings achieved through further efficiencies in areas that are already collaborated with our alliance and regional partners.
- Potential collaboration with other blue light services
- Potential internal reviews

These savings plan, whilst sufficient at this stage to provide balanced budget in conjunction with the use of the budget reserve for the period of the medium-term plan may need to be developed further, especially in the latter part of the medium-term plan.

## Medium Term Financial Forecast 2021/22 to 2024/25

	2021/22	2022/23	2023/24	2024/25
	£'000	£'000	£'000	£'000
Estimated draft budget (a)	129,399	130,400	133,215	135,605
Estimated funding (b)	127,430	128,900	130,961	133,265
<b>Shortfall (a-b)</b>	<b>1,969</b>	<b>1,500</b>	<b>2,254</b>	<b>2,340</b>
Savings	1,969	1,500	1,500	1,500
Use of Budget Reserve			754	840

The medium-term financial forecast is shown in the table above. Despite the reduction in tax base the settlement was better than we had anticipated resulting in no reliance on reserves in the first two years of the plan. Assuming no changes to our funding position we estimate that we can produce a balanced budget to the 2024/25 financial year. This does rely on use of reserves of £1.594M in years three & four of the plan.

Based on the final settlement and an increase of £15 in Council Tax in 2021/22 aligned with the award of Special Grant and the aspiration of increasing officers by 53 in the next Financial year the PCC's projected reserve balances are £3.8M in General Reserves. We also estimate a balance of £3M in the budget reserve plus insurance and capital reserves of £1.132M and £0.926M respectively at the end of this Medium-Term Plan period.

The global pandemic Covid19 has meant the Force experienced loss of income through policing London Luton Airport and from diversionary courses for driver awareness. Spend on personnel protective equipment was required to keep the Force operating and investment in ICT equipment has enabled much of the Force to work effectively from home. Much of the additional costs and loss of income was reimbursed by the Home Office. Further Covid19 related funding especially in relation to lost income in 2021/22 will be required to prevent the Force overspending in the next financial year.

We have already seen an impact on the funding side of the medium-term plan as a result of a reduced tax base and losses in the collection fund. Our current plan assumes 2% growth on the tax base as we hope the Country becomes resilient to the pandemic through the vaccine programme. Any deviation from this or reduction in grant funding will impact on our ability to produce a balanced budget without revisiting our savings plans.

### **Opportunities for additional commercial income (outside of the Medium-Term Financial Plan).**

Future opportunities for non-core grant and council tax funding are minimal and are likely to reduce in the future. Cost recovery and cost reduction processes are likely to be more effective than revenue generating activities. The following five routes are available for the PCC for generation of non-core income:

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<i>Bids and Grants</i>	The Bedfordshire PCC can, individually or alongside regional PCCs, bid for funds to enable Police and Crime Plan outcomes, and objectives in the Chief Constable's Long-Term and Annual Delivery
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	plans. Grants come mainly from government sources, for example the Police Transformation Fund. Such funds are becoming scarcer and more prescriptive in their outcome requirements.
<i>Sponsorship and donations</i>	As at March 2020 sponsorship amounts to £10,000 per annum, to fund <i>Community Cohesion Awards</i> , which recognise community contributors enabling policing and community outcomes. Donations normally amount to small amounts of up to £5,000 per annum.
<i>Trading</i>	In favourable circumstances income can be generated by offering spare places on training courses, at a suitable charge, to members of other police forces or suitable organisations. No income is currently expected from such trading activities.
<i>Special Police Services</i>	<p>The provision of Special Police Services (SPS) at the request of any person under Section 25 of the Police Act 1996 (as amended) makes such services subject to payment of charges as determined by the PCC. SPS generally relate to policing a one-off event (for example a pop concert) or a series of events (for example football matches).</p> <p>The outcome from <i>Ipswich Town Football Club Company Limited and The English Football League v The Chief Constable of Suffolk Constabulary [2017] EWCA 1484 judgment</i>, reduced the ability of police force to supply SPS on public land, thus reducing income from SPS. Accompanied by a natural movement by customers away from engaging SPS from police forces, this will tend drive towards zero income over the long term.</p>
<i>Infrastructure development expenditure</i>	<p>The PCC has secured an agreement to receive revenue from the Central Bedfordshire District Council Supplementary Planning Document linked to progression of new housing developments. As at March 2019 this generates around £50,000 per annum, available for claiming against Bedfordshire Police infrastructure expenditure.</p> <p>The housing and infrastructure development agreements in Luton Borough and Bedford Borough have been established without PCC involvement, and thus there is no provision for claims against police infrastructure expenditure.</p>

Monitoring the performance of the force has been one of the PCC's key areas of focus,

### **Background Information to the Statement of Accounts & Significant Transactions**

This set of accounts sets out the income and expenditure and the financial position of the PCC for Bedfordshire Group and the PCC for Bedfordshire for the year ending 31 March 2021.

The 2020/21 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2020/21 (the Code). The accounts also reflect the following frameworks and regulations:

- The Police Reform and Social Responsibility Act 2011 (the Act)
- Financial Regulations for the PCC for Bedfordshire Group
- The scheme of delegation between the PCC and the Chief Constable

The PCC for Bedfordshire retains control of the non – current assets transferred to them by the Police Reform Act and in addition, receives all income and funding and makes all payments for the Group from their Police Fund. The Commissioner has not set up a separate bank account for the Chief Constable but instead delegates a budget within which the Chief Constable exercises day to day control. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities and incur expenditure to allow the police force to operate effectively. It is therefore appropriate for the income and expenditure associated with the day to day direction and control to be shown in the Chief Constable's Comprehensive Income and Expenditure Statement, with the resources consumed by the Chief Constable being offset by an intra-group transfer of resources from the Commissioner. In turn the assets and liabilities associated with this income and expenditure are recognised in the Chief Constable's balance sheet.

As per the CIPFA Code the reporting headings in the Expenditure & Funding Analysis and the Comprehensive Income & Expenditure Statement reflect the internal reporting headings within the organisation.

Bedfordshire is the lead force for the Counter Terrorism Policing Unit (CTP), covering Bedfordshire, Hertfordshire, Cambridgeshire, Essex, Kent, Norfolk and Suffolk. Police Officers and Staff working in the unit are shown in the PCC's group accounts, in 2020/21 the costs of running the unit were £15.892M which are fully grant funded by a government grant payable to the PCC. Assets utilised by the unit are shown on the balance sheet for the PCC for Bedfordshire.

The Chief Constable's Movement in Reserves Statement consists only of the unusable reserves associated with the timing differences between financing and recognition of the employee's liabilities, both for pensions and for accumulated absences, required by statute. All other reserves are held by the Commissioner who has not delegated responsibility for these reserves to the Chief Constable.

The Accounts of the Police & Crime Commissioner (PCC) for 2020/21 will be the basis for the Audit Opinion. They consist of:

- (i) **Statement of Responsibilities** – this includes the financial responsibilities of the Police & Crime Commissioner and the Chief Finance Officer to the PCC.
- (ii) **Annual Governance Statement** – this statement is a statutory document which sets out how the PCC has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.
- (iii) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (iv) **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount to be funded from taxation. Police & Crime Commissioners raise taxation to cover expenditure in accordance with regulations which will be very different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- (v) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the PCC and the Group, analysed into

usable reserves and other reserves. The surplus or deficit on the Provision of Services line shows the accounting cost of providing the services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amount required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken.

- (vi) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC and the Group. The net assets (assets less liabilities) are matched by the reserves held by the Police & Crime Commissioner Group. Reserves are reported in two categories:
- Usable reserves - reserves that the PCC for Bedfordshire may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
  - Unusable reserves - This category includes reserves that hold unrealised gains and losses, for example the revaluation reserve, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- (vii) **Cash Flow Statement** – the Cash Flow Statement shows the changes in cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC for Bedfordshire. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital.
- (viii) **Notes to the Accounts** – This sets out the accounting policies adopted by the PCC in order for the reader to understand the basis on which the PCC's transactions are presented. The notes also provide a detailed analysis of the summarised financial information in the financial statements, including the Expenditure and Funding Analysis.

#### Pension Reserves

The balance sheet includes a liability of £1,426M which is the commitment that the PCC for Bedfordshire Group has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the PCC for Bedfordshire Group as recorded in the balance sheet, resulting in a negative overall balance of £1,387M.

However, statutory arrangements for funding the deficit mean that the year-end financial position of the PCC for Bedfordshire remains sound as the deficit of the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the PCC for Bedfordshire must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the PCC for Bedfordshire who in turn must then repay the amount to central government.

The accounts have been prepared on the assumption that the PCC for Bedfordshire Group will continue in existence for the foreseeable future in accordance with the going concern concept, this is accepted based on the fact that the negative balance sheet position relates entirely to the pension deficit and will be made good by increased pension contributions from employees and from the Home Office.

#### Changes compared to 2020/21

Significant pensions actuarial losses are recognised in the Comprehensive Income and Expenditure Statement for both the Police Pension Scheme and Local Government Scheme in 2020/21, shown under the heading Re-measurements of the net defined benefit liability. These actuarial losses are informed by the actuarial valuations commissioned by the PCC and Chief Constable, a small change in financial estimates has a large impact on the pension liability as can be seen at Note 43 Pensions – the pension increase rate has moved from 1.65 to 2.85% for the Police Scheme and 2% to 2.4% for the LGPS scheme which has given rise to the majority of the actuarial losses.

The Comprehensive Income and Expenditure Statement shows a gross income increase of £6.754M which is due to the increase in government grants analysed at note 38.

The net expenditure before accounting adjustments has increased by £5.2M to £117.0M in 2020/21, this was a budgeted increase in costs in order to meet levels of demand and is detailed in the Financial Information section of this report and is analysed in Note 1 Expenditure and Funding Analysis.

The Group balance sheet for 2020/21 shows a £202M increase in pension liabilities due to changes in financial assumptions outlined below.

#### **Further information**

Additional information on revenue and capital expenditure is detailed in the notes to the accounts. Further information may be obtained from:

Chief Finance Officer to the Police & Crime Commissioner  
The Office of the Police & Crime Commissioner for Bedfordshire  
Police Headquarters  
Woburn Road  
Kempston  
Bedford MK43 9AX

Any person interested also has a statutory right to inspect the Accounts at Police Headquarters, Woburn Road, Kempston, Bedford MK43 9AX before the completion of each annual Audit, as publicly advertised.

## **Statement of Responsibilities**

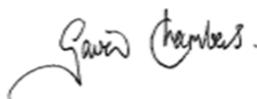
### **The Police and Crime Commissioner Chief Finance Officer's Responsibilities**

The Police and Crime Commissioner's Chief Finance Officer is responsible for the preparation of the PCC for Bedfordshire's statement of accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this statement of accounts the Chief Finance Officer has:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code;
- kept proper accounting records which are up to date;
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police & Crime Commissioner for Bedfordshire Group as at the 31 March 2021 and its income and expenditure for the year then ended.



**Gavin Chambers**  
**Chief Finance Officer to the Police & Crime Commissioner for Bedfordshire**  
**30<sup>th</sup> June 2021**

### **The Police & Crime Commissioner's Responsibilities**

The Police & Crime Commissioner is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Police and Crime Commissioner's Chief Finance Officer) has the responsibility for the administration of those affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- to ensure that there is an adequate annual governance statement;
- to approve the statement of accounts.

I approve the Statement of Accounts

**Festus Akinbusoye**  
**Police & Crime Commissioner for Bedfordshire**

## **Annual Governance Statement**

This Annual Governance Statement explains how the Police and Crime Commissioner (PCC) and Chief Constable for Bedfordshire Police have complied with their published corporate governance framework for the year ended 31 March 2021, including plans for the financial year 2021/22.

A glossary of terms is provided at the end of the Statement of Accounts.

Included within the Statement is a section on Bedfordshire Police have made changes to its governance system as a result of COVID-19.

### **SCOPE OF RESPONSIBILITY**

Following the introduction of the Police Reform and Social Responsibility Act 2011 (the 2011 Act), the PCC and Chief Constable were established on 22 November 2012 as separate legal entities ('corporations sole') which means they are both entitled to own assets and employ staff. However, the 2011 Act gives PCCs responsibility for the totality of policing within their force area and requires them to hold their force Chief Constable to account for the operational delivery of policing.

Under the 2011 Act, the PCC is recipient of all funding, including government grant, precept and other sources of income related policing and crime reduction, and all funding for a force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, who provides professional advice and recommendations to the PCC. However, the PCC is ultimately accountable to the public for the management of the Police Fund.

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Both the PCC and Chief Constable are required to, and have, appointed chief financial officers who each have a fiduciary duty to the local taxpayer for securing the efficient use of public funds. Under the Local Government Act 1999 the PCC makes arrangements to secure continuous improvement in the way his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his affairs and facilitating the exercise of his functions, which includes ensuring a sound system of internal control is maintained and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, his police officers and staff remain operationally independent in the service of the public. In discharging his overall responsibilities, the Chief Constable is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of these functions.

The Policing Protocol Order 2011 requires both the PCC and Chief Constable to abide by the seven principles of personal conduct set out in 'Standards in Public Life: First Report of the Committee on Standards in Public Life' (commonly known as the 'Nolan Principles'), i.e. 'Selflessness', 'Integrity', 'Objectivity', 'Accountability', 'Openness', 'Honesty' and 'Leadership'. The Nolan Principles are incorporated into the College of Policing 'Code of Ethics' that applies to every individual who works in policing, including the Chief Constable and OPCC.

[https://www.college.police.uk/What-we-do/Ethics/Ethics-home/Documents/Code\\_of\\_Ethics.pdf](https://www.college.police.uk/What-we-do/Ethics/Ethics-home/Documents/Code_of_Ethics.pdf)

In addition, from an organisational perspective, the PCC and Chief Constable have approved and adopted a Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA / SOLACE guidance 'Delivering Good Governance in Local Government' <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

This Annual Governance Statement explains how the PCC and Chief Constable have complied with the Code and the requirements of Regulation 6 of the Accounts and Audit Regulations 2015 to conduct a review of the effectiveness of the system of internal control.

## **THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved. The fundamental function of good governance in the public sector is to ensure that entities (i.e. the PCC and Chief Constable) achieve their intended outcomes whilst acting in the public interest at all times.

The governance framework comprises the systems and processes, and culture and values by which the PCC and Chief Constable discharge their responsibilities and through which the police service accounts to and engages with the community. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently and economically.

## **THE GOVERNANCE FRAMEWORK**

The key elements of the systems and processes that comprise the governance arrangements that have been put in place for the PCC and the Force include:

### **A. Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The PCC and the Chief Constable have developed and approved a 'Joint Corporate Governance Framework' which clarifies the working relationship between the PCC, Chief Constable and their respective staff. This includes the code of corporate governance, the scheme of delegation and financial regulations. The Framework is informed by the requirements of 'The Good Governance Standard for Public Services' and is consistent with the seven Nolan Principles of standards in public life.

The national police service Code of Ethics sets and defines the exemplary standards of behaviour for everyone who works in policing, placing an absolute duty on officers and staff. The Code applies to everyone in policing; officers, staff, volunteers and contractors. It applies both on and off duty. It guides behaviour within the organisation as much as it informs how to deal with those outside.

Measures are in place to ensure that the PCC and employees of the Office of the PCC (OPCC) and the Force are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the Anti-Fraud, Bribery and Corruption Policy and guidance on the acceptance of gifts, loans and hospitality. Notifications of disclosable interests and a register of gifts and hospitality are published on the PCC's and the force website.

The PCC and Chief Constable have transparent and accessible arrangements for dealing with complaints received from the public.

The Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of Bedfordshire Police by managing the application of police misconduct regulations, and the administration of complaints by members of the public against police officers and police staff below the rank of Chief Constable. Complaints against the Chief Constable are dealt with by the PCC. The independent Bedfordshire Police and Crime Panel (PCP) handles formal complaints made against the PCC.

The Deputy Chief Constable and Assistant Chief Officer, from within the Force, have regular monthly updates with PSD to consider conduct cases that are under investigation.

Both the PCC and Chief Constable demonstrate respect for the rule of law and comply with relevant laws and regulations. Both have access to in-house legal advice to provide assurance of the same and guidance upon lawful decision making. The PCC is independent of Force management and operational decision-making, which is the responsibility of the Chief Constable. Established mechanisms ensure that legal and regulatory breaches and misuse of power are dealt with effectively. The PCC and Chief Constable (and all other individuals who work in policing) are subject to the College of Policing's Code of Ethics, both of which are consistent with the Nolan principles. The Chief Executive of the OPCC is also the designated statutory Monitoring Officer of the PCC's actions and decisions.

The PCC and Chief Constable create the conditions for all members of the OPCC and Force to be able to discharge their responsibilities in accordance with good practice. Guidance originating from the College of Policing and NPCC is disseminated through the OPCC and/or the Office of the Chief Constable. Similarly, best practice for PCCs is obtained via the Association of Police and Crime Commissioners (APCC), Association of Policing and Crime Chief Executives (APAC2E) and Police and Crime Commissioners' Treasurers Society (PACCTS), and is disseminated amongst the OPCC.

The Force employs a Force Vetting Manager and team within the Professional Standards Department to ensure compliance with relevant national vetting standards.

## **B. Ensuring openness and comprehensive stakeholder engagement**

The PCC has a statutory responsibility to consult the Chief Constable and obtain the views of the community and victims of crime about the policing of the Force area, and she must have regard to their views as well as the priorities of responsible authorities within Bedfordshire and relevant government bodies before issuing a Police and Crime Plan.

The Police and Crime Plan must be published by the end of the financial year in which the PCC is elected and, in Bedfordshire, is reviewed as necessary and appropriate on an annual basis to ensure it remains relevant and fit for purpose. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public. The newly appointed PCC will publish his new Police and Crime Plan during the 2021/22 financial year

The PCC's Police and Crime Plan will set out his strategic policing and crime reduction priorities and key aims, and how these will be delivered. His Plan is supported by the Force's Strategic Plan, the OPCC's Strategic Delivery Plan and the Financial Strategy. The Police and Crime Plan has due regard to the Strategic Policing Requirement as issued by the Home Secretary and is developed in consultation with the Chief Constable, informed by the views of the local community, victims of crime and the priorities of other key stakeholders.

The independent Bedfordshire Police and Crime Panel meets regularly to review and scrutinise the decisions and actions of the PCC and his performance in delivering the objectives contained in his Police and Crime Plan. It also meets specifically to consider the PCC's proposed annual council tax precept increase, Police and Crime Plan, Annual Report and any proposed appointment to the roles of Deputy PCC, where applicable, Chief Constable, OPCC Chief Executive and OPCC Chief Finance Officer.

Arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements, including a schedule of formal Strategic Boards for which agendas and minutes are published on the PCC's website, supplemented by regular private liaison meetings between the PCC and Chief Constable. The PCC's transparency of holding the Chief Constable to account have been enhanced, since his appointment in May 2021, through the live-streaming, of the unrestricted section of the Strategic Board, via social media..

The Framework of Corporate Governance defines the parameters for decision making, including delegations, financial regulations and contract regulations. The PCC has published his policy statement on decision making. All formal and significant PCC decisions taken in accordance with this policy are published on his website and presented to the Police and Crime Panel on a bi monthly basis.

The PCC proactively publishes information to maintain openness and transparency with the public on this same website; in doing so he also meets his obligations under the Elected Local Policing Bodies (Specified Information) Order 2011 and, as a public authority, under the Freedom of Information Act 2000.

The PCC published the 2020/21 Annual Report in March 2021. This explained the main achievements during that financial year as well as providing information on operational and financial performance during 2020/21.

Key information about the Force, including the Strategic Plan is published on the Bedfordshire website. Information about neighbourhood policing, partnerships and sponsors, corporate events and public misconduct or special case hearings is also published, including details of upcoming hearings and how to attend. The site also allows for crimes and road traffic incidents to be reported, feedback to be given or complaints made.

The PCC and Chief Constable regularly attend local authority council meetings across Bedfordshire and provide formal briefings to constituency MPs on topical policing and crime issues at both a local and national level. The Chief Constable, and his management team, meet monthly with the local MPs to discuss local issues. In addition, the Police and Crime Panel acts as a two-way mechanism to enable local authority Panel representatives to inform the PCC of their local policing and crime matters of importance to their respective authorities, and to brief their authorities of the activities and initiatives of the PCC (and the Panel).

The PCC works with and part-funds local authority Community Safety Partnerships, Youth Offending Teams and Drug and Alcohol Teams across Bedfordshire to support crime reduction and community safety activities in their local areas. Such activities are aligned to the PCC's strategic priorities and key aims, as set out in his Police and Crime Plan, and are funded from the PCC's Community Safety Fund. Through working in partnership, these activities not only help the PCC to deliver his strategic objectives but also support partners in achieving their local priorities too.

The PCC is a member of the Bedfordshire Local Criminal Justice Board which meets regularly to consider and discuss the performance of the local criminal justice system and any issues or initiatives being addressed individually and collectively by the criminal justice agencies. An Assistant Chief Constable represents the Force on the Board.

The Force has appropriate mechanisms for engaging with a variety of external organisational stakeholders. The Chief Constable attends regular meetings with the chief executives of all statutory partners sharing strategic information sharing and briefings for all key partners, including local authorities, blue light services and health providers. In addition, Senior Police Officers engage with the local authority commensurate to their geographic area, including their Community Safety Partnership.

Both the PCC and Chief Constable are members of the Strategic Alliances for the three force Collaboration of Bedfordshire, Cambridgeshire and Hertfordshire as well as the seven force Eastern Region Alliance.

The OPCC and Chief Constable communication and engagement strategies explain how local people can interact with the PCC and the Chief Constable to ensure that their views inform decision making, accountability and future direction.

In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. Furthermore, the decisions and actions of the PCC are subject to regular review and scrutiny by the Police and Crime Panel.

The Chief Constable has a statutory duty to make arrangements for obtaining the views of persons within each neighbourhood about crime and disorder in that neighbourhood. Force engagement with the public takes place on many levels, from daily street contact and phone calls through to attendance at public meetings and formal surveys in relation to service priorities, levels and quality. Community Forums have been established across the force area and are active partnerships between the public, statutory and voluntary agency partners and local policing teams. In addition, the Force runs has active social media outlets including Facebook and Twitter. The Beds Alert system also enables electronic public engagement en masse.

### **C. Defining outcomes in terms of sustainable service and economic benefits**

The PCC's Police and Crime Plan sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered.

With the appointment of the new PCC, from May 2021, a new Police and Crime Plan will be published in the early part of the financial year 2021/22.

The Chief Constable published the annual Strategic Plan in 2020/21 but will review this in 2021/22 in light of the new Police and Crime Plan, outlining a clear vision of the organisation's purpose, priorities and strategic intentions, taking account of the PCC's Police and Crime Plan and the Home Secretary's national Strategic Policing Requirement. Progress against strategic objectives is assessed through focussed Strategic Plan success measures, and reviewed via the Force Executive Board, Force Performance Board and the PEEL Board.

The Chief Constable has, in May 2021, implemented a new Vision, Mission and Identity agenda for the Force with a clear focus in developing an inclusive culture.

The organisation is committed to the identification and consideration of collaboration opportunities with regards systems, processes and resourcing to sustain service delivery and increase the capacity and resilience of the organisation without diminishing capability and access to specialist services. Major partnerships and consortia involving the Force and the PCC are governed by formal collaboration agreements under Section 22A of the Police Act 1996, or by Memoranda of Understanding, as appropriate. Joint collaboration oversight boards provide strategic oversight and an approval process for intended service outcomes to be delivered for collaboration activity. These collaboration boards comprise Chief Officers and the PCC from each Force area participating in the collaboration. There are also partnership arrangements in place with other agencies and stakeholders to manage vulnerability caused by the changing crime landscape, including MASHs.

The Medium Term Financial Plan (MTFP) and Capital Programme ensure that planned activities to support the objectives of the PCC and Chief Constable are financially sustainable in the longer term. The MTFP, through the embedded Priority Based Budgeting (PBB) process identifies where savings and efficiencies can be achieved and hence more resources directed to priority areas. Service delivery is reviewed within the Force's Executive Board which has been changed to include governance of all areas associated with: Change and Continuous Improvement Board, People Board and Performance Board, which all feed into the Chief Constable's Force Executive Board.

Risk and business continuity matters are managed through a governance framework at a local and strategic level, to manage and mitigate threats to service delivery.

The Force and PCC have duties to consider the impact on equality of proposed changes to policies, procedures and practices. Equality Impact Assessments are routinely undertaken by Bedfordshire Police for policies and change programmes to assess impact internally and externally for staff, stakeholders and the public.

#### **D. Determining the actions necessary to achieve the intended outcomes**

The Force planning cycle incorporates the annual Force Management Statement, financial plans, workforce plans and the Police and Crime Plan to inform the annual Strategic Plan. Priority activities, measures and intended outcomes are proposed and approved through the Chief Constable's Management Team (Force Executive), and provide regular updates to the PCC's Strategic Board.

The Chief Constable maintains MTFPs, which form the basis of the annual budgets and provide a framework for the evaluation of future proposals. These are accompanied by mid-term workforce plans, managed by the People Portfolio.

Decision-making at all levels of the Force is undertaken within the framework of the National Decision Model, which has the Code of Ethics at its core. The National Decision Model was introduced to ensure a greater focus on delivering the mission of policing, acting in accordance with values, enhancing the use of discretion, reducing risk aversion and supporting the appropriate allocation of limited policing resources as the demand for them increases. Both are now fully embedded in the Force, to ensure officers have the tools to act lawfully in their decision making and to enable them to use their full powers for the benefit of citizens, communities and other stakeholders.

With regards to change programmes, Force change proposals are governed through the Change and Continuous Improvement Board, which co-ordinates and prioritises proposals, assessing them against the organisations strategic objectives, capacity and financial capability, these are overseen by the Force Executive Board. Each proposal is captured through an application, then if appropriate a business case. Projects and programmes, or those requiring the support of a collaborated unit to deliver, and governed through a joint Programme Management Office (PMO) with representation from all Forces.

The PCC and Chief Constable's joint system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

The Chief Constable produces a MTFP and a Capital Programme which are reviewed throughout the financial year alongside the OPCC's reserves to provide an effective framework for decision making.

The MTFP and Capital Programme are closely aligned to the PCC's Police and Crime Plan and the Force Strategic Plan. The PCC approves the MTFP and the Capital Programme as well as the annual budgets. The Police and Crime Panel must review the PCC's proposed council tax precept increase and make recommendations to the PCC before he formally sets the annual budget in February of each year. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is

presented to the PCC's Strategic Board as well as being reviewed regularly at the Force Executive Board.

#### **E. Developing the entity's capacity, including the capability of its leadership and the individuals within it**

The PCC and Chief Constable ensure that their statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation. Specialist advice, in areas such as taxation, legal and treasury management, is sourced externally, as this is more practical and cost-effective. The PCC and Chief Constable use the annual staff appraisal process to focus individual employee contributions towards corporate objectives and measures, and to facilitate continuous professional development.

Chief Officers have clearly defined leadership roles and are responsible for implementing strategy and managing the delivery of services within their respective portfolios.

Officers and staff manage their performance and continuous development through the Performance Development Review framework. An annual assessment of competencies and objectives linked to Strategic Plan outcomes is supported by regular conversations throughout the year and a requirement for officers and staff to undertake Continuous Professional Development, as applicable. The framework also allows for the management of unsatisfactory performance or attendance where it is identified. The Force has a stated Health and Wellbeing Strategy, along with a workforce plan focussed on recruitment, retention and resilience.

The Force continues to build on its success to ensure that its workforce represents the communities it serves and has further invested resources into its attraction and engagement to sustain the developments in this area.

Chief Officers have promoted a learning environment climate focussed on continuous service improvement, recognising the importance of independent and peer review when needed. Integral to this is the identification of lessons learned, recommendations and identified areas for improvement through end of project / programme closure reports undertaken before transitioning to business as usual, results analysis, individual management reviews, serious case reviews and HMICFRS audit / inspection processes.

The PCC has also implemented a staffing structure within the OPCC to ensure it has the necessary capability and capacity to support her deliver his statutory functions, such as commissioning services for victims and witnesses. The brought victim support services in-house. The 'Signpost Hub' is the overarching name for all the PCC's services in providing support for victims of crime.

The PCC reviews the workload and performance of his office via the internal OPCC Strategic Delivery Plan, which allows him to identify workload priorities and staffing capacity needs in accordance with the delivery of his strategic priorities. The PCC during this financial year moved away from sharing the Force CFO and has employed a part-time dedicated CFO for the OPCC.

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). The Chief Constable and his fellow chief officers are members of the National Police Chiefs' Council (NPCC).

## **F. Managing risks and performance through robust internal control and strong public financial management**

The Chief Constable, officers and staff all recognise that risk management is an integral part of their daily function, in operational, corporate and change environments. The management of risk is governed through the Force Executive Board. The Board is responsible for ensuring strong oversight of strategic risk management and business continuity processes including the taking of ownership of strategic risk issues; delegate actions to appropriate managers; accept strategic risk report updates and recommendations flowing from the Force Executive Board.

The PCC and Chief Constable monitor service delivery effectively via their respective performance regimes.

The PCC has a duty to hold the Chief Constable to account for the performance of the Force generally.

The PCC has therefore implemented an effective scrutiny and oversight function. She holds monthly Strategic Boards at which the Chief Constable, and his management team, are required to demonstrate that the Force is performing against the strategic priorities and key aims in the PCC's Police and Crime Plan, the Home Secretary's Strategic Policing Requirement and the Force's own Strategic Plan. The open part of these monthly Strategic Board is now live-steamed on Facebook. Similarly, the PCC meets monthly with the Chief Constable on a private, informal, basis to review and discuss more regularly the general performance of the Force against topical national, regional and local issues.

The Force maintains an HMICFRS tracker, which is monitored through a PEEL task and finish grouped, chaired by the Deputy Chief Constable with regular updates provided to the PCC's Strategic Board to follow up on any risks to the performance of the Force that have been highlighted by HMICFRS inspections. The PCC therefore receives regular reports on delivery and progress towards outcome achievement of the priorities and aims set out in the Police and Crime Plan.

The Chief Constable, via his Assistant Chief Constable holds monthly Performance Boards, which report into his Executive Board, at which the Chief Constable reviews performance of the Force against the annual Strategic Plan. Gold Groups are set up and managed in response to particular areas of vulnerability or to manage particular areas of performance as necessary, for example in response to a critical incident.

A Joint Audit Committee (JAC) operates in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Home Office Financial Management Code of Practice. The JAC's main role is to provide assurance to the PCC and Chief Constable that the corporate internal control and governance framework, including risk management, is operating effectively. It does this by providing an annual report to the PCC and Chief Constable. The JAC meets in public and reports and minutes are placed on the PCC's website.

Effective counter-fraud and anti-corruption arrangements are in place and are monitored, in the main, by the Professional Standards Department. The Anti-Fraud, Bribery and Corruption Policy is updated regularly and is considered and endorsed by the JAC before formal publication.

The Internal Audit Team provides assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control.

The Force manages its information in accordance with the Data Protection Act 2018 and the General Data Protection Regulation, the Freedom of Information Act 2000 and the Code of Practice on the Management of Police Information, and is overseen by the Information Management Governance Board chaired by the Deputy Chief Constable. The BCH Information Management Department (IMD) leads on information compliance for both all three forces and ensures that appropriate policies and procedures are in place. The IMD is also responsible for providing guidance on lawful sharing of information with partners, completion of Data Protection Impact Assessments and maintains a library of Information Sharing Agreements. Information Asset Owners have been appointed to manage the risks to specific information types, supported by a network of data guardians. NCALT training packages on the Code of Practice on the Management of Police Information and the Government Security Classification policy are mandatory for all officers, staff and volunteers who have access to information and completion rates are monitored by the Information Governance Board.

The PCC and Chief Constable's joint system of internal financial control is based on a framework of regular management information, financial regulations, administrative procedures (including segregation of duties), management supervision, and a system of delegation and accountability.

#### Financial management arrangements

The Chief Constable produces a MTFP and a Capital Programme which are regularly reviewed during each financial year and form the basis of the annual budgets, to provide an effective framework for decision making. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is regularly reviewed by the Force Executive as well as being presented to the PCC's Strategic Board.

The Chief Internal Auditor reports jointly to the PCC's Chief Finance Officer and the Chief Constable's Assistant Chief Officer (also the Chief Constables CFO). The Chief Internal Auditor provides a regular update to the JAC and also provides an independent opinion on the adequacy and effectiveness of the risk management, control and governance processes.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the PCC and the Chief Financial Officer of the Chief Constable.

#### **G. Implementing good practices in transparency, reporting and audit to deliver effective accountability**

The PCC and the Chief Constable attempt to strike a balance between providing the right amount of information to satisfy transparency demands and enhance effective public scrutiny whilst not being too onerous to provide and for users to easily access and understand.

The PCC's decisions and actions are scrutinised by the Police and Crime Panel, which includes reviews of significant documentation produced by the OPCC for the benefit of the public. Decisions of significant public interest made by the PCC are published in accordance with a template that ensures they are easy to access and interrogate.

Similarly, public reports are compiled in accordance with best practice and scrutinised by the JAC.

The PCC complies with the Elected Local Policing Bodies (Specified Information) Order 2011 and publishes required information on her website.

The PCC and Chief Constable share the Head of the Corporate Communications department to oversee communications to the public on behalf of both the PCC and Force. In doing so they abide by the corporate style guide, which is designed to ensure communications are issued in an understandable style appropriate to the intended audience.

The PCC reports at least annually on performance, value for money, and the stewardship of resources to stakeholders in a timely and understandable way.

The PCC and Chief Constable maintain a process to assess the extent to which the organisation is applying the principles contained in the Framework of Corporate Governance and publish the results of that assessment in the Annual Governance Statement, including an action plan for improvement and evidence to demonstrate good governance in action.

The PCC and Chief Constable ensure that the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other similar entities.

The PCC and Chief Constable ensure that all accepted recommendations for corrective action made by external audit are acted upon.

The Internal Audit function has direct access to the PCC, Chief Constable and the JAC, and provides assurance with regard to the organisation's governance arrangements. The JAC monitors progress with regards to timely implementation of agreed internal audit report actions.

Both the PCC and Force are subject to external independent scrutiny and review, through the external audit of their financial statements, systems and management arrangements, and through the inspection of policing performance by HMICFRS. The resultant audit and inspection reports are published on the PCC's website.

HMICFRS is charged with independently assessing the effectiveness, efficiency and legitimacy of police forces and fire and rescue services, in the public interest. The PCC is required to publish a response to formal reports issued by HMICFRS. The Force engages fully with the cycle of Police Effectiveness, Efficiency and Legitimacy (PEEL) inspections, Joint Targeted Area Inspections and Thematic Inspections as required.

The PCC and Chief Constable make best use of peer challenge, reviews and inspections from regulatory bodies and professional partners (e.g. College of Policing) and implement agreed recommendations.

When working in partnership, the PCC and Chief Constable ensure that the arrangements for accountability are clear and that the need for wider public accountability has been recognised.

## **ARRANGEMENTS FOR REVIEW OF EFFECTIVENESS**

The PCC and Chief Constable are responsible for reviewing the adequacy and effectiveness of the governance framework on at least an annual basis. This includes:

### **a) The Police and Crime Commissioner**

The PCC has the following key statutory duties and powers to:

- produce and publish a three-year Police and Crime Plan that sets out the PCC's policing and crime objectives (the term of the Plan has been, as a one off, due to COVID-19 delaying the PCC elections, reduced to three years rather than the normal four;
- set the annual policing budget and council tax precept;
- secure the maintenance of an efficient and effective police force;
- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the Force area;
- commission victims' services;
- power to take on the responsibility for the governance of fire and rescue services within the Force area; and
- produce and publish an annual report.

The following key governance activities took place during 2020/21 and demonstrate how the PCC has discharged these powers and duties during that year:

- The PCC allocated Community Safety Funds in 2020/21 to help improve community safety and crime prevention across Bedfordshire. These were reported to the Police and Crime Panel.
- The PCC published the 2020/21 Annual Report to highlight major achievements during 2020/21 with regards to operational and financial performance.
- During the autumn of 2020 the PCC worked closely with the Chief Constable to update the MTFP (2021/22 to 2024/25). The PCC the budget and council tax proposals for 2021/22 to the Police and Crime Panel on 2nd February 2021. The Panel endorsed her £15 increase in Band D council tax.
- The PCC is actively engaged in the oversight and scrutiny of key collaboration activities (e.g. BCH and seven Force Alliances, Chiltern Transport Consortium and the National Police Air Service).
- Monthly Strategic Boards were held in 2020/21, supplemented by regular private and informal liaison meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account.

### **b) The Force**

The Force Executive meeting runs monthly and the Joint Chief Officers Board (BCH Alliance) also runs monthly to determine and monitor Force strategy, policies and performance, and the same for areas of collaboration.

Among the key discussions during the year was the review of the MTFP, Capital Programme and the PCC reserves as part of the annual budget cycle. The financial

plans were considered several times and the associated decisions facilitated the formal approval of the Revenue Budget and Capital Programme 2021/22 by the PCC at the Strategic Board on 21 January 2021. As part of the annual budget process the Priority Based Budgeting outcomes were also considered.

The Force reviewed their governance process during 2020/21 to try and ensure that all senior managers heard the 'same message'. This has resulted in the Executive Board now receiving more detailed information with regards to Change, Continuous Improvement, Performance, People and Risk.

The PCC, Chief Constable and Deputy Chief Constable also attend regular seven force collaboration boards for oversight of regional collaboration such as PEQF and the Emergency Services Network, as well as the operational elements of ERSOU.

The Strategic Services and Improvement Department continues to draw together corporate and strategic elements of the organisation. The over-arching function is to provide a central point of co-ordination, governance, strategy, policy and guidance development, change delivery, and the provision of internal evaluation of delivery including the identification of opportunities for continuous improvement.

In 2018/19, HMICFRS adopted an integrated approach to the PEEL inspection programme, combining the effectiveness, efficiency and legitimacy strands into a single inspection. The report for this inspection was published in February 2020. Bedfordshire were graded 'Good' overall in each of the three assessment categories (Effectiveness, Efficiency, Legitimacy), an improvement on the previous year.

All recommendations and areas for improvement from inspection activity have been actioned and are tracked and updated through a local database and the PEEL task and finish group which is chaired by the Deputy Chief Constable. The outcome of the latest inspection will be known at the end of 2021/22.

As stated in the introduction, the response to COVID-19 required the Force to instigate emergency procedures – governed through a Gold Group command structure – to manage operational response, business continuity and risk across all functions.

### **c) The Joint Independent Audit Committee**

During 2020/21 the JAC met four times to consider the external audit and internal audit plans for 2019/20, as well as receiving timely updates in terms of risk management. The JAC also received regular briefings, including appropriate written reports, during the year from the OPCC and Force. JAC members are able to attend Force working groups as observers to gain a greater understanding of current governance, operational and risk activities and to assist their judgment of the adequacy of the overall Corporate Governance Framework.

The JAC's Annual Report for 2020/21 will be presented at their JAC meeting on 24 September 2021, after the accounts have been audited.

### **d) Internal audit**

The annual report of the Chief Internal Auditor for 2020/21 contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment for both the PCC and Chief Constable:

The organisation has an adequate and effective framework for risk management, governance and internal control.

However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

#### **e) External audit**

On 30 November 2020 BDO, the External Auditor, issued unqualified audit opinions in respect of the 2019/20 accounts to both the PCC and Chief Constable, as well as giving an unqualified value for money conclusion. The Auditor was satisfied that the system of internal control put in place by the PCC and Chief Constable was adequate and effective in practice.

#### **f) Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)**

Due to the COVID-19 pandemic on 13<sup>th</sup> May 2021 HMICFRS advised that all inspection activity which required appreciable input from forces and Fire and Rescue Services was to be suspended.

This decision meant that HMICFRS did not do any in-force or virtual inspections until October 2020, and they did not require forces to submit their force management statements. Publications were also 'paused' at this time.

HMICFRS did progress all inspection activity that didn't require input from forces or services, they worked on the next State of Policing report and began working with Criminal Justice and other inspectorates and regulators to get an understanding of responses to COVID-19 across the public sector landscape, and considered how and where they could best support forces and services when we moved into recovery phases.

HMICFRS inspection activity resumed in October 2020 (with some work beginning earlier in the summer) and they revised their intended inspection programme and framework to ensure their proposed activity was focused on supporting policing and the criminal justice system as it continued to respond to COVID-19. The pause on the publication of inspection reports was also lifted at this time.

In early 2021 HMICFRS begin to resume their core programmes (PEEL, child protection, custody, and the joint inspection programme).

<b>Date published by HMICFRS</b>	<b>National / Force Report</b>	<b>Report Types</b>	<b>Report Title</b>
03/03/2021	Force	Commissioned	Greater Manchester Police Integrated Operational Policing System inspection
05/03/2021	Force	Thematic	Sussex Police - Joint inspection of police custody

06/03/2021	Force	JTAI	Joint targeted area inspection of the multi-agency response to children's mental health in Bexley
06/03/2021	National	Consultation	HMICFRS's 2020/21 policing inspection programme and framework: for consultation
09/03/2021	National	Thematic	Counter-terrorism policing - An inspection of the police's contribution to the government's Prevent programme
13/03/2021	Force	Commissioned	An inspection of the Metropolitan Police Service's response to a review of its investigations into allegations of non-recent sexual abuse by prominent people
17/03/2020	Force	Thematic	Durham - National child protection inspection
18/03/2020	Force	Thematic	Lincolnshire - National child protection inspection, post inspection review
18/03/2020	Force	Thematic	Hertfordshire - National child protection inspection
21/04/2020	Force	Thematic	Joint inspection of BTP custody suites
27/04/2020	Force	Commissioned	British Transport Police: An inspection of BTP's ability to minimise disruption on the rail network
02/07/2020	National	State of Policing Report	State of Policing - The Annual Assessment of Policing in England and Wales 2019
09/07/2020	National	Thematic	PEEL spotlight report: A call for help – Police contact management through call handling and control rooms in 2018/19
10/07/2020	Force	Thematic	City of London Police: National Child Protection Inspections

10/07/2020	Force	Thematic	Gwent Police: National Child Protection Inspections – Post Inspection Review
21/07/2020	National	Thematic	PEEL spotlight report: The Hard Yards – Police-to-police collaboration
14/07/2020	National	Thematic	National Crime Agency inspection: An inspection of the National Crime Agency's criminal intelligence function
15/07/2020	National	Thematic	Roads Policing: Not optional An inspection of roads policing in England and Wales
24/07/2020	Force	Thematic	Dorset Crime Data Integrity Report
24/07/2020	Force	Thematic	Avon and Somerset Constabulary Crime Data Integrity Re-inspection
24/07/2020	Force	Thematic	South Yorkshire Police Crime Data Integrity Re-inspection (24 July 2020)
24/07/2020	Force	Thematic	Northamptonshire Crime Data Integrity Report
02/09/2020	Force	Thematic	Joint inspection of child protection arrangements in Newport
10/09/2020	Force	Commissioned	The Police Service of Northern Ireland - An inspection of how well the service treats its workforce and the people of Northern Ireland
26/09/2020	Force	Commissioned	St Helena Police Inspection report
08/12/2020	National	Thematic	Joint inspection of pre-charge bail and released under investigation (HMICFRS and HMCPSI)
08/12/2020	National	Research	Research into victim and suspect experiences of changes to the police and crime act 2017
09/12/2020	National	Commissioned	Feeling Heard: partner agencies working together to make a difference for children with mental ill health
10/12/2020	Force	PEEL (VSA)	An inspection of the service provided to victims of crime by Greater Manchester Police published

17/12/2020	National	Super Complaint	Safe to Share? Liberty and Southall Black Sisters super complaint on policing and immigration
15/01/2021	Force	Thematic	National Child Protection Inspection assessment of progress – Lincolnshire
19/01/2021	National	Thematic	Impact of the pandemic on the criminal justice system
10/02/2020	National	Thematic	An inspection of the effectiveness of the Regional Organised Crime Units
19/02/2021	National	Review	Integrated vulnerability inspection post-inspection review
22/02/2021	National	Thematic	Disproportionate use of police powers - A spotlight on stop and search and the use of force
11/03/2021	National	Thematic	Getting the balance right – an inspection of how effectively the police deal with protests.
24/03/2021	National	Thematic	National Child Protection Inspection assessment of progress – Northamptonshire
30/03/2021	National	Commissioned	An inspection of the Metropolitan Police services – policing of a vigil held in commemoration of Sarah Everard
<b>Outside of Reporting Period</b>			
20/04/2021			The Police response to the coronavirus pandemic during 2020 *
20/04/2021			Custody services in a covid-19 environment*

### HMICFRS COVID-19 Thematic Inspection

Bedfordshire Police were inspected between the 19<sup>th</sup> and 23<sup>rd</sup> October 2020. This inspection was conducted virtually.

The inspection assessed and identified the following:

- (a) how policing is responding to the Covid-19 crisis;
- (b) what is working well and what is being learnt;
- (c) how the sector is dealing with the problems it faces; and

(d) opportunities to make sustainable improvements to the service.

HMICFRS assessed forces on the following areas:

- (a) preparedness, partnerships and strategic leadership;
- (b) policing themes – vulnerability, investigations, reporting (requests for service), enforcement (and wider 4Es approach) and wellbeing; and
- (c) police custody.

At the conclusion of the inspection a 'hot debrief' was held and HMICFRS reported as follows:

#### Vulnerability

- Force COVID-19 plans (Our Evolution) have ensured critical areas of potential increased demand (e.g. mental health issues and domestic abuse) are identified and risks mitigated.
- Communication with the public on domestic abuse is positive and messages to under-represented groups are subject to IAG consultation and feedback.
- Strategic partnership meetings have been effective and supported escalation of joint issues, e.g. social services expectation of police conducting visits.

#### Investigations

- The force has avoided screening out crime and changes to crime investigation policies so staff follow a familiar and consistent approach.
- Support functions have continued to contribute to investigations e.g. digital triage vans and good evidence of CPS liaison and problem solving.
- Investigators have adapted well to telephone contact and other forms of communication, but the effect on outcomes and victim satisfaction (including diversity impacts) is unclear without further evaluation.

#### Reporting

- FCC staff may not be effectively briefed on all COVID-19 processes and are not made aware of changing demand trends (e.g. use of COVID-19 markers).
- Webchat users are still subject to long delays because of staff shortages. And FCC staff do not always see its benefits.
- THRIVE processes and FCC policies have remained largely unchanged and this has supported the response to COVID-19 on a case-by-case basis.

#### Enforcement

- The force has implemented the 4Es incrementally (including use of breach letters) and staff are clear of force expectations due to highly effective briefing.
- Community confidence appears to have been maintained through close working relationships at all levels and effective engagement with IAG on enforcement using BWV.

- Enforcement is based on up-to-date intelligence products (e.g. hotspot maps) and is involving partners.

#### Wellbeing

- Staff report (pre and during COVID-19) delays in the OHU service, leading to line manager burden and lack of RTW support.
- Wellbeing arrangements are effective, HR polices adapted for COVID-19 and vulnerable staff very well cared for.
- Staff were 'glowing' about the way they had been treated and said it was over and above their expectation. The 'Welfare Packs', that were driven by the OPCC and sent to the homes of vulnerable staff, were a particular success,
- Chief officers have sent a clear and positive message about working from home. But this message is lost in some areas without effective explanation to staff or their immediate supervisors. No formal monitoring process to support equitable decision making.

### **HMICFRS Integrated PEEL Assessment (IPA)**

Bedfordshire Police are currently engaged with HMICFRS in the IPA process.

The IPA programme has moved to an intelligence-led continuous assessment approach. Inspections will no longer be scheduled in tranches. Instead, there will be a rolling programme of evidence collection. HMICFRS will make better use of all the evidence they have about a force in their PEEL assessment, including Force Management Statements (FMS); findings from thematic inspections; crime data integrity findings; progress against causes of concern and areas for improvement; and Force Liaison Lead (FLL) knowledge and insight. In previous iterations of PEEL, there was a much heavier reliance on annual fieldwork. Although this will remain an important method of evidence collection, as the continuous assessment approach becomes established, a key aim is to reduce the need for such intense periods of onsite activity.

The areas HMICFRS inspect in PEEL remain broadly the same, but they have been revised to better reflect current areas of concern and priorities, and they are more clearly aligned to FMS. Each question area (12 in total) can look at effectiveness, efficiency and legitimacy, rather than dealing with these in separate pillars. HMICFRS have also increased the focus on outcomes (rather than process) and what matters to the public. They have consulted extensively with external reference groups, national leads and through their public consultation to develop the question set – referred to as the PEEL assessment framework (PAF).

Where appropriate, the PCC (or OPCC) is invited to attend the Strategic Brief at the start of inspection activity and the de-brief provided by HMICFRS following each inspection. Alternatively, the Chief Constable may provide the PCC with a briefing following an HMICFRS inspection.

The PCC is required to publish a response to all inspection report recommendations within 56 days of the publication of the report. The PCC's responses to relevant HMICFRS inspection reports have all been published.

The HMICFRS national 'State of Policing – The Annual Assessment of Policing in England and Wales' report for 2018 was published on 2<sup>nd</sup> July 2020. The Police Act 1996 section 54(4A) requires HM Chief Inspector of Constabulary to report each year on his

assessment of the efficiency and effectiveness of policing in England and Wales. This assessment covers the full breadth of inspections conducted by HMICFRS throughout the year and provides an overview of the policing in England and Wales.

The forces force management statement has been submitted (May 2021).

#### **g) Risk management and business continuity**

The risk registers for the PCC and Chief Constable are reviewed at every JAC meeting and are reviewed regularly by the Chief of Staff for the PCC or the Force Executive Board.

#### **h) Health and Safety and Environmental Management**

An audit of Health and Safety was undertaken by the Internal Auditors during 2019/20 on behalf of BCH which provided a negative assurance. Follow up audits during 2020/21 have shown that these weaknesses in control have been eradicated and positive assurances have been received during the year from specific H&S audits. The Bedfordshire Deputy Chief Constable chairs a BCH Health and Safety Board to ensure that appropriate measures are in place and all officers and staff have been required to complete mandatory training on specific areas of Health and Safety.

The Force has also allocated co-ordination of Health and Safety issues for Bedfordshire to the Director of the Strategic Services and Improvement Department.

Health & Safety considerations, requirements and issues were incorporated into the COVID-19 command structure.

#### **i) Ethics and Integrity**

A protocol between the PCC and Chief Constable provides the PCC with overview and scrutiny of complaints handling by the Force.

All complaints against the Chief Constable are reported to the Strategic Board of the PCC and any complaints against the PCC are reported to the Police and Crime Panel.

The Chief Constable continues to promote the fundamental importance of Bedfordshire Police officers and staff employing the highest professional standards, principles which are embodied and enforced through the Code of Ethics. All new Officers and staff receive training on the Code of Ethics as part of their induction.

#### **j) Bedfordshire Police and Crime Panel**

During 2020/21 the independent Police and Crime Panel (PCP) met on 4 occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2020/21 year; scrutiny and consideration of the PCC's 2021/22 budget and council tax precept proposals. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the Police and Crime Plan strategic priorities and key aims, including the contribution made by other partner agencies, and on matters of topical interest to the Panel.

#### **k) Collaboration and partnership working**

The Strategic Alliance Summit met three times during 2020/21. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Joint Protective Services, Organisational Support and Operational Support) as well as an overview of the national developments and their impact on Bedfordshire, Cambridgeshire and Hertfordshire.

With Bedfordshire having lead force status for Joint Protective Services the Chief of Staff attends, on behalf of the PCC, the JPS Governance Board which is chaired by the Bedfordshire DCC and this Board met 4 times during 2020/21

Governance of collaboration between forces across the Eastern region is undertaken at the Regional Governance Board. 4 meetings were held during 2020/21 and was chaired by the Bedfordshire PCC. The Eastern Region Special Operations Unit (ERSOU), hosted by Bedfordshire, brings together the current regional organised crime units under one structure. It is operationally aligned with the Eastern Region Counter Terrorism Investigation Unit (CTIU). A joint ACC, who reports directly to the Chief Constable of Bedfordshire, exercises overall command of the regional crime and counter terrorism functions. The joint ACC also represents serious organised crime at the Eastern Region Governance Board and nationally with the National Crime Agency and other key stakeholders.

i) COVID-19

*The operational focus and working practices of Bedfordshire Police have been significantly affected by the Coronavirus pandemic. Bedfordshire Police has successfully maintained business continuity as far as possible have implemented a number of measures to enable this.*

*New ways of working have enabled delivery across our critical areas. Evaluation of new working practices has shown some significant long-term opportunities for the force to evolve from the pandemic and deliver a more efficient, agile and technology enabled service.*

*In order to maintain and improve our service during Coronavirus and prepare for the future we have focused on the following:*

- *Gold Group: A Gold group is chaired by the Chief Superintendent of Local Policing on a fortnightly (was weekly) basis to monitor the Force response to the pandemic and set the direction of our response. Departmental Heads provide updates on their areas of business in this context and business continuity testing and planning are discussed. Updates are also reported from the Strategic Coordinating Group (SCG) and the Tactical Coordination Group (TCG). Emerging issues are also raised through this forum.*

- *Evolution Group: Recognising the opportunities for improved working practices arising from Coronavirus, the force established an Evolution Board, Chaired by our Director of Strategic Service Improvement with its aim to progress learning and innovation from our response to the pandemic, provide modelling and governance proposals for a return to the new normal whilst ensuring the wellbeing of the force. Over 100 opportunities have been identified and reviewed for progress, with benefits tracked where appropriate, and our Smart working programme is well under way moving to an agile workforce. The demand modelling utilised throughout to highlight the biggest risk areas in order for contingency plans to be built was shared nationally and is being adapted for business as usual.*

- *Technology: The force has delivered the roll-out out Microsoft Teams to enable training, meetings and conferences to continue to take place. Laptop computers and mobile telephones have been issued to staff*

*on both short term and long-term arrangements, enabling us to maximise our available workforce during periods of self-isolation and minimise risk to members of our workforce who would otherwise have been vulnerable to infection. Use of technology has also reduced travel for officers and staff, reducing costs and reducing our environmental impact. WE have been able to provide an enhanced service to victims and witnesses through the use of video conferencing to conduct appointments and the accelerated roll out of GoodSam to capture evidence of offences.*

- Partnerships: Joint-up working has continued throughout the pandemic in order to achieve shared goals around crime, disorder and public health. Our Local Resilience Forum has continued to develop, with some of our arrangements and practices being shared nationally. As we emerge from the pandemic, we expect to see the resurgence of conventional demand for which our existing partnerships will remain committed to addressing.*

- HMICFRS Policing in the Pandemic report: The Force was inspected during 2020 on its response to Covid-19 and the thematic report was published in April 2021. During the course of the inspection, Bedfordshire Police received positive feedback from inspectors, complementing our approach to policing during the pandemic and our plans for the future.*

## **SIGNIFICANT GOVERNANCE ISSUES**

It should be noted that significant operational issues facing the organisation are not necessarily a result of weaknesses within the internal control and governance framework.

During 2020/21, the PCC and Chief Constable made and were successful in securing two Special Grant Claims totalling £5M, this alongside funding for VERU of £0.88M and Surge Funding of £0.909M which significantly assisted with the financial position of the force as well as specific funding to deal with the complex demand faced in Bedfordshire. The VERU and Surge grant have been continued into 2021/22 and further special grant bids have been submitted.

The Force also received £2.541M in grant funding for Covid19 related activity. This was to cover additional patrols (including the Airport), income loss recovery and the purchase of personal protective equipment. We expect to incur more spend in 2021/22 on Covid related activities and reduced cover at the Airport will also mean our income will drop below budgeted levels again. The Home Office is continually gathering data on Force spend relating to Covid19 and we are hopeful that further grants will be awarded during the forthcoming year.

We are currently in dispute with London Luton Airport about the level of cover provided at the Airport. This is being investigated by the Department for Transport but at 31<sup>st</sup> March 2021 we were owed £927K by the Airport. This has been reflected in the accounts by a provision for bad debts. The dispute is ongoing and a further £166K was owed to the Force for services to 31<sup>st</sup> May 2021.

No significant issues were highlighted by the internal auditors during the year with all audits that have been completed either being advisory or having a positive assurance level, although a joint audit for procurement did highlight some areas for development.

One Audit related to Retention is still in the process of being finalised with the initial audit opinion being “reasonable”.

Despite the improved funding position for Bedfordshire there remains a need, based upon the fact that the complexity and level of demand in Bedfordshire is not commensurate with the way in which policing is funded for both the PCC and Chief Constable to continue with their focus on continue to enhance its understanding of demand, its impact on performance and its ability to fund priority activities over the coming year. There is also a need to ensure that short term specific funding is put on a long-term footing through a revised national funding formula.

In any event the governance arrangements of the PCC and the Chief Constable will remain under review at least annually over forthcoming financial years.

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**Festus Akinbusoye**  
PCC for Bedfordshire  
30 September 2021

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**Gavin Chambers**  
Chief Finance Officer  
30 September 2021

Comprehensive Income and Expenditure Statement

## The Police and Crime Commissioner for Bedfordshire Group

2019/20 Re-stated				2020/21			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
67,308	-587	66,721	Policing	74,183	-543	73,640	
49,666	-19,829	29,837	Collaborated Units	51,148	-19,900	31,248	
52,809	-17,190	35,619	Corporate / Support Services	55,548	-22,228	33,320	
2,525	-843	1,682	Office of the Police & Crime Commissioner	4,187	-2,532	1,655	
<b>172,308</b>	<b>-38,449</b>	<b>133,859</b>	<b>Cost of Services</b>	<b>185,066</b>	<b>-45,203</b>	<b>139,863</b>	
		-12,521	Other Operating Income & Expenditure			-12,598	11
		32,046	Financing & Investment Income & Expenditure			28,743	12
		-113,413	Taxation & Non-Specific Grant Income			-121,026	13
		<b>39,971</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>34,982</b>	
		332	(Surplus) or deficit on revaluation of non-current assets			198	
		-112,031	Re-measurements of the net defined benefit liability			169,334	
		<b>-111,699</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>169,532</b>	
		<b>-71,728</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>204,514</b>	

## The Police and Crime Commissioner for Bedfordshire

2019/20				2020/21				Notes
Chief Constable Net Expenditure	The Police & Crime Commissioner			Chief Constable Net Expenditure	The Police & Crime Commissioner			
	Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
66,721	0	0	0	73,640	0	0	0	
47,954	0	-18,117	-18,117	48,697	0	-17,449	-17,449	
38,782	6,893	-10,056	-3,163	41,654	4,935	-13,269	-8,334	
0	2,525	-843	1,682	0	4,187	-2,532	1,655	
<b>153,457</b>	<b>9,418</b>	<b>-29,016</b>	<b>-19,598</b>	<b>163,991</b>	<b>9,122</b>	<b>-33,250</b>	<b>-24,128</b>	
			-12,521				-12,598	11
			286				1,193	12
			-113,413				-121,016	13
			148,718				156,447	6
			<b>3,472 (Surplus) or Deficit on Provision of Services</b>				<b>-112</b>	
			332				198	
			41				880	
			<b>373 Other Comprehensive Income &amp; Expenditure</b>				<b>1078</b>	
			<b>3,845 Total Comprehensive Income &amp; Expenditure</b>				<b>966</b>	

**Movement in Reserves Statement for the Year Ended 31 March 2021 - Group**

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1<sup>st</sup> April 2020</b>	<b>-9,912</b>	<b>-29</b>	<b>-6</b>	<b>-9,947</b>	<b>1,192,792</b>	<b>1,182,845</b>
<b><u>Movement In Reserves during 2020/21</u></b>						
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>34,982</b>	<b>0</b>	<b>0</b>	<b>34,982</b>	<b>169,532</b>	<b>204,514</b>
Adjustments between accounting basis & funding basis under regulations (Note 9)	-37,524	29	0	-37,495	37,495	0
<b>Net (Increase)/Decrease</b>	<b>-2,542</b>	<b>29</b>	<b>0</b>	<b>-2,513</b>	<b>207,027</b>	<b>204,514</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>-12,454</b>	<b>0</b>	<b>-6</b>	<b>-12,460</b>	<b>1,399,819</b>	<b>1,387,359</b>

## Movement in Reserves Statement for the Year Ended 31 March 2021 – Commissioner

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance as at 1<sup>st</sup> April 2020</b>	<b>-9,912</b>	<b>-29</b>	<b>-6</b>	<b>-9,947</b>	<b>-34,374</b>	<b>-44,321</b>
<b><u>Movement In Reserves during 2020/21</u></b>						
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>-112</b>	<b>0</b>	<b>0</b>	<b>-112</b>	<b>1,078</b>	<b>966</b>
Adjustments between accounting basis & funding basis under regulations (Note 9)	<b>-2,430</b>	29	0	-2,401	2,401	<b>0</b>
<b>Net (Increase)/Decrease</b>	<b>-2,542</b>	<b>29</b>	<b>0</b>	<b>-2,513</b>	<b>3,479</b>	<b>966</b>
<b>Balance as at 31<sup>st</sup> March 2021</b>	<b>-12,453</b>	<b>0</b>	<b>-6</b>	<b>-12,460</b>	<b>-30,896</b>	<b>-43,356</b>

**Movement in Reserves Statement for the Year Ended 31 March 2020 – Group**

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2019	-8,332	-846	-6	-9,184	1,263,756	1,254,573
<b><u>Movement In Reserves during 2019/20</u></b>						
Total Comprehensive Income & Expenditure	39,971	0	0	39,971	-111,699	-71,728
Adjustments between accounting basis & funding basis under regulations (Note 9)	-41,551	817	0	-40,734	40,734	0
<b>Net (Increase)/Decrease</b>	<b>-1,580</b>	<b>817</b>	<b>0</b>	<b>-763</b>	<b>-70,965</b>	<b>-71,728</b>
Balance as at 31 <sup>st</sup> March 2020	-9,912	-29	-6	-9,947	1,192,792	1,182,845

## Movement in Reserves Statement for the Year Ended 31 March 2020 – Commissioner

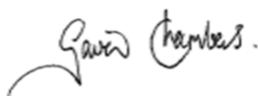
The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2019	-8,331	-846	-6	-9,184	-38,982	-48,166
<b><u>Movement In Reserves during 2019/20</u></b>						
Total Comprehensive Income & Expenditure	3,472	0	0	3,472	373	3,845
Adjustments between accounting basis & funding basis under regulations (Note 9)	-5,052	817	0	-4,235	4,235	0
<b>Net (Increase)/Decrease</b>	<b>-1,580</b>	<b>817</b>	<b>0</b>	<b>-763</b>	<b>4,608</b>	<b>3,845</b>
Balance as at 31 <sup>st</sup> March 2020	-9,912	-29	-6	-9,947	-34,374	-44,321

**Balance Sheet****The PCC for Bedfordshire and Group**

The Commissioner	The Group		The Commissioner	The Group	
As at 31 <sup>st</sup> March 2020	As at 31 <sup>st</sup> March 2020		As at 31 <sup>st</sup> March 2021	As at 31 <sup>st</sup> March 2021	
£'000	£'000		£'000	£'000	Notes
		Property Plant & Equipment			
33,750	33,750	- Land and Buildings	40,979	40,979	14
4,645	4,645	- Vehicles	4,952	4,952	14
8,496	8,496	- Furniture & Equipment	8,409	8,409	14
889	889	Intangible Assets	782	782	15
315	315	Investment Property	315	315	14
970	970	Surplus Assets	730	730	14
109	109	Long Term Debtors	69	69	
<b>49,174</b>	<b>49,174</b>	<b>Total Long Term Assets</b>	<b>56,236</b>	<b>56,236</b>	
5,000	5,000	Short Term Investments	6,000	6,000	16
0	60	Inventories	0	64	
15,846	24,335	Short Term Debtors	17,384	25,553	18
9,109	9,109	Cash & Cash Equivalents	7,636	7,636	19
<b>29,955</b>	<b>38,504</b>	<b>Current Assets</b>	<b>31,020</b>	<b>39,253</b>	
-5,062	-34,024	Short Term Creditors	-8,634	-36,569	23
-17,949	-	Intra-group Creditor*	-14,573	-	6
<b>-23,011</b>	<b>-34,024</b>	<b>Current Liabilities</b>	<b>-23,207</b>	<b>-36,569</b>	
0	-941	Provisions	0	-1,209	
-11,020	-11,020	Long Term Borrowing	-19,020	-19,020	16
0	-360	Long Term Creditors	0	0	
-777	-1,224,178	Liability relating to Defined Benefit Pension Schemes	-1,674	-1,426,050	43
<b>-11,797</b>	<b>-1,236,499</b>	<b>Long Term Liabilities</b>	<b>-20,694</b>	<b>-1,446,279</b>	
<b>44,321</b>	<b>-1,182,845</b>	<b>Net Assets</b>	<b>43,355</b>	<b>-1,387,359</b>	
-9,947	-9,947	Usable Reserves	-12,460	-12,460	9,10
-34,374	1,192,792	Unusable Reserves	-30,895	1,399,819	24
<b>-44,321</b>	<b>1,182,845</b>	<b>Total Reserves</b>	<b>-43,355</b>	<b>1,387,359</b>	

\*The Intra-group creditor is shown to reflect the amount due to the Chief Constable in order to support the overall liabilities which have been incurred under the Chief Constable's day to day control. As this is balanced by an Intra-group debtor on the Chief Constable's balance sheet there is no effect on the group.

These financial statements are subject to audit



Gavin Chambers  
Chief Finance Officer  
30<sup>th</sup> June 2021

## Cash Flow Statement

As at 31 <sup>st</sup> March 2020			As at 31 <sup>st</sup> March 2021		
The Commissioner	The Group		The Commissioner	The Group	
£'000	£'000		£'000	£'000	Notes
-3,472	-39,971	Net surplus or (deficit) on the provision of services	112	-34,982	25
11,845	48,344	Adjust net surplus or deficit on the provision of services for noncash movements	4,115	39,209	25
-1,214	-1,214	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-1,587	-1,587	25
<b>7,159</b>	<b>7,159</b>	<b>Net cash flows from Operating Activities</b>	<b>2,640</b>	<b>2,640</b>	
-8,687	-8,687	Investing Activities	-12,113	-12,113	26
800	800	Financing Activities	8,000	8,000	27
<b>-728</b>	<b>-728</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>-1,473</b>	<b>-1,473</b>	
<b>9,837</b>	<b>9,837</b>	Cash and cash equivalents at the beginning of the reporting period	<b>9,109</b>	<b>9,109</b>	19
<b>9,109</b>	<b>9,109</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>7,636</b>	<b>7,636</b>	19

## Notes to the Accounts

### Note 1 Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with the generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the forces departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

### **The Police and Crime Commissioner for Bedfordshire Group**

2019/20				2020/21			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
66,721	0	66,721	Policing	73,676	-36	73,640	
29,891	-54	29,837	Collaborated Units	31,288	-40	31,248	
12,306	23,313	35,619	Corporate & Support Services	10,353	22,967	33,320	
1,808	-126	1,682	Office of the Police & Crime Commissioner	1,692	-37	1,655	
<b>110,726</b>	<b>23,133</b>	<b>133,859</b>	<b>Cost of Services</b>	<b>117,009</b>	<b>22,854</b>	<b>139,863</b>	
-112,305	18,417	-93,888	Other Income & Expenditure	-119,551	14,670	-104,881	
<b>-1,579</b>	<b>41,550</b>	<b>39,971</b>	<b>(Surplus) or Deficit</b>	<b>-2,542</b>	<b>37,524</b>	<b>34,982</b>	
<b>8,332</b>			<b>Opening General Fund Balance</b>	<b>9,912</b>			
<b>1,580</b>			<b>Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.</b>	<b>2,542</b>			
<b>9,912</b>			<b>Closing General Fund Balance as at 31 March</b>	<b>12,454</b>			

## The Police and Crime Commissioner for Bedfordshire – Expenditure & Funding Analysis

2019/20 Re-stated				2020/21			
The Police & Crime Commissioner				The Police & Crime Commissioner			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
0	0	0	Policing	0	0	0	
-19,233	0	-19,233	Collaborated Units	-17,449	0	-17,449	
-8,664	6,617	-2,047	Corporate & Support Services	-12,862	4,528	-8,334	
1,808	-126	1,682	Office of the Police & Crime Commissioner	1,692	-37	1,655	
<b>-26,089</b>	<b>6,491</b>	<b>-19,598</b>	<b>Cost of Services</b>	<b>-28,619</b>	<b>4,491</b>	<b>-24,128</b>	
24,510	-1,440	23,070	Other Income & Expenditure	35,989	-11,973	23,016	
<b>-1,579</b>	<b>5,051</b>	<b>3,472</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>7,370</b>	<b>7,482</b>	<b>-112</b>	
<b>8,332</b>			<b>Opening General Fund Balance</b>	<b>9,912</b>			
<b>1,580</b>			<b>Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.</b>	<b>-7,370</b>			
<b>9,912</b>			<b>Closing General Fund Balance as at 31 March</b>	<b>2,542</b>			

**Notes to the Accounts Continued****Note 2 Accounting Policies****A. General**

The Statement of Accounts summarises the transactions for the 2020/21 financial year and the position of the Group as at 31 March 2021. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice. The Income and Expenditure Statement is presented as per the Service Reporting Code of Practice published annually by CIPFA.

The accounting convention adopted is historical cost, modified by the revaluation of certain categories of non-current assets.

The Chief Constable's Accounting Policies are disclosed separately in their Statement of Accounts.

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the PCC/CC will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue. In carrying out a Going Concern assessment the PCC has taken into account its statutory duty to allocate assets and funds to the Chief Constable. The PCC/CC has considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the PCC/CC are satisfied that they can prepare their accounts on a going concern basis. The PCC/CC's detailed assessment has considered the following:

- We have a history of strong and effective financial management;
- We have carried out a self-assessment against the new CIPFA Financial Management Code;
- Despite the impact of Covid-19 we managed revenue and capital resources within budget during 2020/21;
- We have an efficient and effective internal audit service that reports jointly to the PCC CFO and the Force Assistant Chief Officer. Quarterly update reports are presented to the Joint Internal Audit Committee. In his Annual Audit opinion for 2020/21 the Chief Internal Auditor has issued an overall grade of Reasonable Assurance;
- We produce and publish a detailed annual financial strategy, capital strategy, reserves strategy and a treasury management strategy statement;
- We produce a 4 year medium term financial plan as well as a 4 year capital plan;
- We have an embedded Priority Based Budgeting model that allows service to move with the funding envelope;
- The medium term financial plan is fully balanced in 2021/22 but has identified shortfalls in later years. Work is ongoing to update the draft budget for 2022/23 and medium term financial plan and regular updates will be provided to both the Force Executive and PCC in coming months;
- We have increased our general reserve to 3% of the net revenue expenditure and we have maintained a budget reserve to assist with smoothing funding deficits over the medium term;
- The CFO publishes a Section 25 report (Local Government Act 2003) analysis within the annual budget report highlighting all key issues and concerns;
- The Annual Governance Statement for 2020/21 has not identified any significant areas weakness in governance or internal control that require immediate attention during 2021/22; and
- We will continue to report the financial implications of Covid-19 to Home Office as required and will seek financial reimbursement as appropriate.

Based on all of the above, the PCC does not consider that there is a material uncertainty in respect of its ability to continue as a going concern for the period to 30 September 2022

**B. Cost Recognition and Intra-Group Adjustment**

All contracts are held in the name of the PCC for Bedfordshire and the PCC pays for all expenditure including salaries of police officers, PCSOs and police staff. There is no transfer of cash between the PCC and Chief Constable, the Chief Constable does not have a bank account into which monies can be received or paid from. Costs are recognised in the Chief Constable's accounts to reflect the resources consumed and generated in the direction and control of day to day policing at the request of the Chief Constable.

In addition, the Chief Constable's accounts reflect the employment and post-employment liabilities in accordance with IAS19 which states that liabilities relating to these benefits should follow the cost of employment. The Chief Constable's Total Comprehensive Income and Expenditure reflects the movement in the Chief Constable's unusable reserves as all other net expenditure is met by a transfer of resources from the PCC and no usable reserves are held by the Chief Constable.

**C. Recognition of Non-Current Assets**

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised provided that it is probable that the future economic benefits or service potential associated with the item will flow to the PCC for Bedfordshire for more than one year and the cost of the item can be measured reliably. The expenditure is capitalised on an accruals basis and a 'de-minimis' capitalisation value of £10K is applied to individual projects.

Expenditure that maintains, but does not add to, an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged to the Comprehensive Income and Expenditure Statement when it is incurred.

**D. Measurement of Non-Current Assets**

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The PCC for Bedfordshire does not capitalise borrowing costs incurred.

Land and Buildings are valued as at 31<sup>st</sup> March 2021 on the basis of current value as required by CIPFA. Investment properties are valued on the basis of fair value. These valuations have been prepared in accordance with the RICS Appraisal and Valuation Standards ('the red book') and undertaken by Gerald Eve LLP. Full revaluations are undertaken at three yearly intervals, with a yearly review of interim values.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to a service.

Where decreases in value are identified, the revaluation loss is accounted for as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, that carrying amount of the asset is written down against that balance (up to the value of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or insufficient balance, the carrying amount of the asset or the balance remaining after write out to the Revaluation Reserve is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Furniture and equipment are held at depreciated historical cost and intangible assets are held at historical cost less amortisation. Intangible assets consist of purchased software licences.

Vehicles are held at historical cost less depreciation, the useful lives and estimated residual values of the vehicle fleet are based on the values held in the vehicle fleet management system and these values are reviewed annually.

Where expenditure on non-current assets qualifies as capital expenditure for statutory purposes, depreciation/amortisation, impairment losses and disposal gains are not permitted to have an impact on the general fund balance. The gains and losses are therefore reversed out of the Police Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

#### **E. Impairment of Non-Current Assets**

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

The impairment loss can be charged to the Revaluation Reserve up to the value of the accumulated gains. Where there is no balance or insufficient balance in the Revaluation Reserve the carrying value of the asset or the balance remaining after write out to the Revaluation Reserve is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

IAS 36 – Impairment of Non-Current Assets requires all impairments, including those that relate to a 'clear consumption of economic benefits' to be recognised in the revaluation reserve up to the amount in the revaluation reserve for each respective asset.

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

**F. Disposal of Non-Current Assets**

When it becomes probable that the carrying value of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Subsequent gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on Assets Held for Sale.

When an asset is disposed of, the value of the asset in the balance sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account. Amounts in excess of £10K are categorised as capital receipts which are required to be appropriated to the Usable Capital Receipts reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

**G. Depreciation**

Depreciation is provided for on all non-current assets by allocating the value of the asset over the assets useful life. An exception is made for assets without a determinable useful life (i.e. freehold land), assets that are not yet available for use (i.e. works in progress), assets that are investment properties or held for sale.

Depreciation is calculated on the following basis:

- (ii) **Buildings**  
In accordance with IAS 16 – Non Current Assets, the usable lives of buildings have been assessed and depreciated on a straight line basis dependent on their useful lives as estimated by the valuers.
- (ii) **Vehicles, Plant, Furniture and Equipment**  
Depreciation is charged in full on plant, furniture and equipment commencing the year after acquisition on a straight line basis over 5 years and assuming a nil residual value. For vehicles, depreciation is charged on a straight line basis over their useful lives after taking into account their estimated residual values.
- (iii) **Jointly Controlled Assets**  
The Comprehensive Income and Expenditure Statement is charged with depreciation on assets held by the Eastern Region Special Operations Unit according to the agreed contribution of each arrangement. Assets are held in each authority's balance sheet at their relevant share of depreciated historical cost or depreciated to existing use value.
- (iv) **Intangible Assets**  
Intangible assets (purchased software licences) are amortised on a straight line basis over 5 years, commencing the year after acquisition and assuming a nil residual value.

The PCC for Bedfordshire has decided that for new components of non-current assets to be recognised and depreciated separately they must be greater than 15% of the value of the non-current asset. No new capital purchases meet this criterion and therefore depreciation is based on the components given by the valuers.

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

#### **H. Charges to Revenue for Non-Current Assets**

Services, support services and trading accounts are charged with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the service
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

The PCC for Bedfordshire is not required to raise council tax to cover depreciation, impairment losses or amortisations. However, the PCC for Bedfordshire has a statutory duty to make a prudent annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. Depreciation, impairment losses and amortisations are therefore replaced by the Minimum Revenue Provision (MRP) in the General Fund Balance, by way of an adjusting transaction within the Capital Adjustment Account. The MRP has been calculated as 4% of the Capital Financing Requirement for 2020/21.

#### **I. Revenue Recognition**

Specific grants & contributions which result in the Commissioner providing additional resources to the Chief Constable in the budget are included in the Commissioner's Comprehensive Income and Expenditure Statement as well as all non-specific government grants. Other fees, charges and service income are recognised in the Chief Constable's Comprehensive Income and Expenditure Statement as these are generated within the Chief Constable's budget by staff under their operational direction and control. It is a requirement of IFRS15 Revenue from Contracts with Customers that revenue is recognised only once the performance criteria in the contract are met, service contracts are subject to an annual review of performance criteria to ensure any necessary adjustment are made.

#### **J. Debtors and Creditors**

The PCC for Bedfordshire's accounts are maintained on the basis of receipts and payments converted at the year end to income and expenditure by bringing creditors and debtors of material significance into account. Where revenue and expenditure has been recognised but cash has not been received or paid a creditor or debtor for the relevant amount is recorded in the Balance Sheet.

The following exceptions are applied consistently and their effect is not material on the accounts from one year to the next.

- (ii) Overtime paid to Police staff which has been claimed after the end of the financial year is not accrued;
- (ii) Electricity and similar quarterly payments are charged so that four payments appear in each year's accounts. Payments are not apportioned between

financial years. For monthly accounts, twelve payments are charged during the year;

- (iii) Travel expenses claimed after the end of the financial year have not been accrued.

As all payments are made by the PCC on the Chief Constable's behalf, the creditors and debtors recognised on the Chief Constable's balance sheet will need to be financed by the PCC, therefore an intra-group debtor is recognised in the Chief Constable's balance sheet and an intra-group creditor on the PCC's balance sheet to show that the liability ultimately rests with the PCC.

#### **K. Funds Held on behalf of Third Parties**

The PCC for Bedfordshire holds funds seized from individuals whilst enquiries are conducted under the Proceeds of Crime Act 2002. The PCC for Bedfordshire will either return or repay these funds (to the courts or the individual) on conclusion of the enquiries. The balance of Third Party funds held is shown in the notes to the accounts.

#### **L. Provisions and Contingent Liabilities**

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

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the group becomes aware of the obligation, and measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

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

Where some or all of the payment is expected to be recovered from a third party (i.e. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the PCC for Bedfordshire group settles the obligation.

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation the existence of which will only be confirmed by the occurrence of uncertain future events not wholly within the organisations control. Contingent liabilities also arise in circumstance where a provision would otherwise be made but the recognition criterion above is not met. A contingent liability is not recognised on the balance sheet but disclosed in the notes to the accounts.

#### **M. Reserves**

Usable Reserves are amounts set aside from the General Fund Balance in the Movement of Reserves Statement for future policy purposes or contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the Surplus/Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so there is no net charge against council tax for the expenditure. Additionally certain unusable reserves are kept to manage the accounting processes for non-current assets, short term compensated absences and retirement benefits and those that do not represent useable resources for the PCC for Bedfordshire.

**N. Police Fund**

This is the main Fund into which the precept, government grants and other income are paid and from which the cost of providing services is met. The balance on the Fund represents the accumulated surplus of the PCC for Bedfordshire's revenue income over expenditure.

**O. Capital Receipts**

Capital Receipts are principally the proceeds from the sale of non-current assets. Insurance income from vehicle write-offs is also treated as Capital Receipts. Capital Receipts are used to augment the capital resources of the PCC for Bedfordshire. Receipts less than £10K are treated as de-minimis and included in the Comprehensive Income and Expenditure Statement.

**P. Value Added Tax (VAT)**

VAT is included in the accounts of the PCC for Bedfordshire, whether of a capital or revenue nature, only to the extent that it is not recoverable. VAT receivable is excluded from income.

**Q. Government Grant and Contributions**

The PCC for Bedfordshire receives two main grants from the Government to support general revenue expenditure. These are the Police Grant and a share of the National Non Domestic Rate Pool. These grants are credited to the Comprehensive Income and Expenditure Statement in the year to which they relate. The PCC for Bedfordshire also receives a number of additional specific grants from Government to help finance specific policing initiatives.

Government Grants are recognised as due to the PCC for Bedfordshire when there is reasonable assurance that:

- The PCC for Bedfordshire will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

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

Monies advanced as grants or contributions for which conditions have not been satisfied are carried in the balance sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non ring fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

**R. Pensions**

The PCC for Bedfordshire group participates in two Pension Schemes. Both Schemes provide members with defined benefits related to pay and service.

- (ii) **Police Officers – Police Pension Scheme**

This Scheme is 'unfunded'. The charge to the Accounts represents the applicable IAS19 charges as determined by the Actuary. The Code of Practice requires separate statements to be produced which are shown at Note 43.

(ii) **Other Employees – Local Government Pension Scheme (LGPS)**

Subject to certain qualifying criteria, police staff are eligible to join the Local Government Pension Scheme administered by Bedford Borough Council. The Scheme is 'funded' and all group pension costs are charged to the Chief Constable or PCC's Accounts according to the relevant employer.

The figures included within the Accounts are based on the IAS19 requirements, that an organisation should account for retirement benefits when it is committed to give them, even if the actual giving will be many years in the future. Injury benefits paid under both police pension schemes are disclosed separately. These payments are unfunded and are paid directly by the PCC for Bedfordshire Group. Injury awards are subject to the same treatment as police pension schemes, with the movement on the liability being attributable to any change in interest cost and re-measurement gains / losses.

This obligation to pay pensions benefits in the future is recognised as a liability in the PCC for Bedfordshire's Group balance sheet. In the Group Comprehensive Income and Expenditure Statement, transactions are recorded that indicate the change over the year in the pension liability. The transactions are not cash-based but are instead actuarially calculated amounts that reflect more accurately the true changes in the scheme's long-term liabilities.

- The attributable defined benefit liabilities of each scheme should be measured on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date, based on assumptions about mortality rate, employee turnover rates and projections of projected earnings for current employees.
- Liabilities for the payment of future injury benefits are based on current and projected injury statistics (including an element for serving police officers) as determined by the actuary.
- Liabilities are discounted to their value at current prices using a discount rate based on the indicative rate of return on high quality corporate bonds determined by the actuaries.
- In the case of the local government scheme, which is a funded scheme, the scheme assets are deducted in determining the overall liability.
- Quoted securities held as scheme assets are valued at their bid value at the latest available date.

The change in the net pension liability is analysed into the following components of the group financial statements:

- The current service cost (the increase in liabilities as a result of years of service earned this year) is debited to the Comprehensive Income and Expenditure Statement and included with the Net Cost of Services
- The past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years) is debited to the Comprehensive Income and Expenditure Statement and included with the Net Cost of Services
- Interest cost (the expected increase in the present value of liabilities during the year as they move one year closer to being paid) is debited to the Financing and Investment

Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Expected return on assets (the annual investment return on the fund assets attributable to the PCC for Bedfordshire) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

- Interest Income on assets (the annual investment return on the fund assets attributable to the group) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains / losses on settlements (the result of actions to relieve the PCC for Bedfordshire of liabilities or events that reduce the expected long term return) are debited / credited to the Comprehensive Income and Expenditure Statement.
- Re-measurements of the net defined benefit liability / asset are debited / credited to the appropriate reserve. This includes an amount for actuarial gains / losses and estimated returns on plan assets which arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- The employers contributions made in the year are not accounted for as an expense.

The above balances and transactions are included in the accounts to provide a more informative picture of the Group pension schemes. Although to ensure there is no impact on the level of council tax the account is adjusted through an appropriation from reserves.

#### **S. Officers' Emoluments**

Officers' Emoluments are disclosed in the accounts on a cash basis of gross pay as notified in the P60s to the Inland Revenue and including taxable benefits within the P11Ds. The figures contained within the Comprehensive Income and Expenditure Statement, however, are prepared on an accruals basis in accordance with proper accounting practices.

#### **T. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the PCC for Bedfordshire becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

An assessment is made annually as to what level of debts are outstanding at the end of the financial year and an impairment allowance for expected credit losses is calculated and charged to the Financing & Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This has the impact of reducing the debtors balance shown within the balance sheet.

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Therefore the amount shown in the Balance Sheet is the outstanding principal repayable and interest is charged to the Comprehensive Income and Expenditure Statement.

The PCC for Bedfordshire fully complies with the CIPFA Code of Practice 'Treasury Management in the Public Services'. A Treasury Management Strategy has been approved by the PCC for Bedfordshire.

**U. Financial Assets**

Investments are limited to approved investments as specified in the Local Authority (Capital Finance) (Approved Investment) Regulations 1990 and are contained within the PCC for Bedfordshire's Treasury Management Strategy. These Investments are recognised on the Balance Sheet when the PCC for Bedfordshire becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and carried at their amortised cost. Therefore the amount shown in the Balance Sheet is the outstanding principal receivable and interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The fair value as at year end is also disclosed in the notes to the accounts.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited /debited to the Financing and Investment Income and Expenditure line.

As the PCC currently holds no re-classifiable available for sale financial assets no separation of amounts in the Other Comprehensive Income and Expenditure is required under IAS1.

**V. Group Accounts**

The PCC for Bedfordshire has to determine whether it has interests in subsidiaries, associates or joint arrangements. The PCC for Bedfordshire has interests in joint arrangements and as a result is required to disclose these arrangements. For 2020/21 this applies to:

- Regional Organised Crime Unit (ROCU)
- Bedfordshire, Cambridgeshire and Hertfordshire collaborated units.

These are Joint Operations under IFRS11. Assets purchased by Joint Operations are shared between the parties and each recognises only their own share on their balance sheet. The Joint Operation does not involve the establishment of a separate entity and the PCC for Bedfordshire accounts only for its share of the joint assets, liabilities, income and expenses that it incurs in respect of its interest in the joint operation identified above.

**W. Cash and Cash Equivalents**

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Any fixed term investments are usually made for 3 to 6 months and the PCC for Bedfordshire includes those within Short Term Investments instead of Cash Equivalents.

**X. Leases**

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

Rent received from operating leases granted by the PCC is credited to the Other Operating Expenditure line the Comprehensive Income and Expenditure Statement, with credits made on a straight line basis over the life of the lease, even if this does not match the pattern of payments. Initial direct costs in negotiating the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. The PCC for Bedfordshire Group

has assessed its leases and all leases are treated as operating leases during 2020/21.

**Y. Benefits Payable during Employment**

Short-term employee benefits such as wages and salaries, paid annual leave and time owed for current employees are recognised as an expense in the year in which employees render service to the PCC for Bedfordshire Group. An accrual is made against the services in the Surplus / Deficit on Provision of Services for the cost of leave earned by employees but not taken before the year end. The accumulated cost is carried entirely as a liability on the Chief Constable's balance sheet, due to the low number of employees employed by the PCC there is no accrual made for the cost of leave earned but not taken in relation to the PCC's employees, this is judged not to be material and this judgement is kept under review.

**Z. Termination Benefits**

Termination benefits are amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service line in the Comprehensive Income and Expenditure Statement once a valid expectation of redundancy is created.

**AA. Events after the Reporting Period**

Events after the reporting period are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date in which the Statement of Accounts is authorised for issue. Two types of events can be identified:

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that indicate conditions that arose after the reporting period. The Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

**BB. Exceptional Items**

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the PCC for Bedfordshire's financial performance.

**CC. Prior Period Adjustments**

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the PCC for Bedfordshire's financial position or performance. Where a change is made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

Changes in accounting estimates are applied prospectively, i.e. in the current and future year affected by the change. Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts.

**Note 3: Changes in Accounting Policies & Prior Period Adjustments**

No changes have been made to accounting policies although the breakdown of figures presented in the management reporting headings in both the Expenditure & Funding Analysis and the Comprehensive Income and Expenditure Statement have been restated. This is in order to present the prior period figures under the same management reporting headings as those used in 2019/20 in order to make meaningful comparisons within these headings.

Group	2019/20- Original Values			2019/20 – Adjustment Values		2019/20 Re-stated	
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Gross Expenditure	Adjustment to Gross Income		Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000		£'000
Policing	67,308	-587	66,721	0	0	66,721	
Collaborated Units	49,666	-19,829	29,837	0	0	29,837	
Corporate & Support Services	52,809	-16,074	36,735	0	-1,116	35,619	
Office of the Police & Crime Commissioner	2,525	-843	1,682	0	0	1,682	
<b>Net Cost of Services</b>	<b>172,308</b>	<b>-37,333</b>	<b>134,975</b>	<b>0</b>	<b>-1,116</b>	<b>133,859</b>	
Other Operating Income & Expenditure			-12,521	0	0	-12,521	
Financing & Investment Income Expenditure			32,046	0	0	32,046	
Taxation & Non-Specific Grant Income			-114,529	0	1,116	-113,413	
<b>(Surplus) or Deficit on Provision of Services</b>			<b>39,971</b>	<b>0</b>	<b>0</b>	<b>39,971</b>	

PCC	2019/20- Original Values			2019/20 – Adjustment Values		2019/20 Re-stated
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Gross Expenditure	Adjustment to Gross Income	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Policing	0	0	0			0
Collaborated Units	0	-18,117	-18,117			-18,117
Corporate & Support Services	6,893	-8,940	-2,047		-1,116	-3,163
Office of the Police & Crime Commissioner	2,525	-843	1,682			1,682
<b>Net Cost of Services</b>	<b>9,418</b>	<b>-27,900</b>	<b>-18,482</b>	<b>0</b>	<b>-1,116</b>	<b>-19,598</b>
Other Operating Income & Expenditure			-12,521	0	0	-12,521
Financing & Investment Income Expenditure			286	0	0	286
Taxation & Non-Specific Grant Income			-114,529	0	1,116	-113,413
PCC Funding for Financial Resources Consumed			148,718	0	0	148,718
<b>(Surplus) or Deficit on Provision of Services</b>			<b>3,472</b>	<b>0</b>	<b>0</b>	<b>3,472</b>

#### **Note 4: Accounting Standards that have been Issued but have not yet been adopted**

- Definition of a Business: Amendments to IFRS 3 Business Combinations
- Interest Rate Benchmark Reform: Amendments to IFRS 9, IAS 39 and IFRS 7.
- Interest Rate Benchmark Reform – Phase 2: Amendments to IFRS9, IAS 39, IFRS7, IFRS 4 and IFRS 16.

Changes to these accounting standards are included in the 2021/22 CIPFA Code of Practice and once adopted may require disclosure in 2021/22 depending on their impact.

#### **Note 5: Events after the Reporting Period**

The Draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2021. Events after the balance sheet date have been considered for inclusion in the accounts up to the authorised for issue date. No non-adjusting events have taken place as no events have occurred before this date which provided information about conditions existing at 31<sup>st</sup> March 2021.

#### **Note 6: Intra-Group Funding Arrangements between the Commissioner & Chief Constable**

The background and principles that underpin the accounting arrangement and create the

need for an intra-group adjustment are explained in the Explanatory Foreword.

Under the current arrangements the Chief Constable does not hold any cash or reserves. However a budget is delegated to the Chief Constable for which the Chief Constable has operational control of the associated income and expenditure. It is felt that to accurately reflect the financial impact of the day-to-day control exercised by the Chief Constable over policing Bedfordshire it is necessary to capture the income and expenditure associated with their delegated budget on their own Comprehensive Income and Expenditure Statement. As a consequence the associated assets and liabilities relating to these balances are also required to be shown on the Chief Constable's balance sheet.

The Commissioner has undertaken to fund the resources consumed by the Chief Constable and makes all payments from the police fund. In order to reflect this position in the accounts the funding from the Commissioner offsets all expenditure on the Chief Constable's Comprehensive Income & Expenditure Statement to leave just the movement on unusable reserves which is reflected in the Chief Constable's Movement in Reserves Statement.

The following table shows the calculation of the funding provided to the Chief Constable:

<b>PCC Funding provided to the Chief Constable for Resources Consumed</b>	<b>2019/20</b>	<b>2020/21</b>
	<b>£'000</b>	<b>£'000</b>
Net Cost of Services (Chief Constable)	153,457	163,991
Financing & Investment Income & Expenditure	31,760	27,550
Actuarial (gain) / loss on pension assets / liabilities	-112,072	168,454
<u>Adjust for Movement in Unusable Reserves:</u>		
Pensions Reserve	75,435	-200,975
Accumulated Absences Reserve	137	-2,573
<b>Total Funding Transfer</b>	<b>148,717</b>	<b>156,447</b>

In practice instead of transferring this funding to the Chief Constable the Commissioner makes all payments on their behalf, therefore an element of the resources consumed by the Chief Constable remain unpaid at the year end. This leaves the Chief Constable with its own current liabilities which after deduction of current assets is supported by the Commissioner.

<b>Intra-group Debtor / Creditor</b>	<b>31 March 20</b>	<b>31 March 21</b>
	<b>£'000</b>	<b>£'000</b>
Chief Constable's Creditors & Receipts in Advance	25,557	21,597
Chief Constable's Provisions	941	1,209
Chief Constable's Current assets (excluding PCC Debtor)	-8,549	-8,233
<b>Total Owing to Commissioner</b>	<b>17,949</b>	<b>14,573</b>

This has the effect of showing working capital balances on the Chief Constable's balance sheet which are then supported by the Commissioner.

The following table shows the movement through the intra-group account:

Intra-group Adjustments	The Chief Constable £'000	The Commissioner £'000	The Group £'000
<b>Comprehensive Income &amp; Expenditure Statement – 2019/20</b>			
PCC Funding for Resources Consumed	-148,717	148,717	0
<b>Comprehensive Income &amp; Expenditure Statement – 2020/21</b>			
PCC Funding for Resources Consumed	-156,351	156,447	0
<b>Balance Sheet – 2019/20</b>			
Intra Group Creditor / Debtor	17,949	-17,949	0
<b>Balance Sheet – 2020/21</b>			
Intra Group Creditor / Debtor	13,567	-14,573	0

**Note 7: Note to the Expenditure & Funding Analysis**

Adjustments between Accounting and Funding Basis

Group – 2020/21	Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
Policing	-36	-	-	-36
Collaborated Units	-40	0	-	-40
Corporate & Support Services	3,828	17,732	1,408	22,967
Office of the Police & Crime Commissioner	-37	0	-	-37
<b>Cost of Services</b>	<b>3,715</b>	<b>17,732</b>	<b>1,408</b>	<b>22,855</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-2,055	15,212	1,512	14,669
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>1,660</b>	<b>32,944</b>	<b>2,920</b>	<b>37,524</b>

Group – 2019/20	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	-54	0	0	-54
Corporate & Support Services	6,031	17,647	-364	23,313
Office of the Police & Crime Commissioner	-185	59	0	-126
<b>Cost of Services</b>	<b>5,792</b>	<b>17,706</b>	<b>-364</b>	<b>23,133</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-934	19,019	332	18,417
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>4,858</b>	<b>36,725</b>	<b>-32</b>	<b>41,550</b>

PCC – 2020/21	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	0	0	0	0
Corporate & Support Services	4,934	0	-406	4,529
Office of the Police & Crime Commissioner	-37	0	0	-37
<b>Cost of Services</b>	<b>4,897</b>	<b>0</b>	<b>-406</b>	<b>4,492</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,121	-12,349	1,497	-11,973
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>3,776</b>	<b>-12,349</b>	<b>1,091</b>	<b>-7,481</b>

PCC – 2019/20	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	0	0	0	0
Corporate & Support Services	6,879	14	-277	6,617
Office of the Police & Crime Commissioner	-185	59	0	-126
<b>Cost of Services</b>	<b>6,694</b>	<b>73</b>	<b>-277</b>	<b>6,491</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-934	16	-522	-1,440
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>5,760</b>	<b>89</b>	<b>-799</b>	<b>5,051</b>

### Adjustments for Capital Purposes

Adjustments for capital purposes column adds in depreciation and impairment and revaluation gains and losses in the service line as well as adjusting for the transfer of income on disposals of assets / amounts written off / capital grants.

The statutory charges for financing capital i.e Minimum Revenue Provision and other revenue contributions to capital are deducted from the income and expenditure as these are not chargeable under generally excepted accounting practices. This deduction for revenue contributions includes the amount of capital expenditure funded from general fund reserves during the year.

### Net Change for the Pension Adjustments

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

### Other Differences

The charge under taxation and non-specific grant income and expenditure represents the difference between what is chargeable under statutory regulations for council tax and income recognised under generally excepted accounting practices in the Code.

Also included are the adjustments for staff benefits, such as untaken leave, which is recognised in the Comprehensive Income and Expenditure Statements but is not permitted to be charged to the general fund in the year.

**Note 8: Expenditure and Income Analysed by Nature**

The income and expenditure for the PCC Group and for the PCC is analysed below:

<b>Police &amp; Crime Commissioner Group</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Expenditure / Income</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee benefits expenses	172,510	179,751
Other services expenses	24,693	27,960
Depreciation, amortisation, impairment	6,899	4,934
Loss on disposal of assets	261	174
Interest payments	412	434
<b>TOTAL EXPENDITURE</b>	<b>204,775</b>	<b>213,253</b>
<b>Income</b>		
Fees, charges and other service income	-13,228	-12,667
Government grants and contributions	-107,944	-119,368
Income from council tax	-43,472	-46,208
Interest & Investment income	-160	-28
<b>TOTAL INCOME</b>	<b>-164,804</b>	<b>-178,271</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>39,971</b>	<b>34,982</b>

<b>Police &amp; Crime Commissioner</b>	<b>2019/20</b>	<b>2020/21</b>
<b>Expenditure / Income</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee benefits expenses	672	1,201
Other services expenses	1,881	2,987
Depreciation, amortisation, impairment	6,899	4,934
Loss on disposal of assets	261	174
Interest payments	412	434
Funding made to Chief Constable	148,718	156,446
<b>TOTAL EXPENDITURE</b>	<b>158,843</b>	<b>166,176</b>
<b>Income</b>		
Fees, charges and other service income	-3,796	-684
Government grants and contributions	-107,944	-119,368
Income from council tax	-43,471	-46,208
Interest & Investment income	-160	-28
<b>TOTAL INCOME</b>	<b>-155,371</b>	<b>-166,288</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>3,472</b>	<b>-112</b>

**Note 9: Adjustments between Accounting Basis and Funding Basis under Regulations**

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the PCC for Bedfordshire in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC for Bedfordshire to meet future capital and revenue expenditure.

<b>2020/2021 – Usable Reserves</b>	<b>General Fund</b>	<b>Capital Receipt Reserve</b>	<b>Capital Grant Unapplied Account</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments involving the Capital Adjustments Account:</b>				
<i>Reversal of items debited/credited to the Comprehensive Income &amp; Expenditure Statement</i>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,933	0	0	4,933
Revaluation gains / losses on Property, Plant and Equipment	0	0	0	0
Capital grants & contributions applied to capital financing	1,294	0	0	-1,294
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-174	0	0	174
<i>Insertion of items not debited / credited to the Comprehensive Income &amp; Expenditure Statement</i>				
Statutory Provision for the financing of capital investment	577	0	0	-577
Capital expenditure charged against the Police Fund	641	0	0	-641
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	0		0	0
Use of capital receipts reserve to finance new capital expenditure	934	0	0	-934
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash		29		-29
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-753	0	0	753
<b>Adjustments involving the pensions reserves:</b>				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-196	0	0	195
Employer's pension contributions and direct payments to pensioners	-178			-178
<b>TOTAL ADJUSTMENTS - COMMISSIONER</b>	<b>-2,430</b>	<b>29</b>	<b>0</b>	<b>2,401</b>
<b>Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:</b>				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	-2,573	0	0	2,573
<b>Adjustments involving the pensions reserves for the Chief Constable:</b>				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-67,379	0	0	67,379
Employer's pension contributions and direct payments to pensioners	34,858	0	0	-34,858
<b>TOTAL ADJUSTMENTS – CHIEF CONSTABLE</b>	<b>-35,094</b>	<b>0</b>	<b>0</b>	<b>35,094</b>
<b>TOTAL ADJUSTMENTS - GROUP</b>	<b>-37,524</b>	<b>29</b>	<b>0</b>	<b>37,495</b>

<b>2019/2020 – Usable Reserves</b>	<b>General Fund</b>	<b>Capital Receipt Reserve</b>	<b>Capital Grant Unapplied Account</b>	<b>Movement in Unusable Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Adjustments involving the Capital Adjustments Account:</b>				
<u>Reversal of items debited/credited to the Comprehensive Income &amp; Expenditure Statement</u>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,818	0	0	4,818
Revaluation gains / losses on Property, Plant and Equipment	-2081	0	0	2,081
Capital grants & contributions applied to capital financing	1,214	0	0	-1,214
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-261	0	0	261
<u>Insertion of items not debited / credited to the Comprehensive Income &amp; Expenditure Statement</u>				
Statutory Provision for the financing of capital investment	426	0	0	-426
Capital expenditure charged against the Police Fund	662	0	0	-662
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	0	0	0	0
Use of capital receipts reserve to finance new capital expenditure	0	846	0	-846
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash	0	-29	0	29
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-106	0	0	106
<b>Adjustments involving the pensions reserves:</b>				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-174	0	0	174
Employer's pension contributions and direct payments to pensioners	86			-86
<b>TOTAL ADJUSTMENTS - COMMISSIONER</b>	<b>-5,052</b>	<b>817</b>	<b>0</b>	<b>4,235</b>
<b>Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:</b>				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	137	0	0	-137
<b>Adjustments involving the pensions reserves for the Chief Constable:</b>				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-69,788	0	0	69,788
Employer's pension contributions and direct payments to pensioners	33,152	0	0	-33,152
<b>TOTAL ADJUSTMENTS – CHIEF CONSTABLE</b>	<b>-36,499</b>	<b>0</b>	<b>0</b>	<b>36,499</b>
<b>TOTAL ADJUSTMENTS - GROUP</b>	<b>-41,551</b>	<b>817</b>	<b>0</b>	<b>40,734</b>

**Note 10: Transfers to / from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and any amounts posted back from earmarked reserves to meet General Fund expenditure. All are usable reserves held by the Commissioner.

	Balance at 31 March 2019 £'000	Transfers Out 2019/20 £'000	Transfers In 2019/20 £'000	Balance at 31 March 2020 £'000	Transfers Out 2020/21 £'000	Transfers In 2020/21 £'000	Balance at 31 March 2021 £'000	Purpose of the Earmarked Reserve
Devolved Budget Reserves	0	0	-18	-18	18	-2,733	-2,733	This reserve contains under spending which has been earmarked for use in the following year.
Budget Reserve	-2,172	0	-1,079	-3,251	196	0	-3,055	This reserve contains funds to be used to bridge the anticipated future budget gap.
Insurance Reserve	-1,132	0	0	-1,132	0	0	-1,132	This provides for partial self-funding of insurance for combined liability, motor vehicle and fidelity guarantee.
Capital Expenditure Reserve	-935	0	0	-935	935	0	0	To hold capital receipts until they are used to finance capital expenditure.
Regional Organised Crime	-54	54	0	0	0	-40	-40	This reserve contains underspending which is for use within the Regional Organised Crime area
Road Safety Reserve	-1,038	175	0	-864	110	0	-754	Holds the balance of income generated in excess of expenditure by the Camera, Tickets and Collisions Unit which is ring fenced for re-investment in road safety activities.
Op Kenova Reserve	0	0	0	0	0	-1,654	-1,654	Holds the balance of income provided for Operation Kenova on behalf of Police Service Northern Ireland.
Sixhills Sink Fund	0	0	-710	-710	710	-85	-85	This reserve hold regional funds held for the purposes of property maintenance of the shared property – Sixhills Stevenage.
<b>Earmarked Reserves</b>	<b>-5,331</b>	<b>229</b>	<b>-1,807</b>	<b>-6,910</b>	<b>1,969</b>	<b>-4,512</b>	<b>-9,452</b>	
Police Fund	-3,000	0	0	-3,000	0	0	-3,000	
<b>General Fund Balance</b>	<b>-8,331</b>	<b>229</b>	<b>-1,807</b>	<b>-9,910</b>	<b>1,969</b>	<b>-4,512</b>	<b>-12,452</b>	
Capital Grants Unapplied	-6	0	0	-6	0	0	-6	
Capital Receipts Reserve	-846	846	-30	-30	353	-323	0	
<b>Total Usable Reserves</b>	<b>-9,183</b>	<b>1,075</b>	<b>-1,837</b>	<b>-9,947</b>	<b>2,322</b>	<b>-4,835</b>	<b>-12,460</b>	

**Note 11: Other Operating Income and Expenditure**

The PCC for Bedfordshire 2019/20	The Group 2019/20		The PCC for Bedfordshire 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
261	261	Loss on Disposal of Non-Current Assets – Vehicles	197	197
-0	-0	Gain / Loss on Disposal / Reclassification of Non-Current Assets – Buildings	-23	-23
-12,782	-12,782	Pension Top Up Grant Received from Home Office	-12,772	-12,772
<b>-12,521</b>	<b>-12,521</b>	<b>Total</b>	<b>-12,598</b>	<b>-12,598</b>

**Note 12: Financing and Investment Income and Expenditure**

The PCC for Bedfordshire 2019/20	The Group 2019/20		The PCC for Bedfordshire 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
412	412	Interest Payable	434	434
0	-25	Impairment Allowance	788	777
20	20	(Gain) / Loss on Investment Property	0	0
0	29,530	Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions	0	25,370
-25	-25	Income from Investment Property	-18	-18
16	2,270	Pensions Interest Cost and Expected Return on Pension Assets – LGPS	17	2,208
-136	-136	Interest Receivable	-28	-28
<b>286</b>	<b>32,046</b>	<b>Total</b>	<b>1,193</b>	<b>28,743</b>

**Note 13: Taxation and Non-Specific Grant Income**

The PCC for Bedfordshire 2019/20	The Group 2019/20		The PCC for Bedfordshire 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
-43,472	-43,472	Council Tax Income	-46,208	-46,208
-23,453	-23,453	Formula Funding	-25,060	-25,060
-3,886	-3,886	Council Tax Subsidy	-3,886	-3,886
-751	-751	Council Tax Freeze Grant	-751	-751
-40,637	-40,637	Non Ring-fenced Government Grants	-43,827	-43,827
-1,214	-1,214	Capital Grants and Contributions	-1,294	-1,294
<b>-113,413</b>	<b>-113,413</b>	<b>Total</b>	<b>-121,026</b>	<b>-121,026</b>

**Note 14: Property, Plant and Equipment**

The PCC for Bedfordshire holds all the Group's property, plant and equipment.

*(i) Movements on Balances***2020/21**

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
<b>Book Value as at 1<sup>st</sup> April 2020</b>	<b>34,821</b>	<b>8,643</b>	<b>14,701</b>	<b>58,165</b>
Revaluation In Year	0	0	0	<b>0</b>
Impairment Losses recognised in Revaluation Reserve	-237	0	0	<b>-237</b>
Impairment Losses reversed in Surplus / Deficit on Provision of Service	191	0	0	<b>191</b>
Additions	8,830	1,388	2,251	<b>12,469</b>
Disposals	0	-724	0	<b>-724</b>
Written Out	0	0	-2,981	<b>-2,981</b>
Reclassification of Asset	0	0	0	<b>0</b>
<b>Gross Book Value as at 31<sup>st</sup> March 2021</b>	<b>43,605</b>	<b>9,307</b>	<b>13,971</b>	<b>66,883</b>
<b>Depreciation and Impairment as at 1<sup>st</sup> April 2020</b>	<b>-1,072</b>	<b>-3,997</b>	<b>-6,205</b>	<b>-11,274</b>
Depreciation for year	-1,554	-885	-2,338	<b>-4,777</b>
Disposals	0	527	0	<b>527</b>
Written Out on Reval / Disposal	0	0	2,981	<b>2,981</b>
<b>Depreciation and Impairment as at 31<sup>st</sup> March 2021</b>	<b>-2,626</b>	<b>-4,355</b>	<b>-5,562</b>	<b>-12,543</b>
<b>Net Book Value as at 31<sup>st</sup> March 2020</b>	<b>33,750</b>	<b>4,645</b>	<b>8,496</b>	<b>46,891</b>
<b>Net Book Value as at 31<sup>st</sup> March 2021</b>	<b>40,979</b>	<b>4,952</b>	<b>8,409</b>	<b>54,340</b>

## Comparative Movements in 2019/20

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
<b>Book Value as at 1<sup>st</sup> April 2019</b>	<b>36,675</b>	<b>8,076</b>	<b>12,792</b>	<b>57,543</b>
Revaluation In Year	-3,077	0	0	<b>-3,077</b>
Impairment Losses recognised in Revaluation Reserve	-235	0	0	<b>-235</b>
Impairment Losses reversed in Surplus / Deficit on Provision of Service	-1,275	0	0	<b>-1,275</b>
Additions	2,555	1,432	2,836	<b>6,823</b>
Disposals	0	-865	0	<b>-865</b>
Written Out	0	0	-927	<b>-927</b>
Reclassification of Asset	178	0	0	<b>178</b>
<b>Gross Book Value as at 31<sup>st</sup> March 2020</b>	<b>34,821</b>	<b>8,643</b>	<b>14,701</b>	<b>58,165</b>
<b>Depreciation and Impairment as at 1<sup>st</sup> April 2019</b>	<b>-2,724</b>	<b>-3,906</b>	<b>-4,854</b>	<b>-11,484</b>
Depreciation for year	-1,425	-695	-2,278	<b>-4,398</b>
Disposals	0	604	0	<b>604</b>
Written Out on Reval / Disposal	3,077	0	927	<b>4,004</b>
<b>Depreciation and Impairment as at 31<sup>st</sup> March 2020</b>	<b>-1,072</b>	<b>-3,997</b>	<b>-6,205</b>	<b>-11,274</b>
<b>Net Book Value as at 31<sup>st</sup> March 2019</b>	<b>33,951</b>	<b>4,170</b>	<b>7,938</b>	<b>46,059</b>
<b>Net Book Value as at 31<sup>st</sup> March 2020</b>	<b>33,750</b>	<b>4,645</b>	<b>8,496</b>	<b>46,891</b>

## Investment Property

During 2020/21 the Former Leagrave Police Station remained an investment property.

	£'000
<b>Gross Book Value as at 31<sup>st</sup> March 2020</b>	<b>315</b>
Assets newly classified as Surplus property	
- From Land & Buildings	0
Revaluation Gains / (Losses)	0
Disposal / Reclassification	0
Additions & Subsequent Expenditure	0
<b>Gross Book Value as at 31<sup>st</sup> March 2021</b>	<b>315</b>

**Surplus Property**

During 2020/21 the Greyfriars premises remained surplus property and the one remaining police house was sold during the year.

	£'000
<b>Gross Book Value as at 31<sup>st</sup> March 2020</b>	<b>970</b>
Assets newly classified as Surplus property	
- From Land & Buildings	0
Revaluation Gains / (Losses)	30
Disposal / Reclassification	-270
Additions & Subsequent Expenditure	0
<b>Gross Book Value as at 31<sup>st</sup> March 2021</b>	<b>730</b>

*(ii) Capital Commitments*

At 31<sup>st</sup> March 2021 the PCC for Bedfordshire has authorised expenditure in 2021/22 and in future years of £39.433M under its Capital Programme, of which £12.271M had been contractually committed on the following projects:

	2019/20 £M	2020/21 £M
HQ Site Development	1.650	12.271
<b>TOTAL</b>	<b>1.650</b>	<b>12.271</b>

*(iii) Revaluation Assumptions*

The PCC for Bedfordshire's operational freehold properties were valued at 31<sup>st</sup> March 2021 by external valuers, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the terms of the Valuation – Global Standards 2017 and the national standards and guidance set out in the UK national supplement (November 2018 edition). The valuation of each property was on the basis of fair value, subject to the following assumptions:

- For owner occupied property: the property would be sold as part of the continuing business.

The valuers' opinion of fair value was primarily derived using the Depreciated Replacement Cost (DRC) approach, because the specialised nature of the assets means that there are no market transactions of this type. For non-specialised assets valuers have had regard to the available evidence derived from transactions of comparable properties in their respective locations or other valuation approaches.

Other significant assumptions applied in estimating fair value are:

- That depreciated historical cost is used as a proxy for fair value of furniture and equipment. In addition this policy is applied to enhancement expenditure funded by capital grant to regional premises not owned by the PCC.
- The residual value and useful life of all vehicles are estimated by the Chiltern Transport Consortium and depreciated on a straight line basis over the expected life of the vehicle as a proxy for fair value.

*(iv) Depreciation*

Straight line depreciation has been applied to the following useful lives in the calculation of depreciation:

- Land & Buildings – Between 5 years (capital works to leased building) and 75 years.
- Vehicles – Between 2 and 12 years.
- Plant & Equipment – 5 years.

### **Note 15: Intangible Assets**

The PCC for Bedfordshire accounts for its purchased software licences as intangible assets, to the extent that the software licence was purchased as part of the initial installation and set-up cost of the software. A useful life of 5 years is assigned to all intangible assets and their carrying amount is amortised on a straight-line basis. The amortisation of £0.338M is charged to the Comprehensive Income & Expenditure Statement in 2020/21

The PCC for Bedfordshire currently has no Internally Generated Assets as defined by IAS38 (Intangible Assets). The movement on intangible asset balances during the year is as follows:

	2020/21	2019/20
	£'000	£'000
Historical Cost	2,003	2,572
Accumulated Amortisation	-1,114	-1,373
<b>Net carrying amount at start of year</b>	<b>889</b>	<b>1,199</b>
Additions – Purchases	231	80
Assets re-classified	0	0
Amortisation for the period	-338	-390
<b>Net carrying amount at end of year</b>	<b>782</b>	<b>889</b>
Comprising:		
Gross carrying amounts	1,894	2,003
Accumulated amortisation	-1,112	-1,114

Assets and depreciation written out in the year amounted to £0.340M.

### **Note 16: Financial Instruments**

#### Categories of Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments, all are valued at amortised cost.

Financial Assets	31 March 2020		31 March 2020		31 March 2021		31 March 2021	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Debtors:</u>								
Amortised Cost	0	4,960	109	1,907	0	4,671	69	3,262
<u>Investments:</u>								
Amortised Cost	0	0	0	5,000	0	0	0	6,000
<u>Cash</u>								
Amortised Cost	0	0	0	9,109	0	0	0	7,636
<b>Total Financial Assets</b>	<b>0</b>	<b>4,960</b>	<b>109</b>	<b>16,016</b>	<b>0</b>	<b>4,671</b>	<b>69</b>	<b>16,898</b>
Non Financial Assets	0	21,612	0	13,939	0	18,071	0	14,122
<b>Total</b>	<b>0</b>	<b>26,572</b>	<b>109</b>	<b>29,955</b>	<b>0</b>	<b>22,742</b>	<b>69</b>	<b>31,020</b>
Financial Liabilities	31 March 2020		31 March 2020		31 March 2021		31 March 2021	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Creditors:</u>								
Amortised Cost	360	20,507	0	1,937	0	17,779	0	3,691
<u>Borrowings:</u>								
Amortised Cost	0	0	11,020	0	0	0	19,020	0
<b>Total Financial Liabilities</b>	<b>360</b>	<b>20,507</b>	<b>11,020</b>	<b>1,937</b>	<b>0</b>	<b>17,779</b>	<b>19,020</b>	<b>3,691</b>
Non Financial liabilities	0	8,455	0	21,208	0	10,156	0	19,516
<b>Total</b>	<b>360</b>	<b>28,962</b>	<b>11,020</b>	<b>23,145</b>	<b>0</b>	<b>27,935</b>	<b>19,020</b>	<b>23,207</b>

Borrowings represents the amount owing to external lenders in respect of long term loans. The maturity period for these loans is between two and fifty years and the borrowing is from the Public Works Loan Board (PWLB).

Short-term Investments are temporary surplus funds, invested short term with those financial institutions included within the PCC for Bedfordshire's approved lending list.

Trade Debtors and Creditors relate to balance sheet amounts (excluding payments in advance and receipt in advance) adjusted for statutory debtors and creditors.

The PCC for Bedfordshire has not reclassified any financial instruments during 2020/21 and all remain at amortised cost.

#### Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.

	2019/20			2020/21		
	Financial Liabilities measured at amortised cost	Financial assets	Total	Financial Liabilities measured at amortised cost	Financial assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	412	0	412	434	0	434
<b>Total expense in surplus or deficit on the provision of services</b>	<b>412</b>	<b>0</b>	<b>412</b>	<b>434</b>	<b>0</b>	<b>434</b>
Interest Income	0	-136	-136	0	-28	-28
<b>Total income in surplus or deficit on the provision of services</b>	<b>0</b>	<b>-136</b>	<b>-136</b>	<b>0</b>	<b>-28</b>	<b>-28</b>
<b>Net (gain) / loss for the year</b>	<b>412</b>	<b>-136</b>	<b>276</b>	<b>434</b>	<b>-28</b>	<b>406</b>

Fair Value of Assets and Liabilities

Financial liabilities and financial assets represented by loans and receivables are carried in the Balance Sheet at amortised cost. Their fair value has been calculated below by calculating the net present value of the future cash flows using the following assumptions:

- The discount rate used is the applicable market rate on 31<sup>st</sup> March using bid prices where applicable.
- For fixed term deposits it is assumed that interest is received on maturity.
- The new borrowing rate at 31 March has been used as the discount factor for PWLB borrowing.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

The fair value of each class of financial liabilities and assets carried in the Balance Sheet at amortised cost is as follows:

	The Commissioner				The Chief Constable			
	31 March 2020		31 March 2021		31 March 2020		31 March 2021	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>								
PWLB Borrowing	11,020	12,803	19,020	21,427	0	0	0	0
Creditors	1,937	1,937	3,691	3,691	20,867	20,867	17,779	17,779
<i>Loans and Receivables:</i>								
Short-Term Investments	5,000	5,000	6,000	6,000	0	0	0	0
Debtors	1,907	1,907	3,691	3,691	4,960	4,960	4,671	4,671
Instant Access Bank Deposit Accounts	9,054	9,054	7,581	7,581	0	0	0	0
Imprest & Cash	55	55	55	55	0	0	0	0

The differences between carrying amount and fair value for PWLB borrowing is due to the PCC for Bedfordshire's portfolio of loans being taken out at higher interest rates than those available in the market at 31 March 2021. In arriving at the fair value of PWLB borrowing the current certainty rate for new borrowing from the PWLB is used to calculate the fair value of each loan. However there is no active market for these loans, Code guidance suggests that in these circumstances fair value should be measured from the PWLB perspective, assessing the price that they would be able to secure if they were to sell the loans in an orderly market transaction. The valuation basis uses Level 2 Inputs – i.e inputs other than quoted prices that are observable for the financial liability.

The carrying value of short term trade receivables and payables, short term investments and cash balances is deemed to be a reasonable approximation of fair value.

**Note 17: Nature and Extent of Risks Arising from Financial Instruments**

The PCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments and make payments
- Re-financing risk – the possibility that the PCC might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rate and stock market movements

Overall Procedures for Managing Risk

The PCC's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the *Local Government Act 2003* and the associated regulations. These require the PCC to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the PCC to manage risk in the following ways:

- by formally adopting the requirements of the CIPFA Code of Practice on Treasury Management;
- by adopting the Treasury Policy Statement and the treasury management clauses within Financial Regulations;
- by approving a Treasury Management Strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;
- by approving annually in advance prudential and treasury indicators for the following three years limiting:
  - The PCC's overall borrowing;
  - Its maximum and minimum exposures to fixed and variable rates;
  - Its maximum and minimum exposures for the maturity structure of its debt;
  - Its maximum annual exposures to investments maturing beyond a year.

These are required to be reported and approved at or before the PCC's annual council tax setting budget meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC's financial instrument exposure.

The annual treasury management strategy which incorporates the prudential indicators is approved annually the PCC Strategic Board.

Credit Risk

All direct investments are made by the Commissioner and may only be to those organisations included in the approved lending list, will be for a period of less than 365 days and cannot be more than £9M to an individual counter party. In compiling the lending list certain criteria have been applied and credit ratings (which the PCC for Bedfordshire receives as part of the service from Link Asset Services) are considered.

The risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with banks and/or building societies unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard & Poor's credit rating services. The Treasury Management Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet minimum investment criteria. Additional selection criteria are also considered after this initial criteria is applied.

The PCC uses the creditworthiness service provided by Link Asset Service. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The PCC's maximum exposure to credit risk in relation to its investments in individual banks during 2020/21 of £39M cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2021 that this was likely to crystallise. As at 31<sup>st</sup> March 2021 £6M was held in two fixed term deposits (with a maturity date in April and May 2021) with other funds placed in instant access accounts.

No breaches of the PCC's counterparty criteria occurred during the reporting period and the PCC does not expect any losses from non-performance by any of its' counterparties in relation to deposits.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors. The PCC does not generally allow credit for customers, however the past due amount can be analysed by age as follows:

	<b>31 March 2021</b>	<b>31 March 2020</b>
	<b>£'000</b>	<b>£'000</b>
Less than 30 days	978	1,392
30-60 days	53	127
60-90 days	158	32
Over 90 days	505	13
<b>Total</b>	<b>1,694</b>	<b>1,564</b>

The following analysis summarises the PCC for Bedfordshire Group's potential maximum exposure to credit risk, based on experience of default and non-collectability over the last five financial years:

	Amount as at 31 March 2021	Historical experience of default	Estimated maximum exposure to default and non- collectability
	£'000	%	£'000
Deposits with banks and financial institutions	13,636	-	-
Customers	1,694	1.12	791

The expected credit losses included in the accounts of £0.791M are calculated according to expectations and communications in respect of individual balances owing at 31<sup>st</sup> March 2021 and the majority relates to the impact of the COVID pandemic on partnership agreements.

#### Liquidity Risk

The PCC for Bedfordshire seeks to minimise liquidity risk by securing adequate available sources of short term financing and by effective cash flow forecasting and monitoring.

The PCC for Bedfordshire maintains several instant access accounts which are used to meet the day to day fluctuations in income and expenses. The force's Treasury Strategy ensures that limits are in place for the amount of funds invested in each banking group.

Short term borrowing, within the PCC for Bedfordshire's borrowing limits, may be undertaken through the money markets when necessary to cover expenditure pending the receipt of income.

Any long term borrowing is through the PWLB thereby minimising the potential liquidity risks. The maturity analysis of the PCC for Bedfordshire borrowing is as follows:

31 March 2020	Analysis of PWLB Loans by Maturity	31 March 2021
£'000		£'000
2,020	Less than 10 years	2,020
1,700	Between 10 and 15 years	3,700
4,000	Between 15 and 20 years	2,000
2,500	Between 20 and 25 years	2,500
800	Over 25 Years	8,800
<b>11,020</b>	<b>Total</b>	<b>19,020</b>

All trade and other payables are due to be paid in less than one year.

#### Market Risk

The PCC for Bedfordshire seeks to minimise market risk by maintaining reliable sources of information regarding market conditions to allow for informed assessment of treasury

transactions. The PCC for Bedfordshire employs the services of Link Asset Services to advise on Treasury Management issues.

The PCC for Bedfordshire does not make direct investments that are subject to market fluctuations (e.g. gilts, certificates of deposit etc.).

Cash flow forecasts are regularly monitored to ensure the PCC for Bedfordshire's financing targets are met.

Loans and short-term investment balances shown in the balance sheet are at fixed rates and therefore not affected by market fluctuations as at 31 March 2021. A rise in interest rates would reduce the fair value of the loans; however borrowings are not carried at fair value so any notional gain arising from a commitment to pay interest to lenders below current market rates would not impact on the Surplus or Deficit on the Provision of Services.

Re-financing Risk

The PCC maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the PCC relates to managing the exposure to replacing financial instruments as they mature.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The PCC's approved treasury and investment strategies address the main risks and OPCC staff address the operational risks within the approved parameters. This includes:

- monitoring the maturity profile of investments to ensure sufficient liquidity is available for the PCC's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.
- monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt
- monitoring interest rates available to ensure any re-financing is carried out whilst interest rates are most favourable.

**Note 18: Debtors & Payments In Advance**

31 March 2020			31 March 2021	
Commissioner £'000	Group £'000		Commissioner £'000	Group £'000
930	1,565	Trade Receivables	927	1,694
0	-15	Less Expected Credit Losses	-788	-791
3,208	3,208	Council Tax	4,440	4,440
11,693	16,208	Other Receivables	12,805	16,725
15	3,370	Prepayments	0	3,485
<b>15,846</b>	<b>24,335</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>17,384</b>	<b>25,553</b>

**Note 19: Cash and Cash Equivalents**

The balance of cash and cash equivalents is made up of the following elements:

	As at 31st March 2020	As at 31st March 2021	Movement in the year
	£'000	£'000	£'000
Cash in hand	55	55	0
Bank current accounts	9,046	7,537	-1,509
Euro bank Account	8	44	36
<b>Total Group Cash and Cash Equivalents</b>	<b>9,109</b>	<b>7,636</b>	<b>-1,473</b>

**Note 20: Funds Held on Behalf of Third Parties**

The PCC for Bedfordshire holds cash and property seized from individuals whilst enquiries are conducted under the Proceeds of Crime Act 2002. The PCC for Bedfordshire will either return or repay these funds (to the courts or the individual) on conclusion of the enquiries. Therefore, these funds are excluded from the PCC for Bedfordshire's income and expenditure but balances are held in the PCC bank accounts and recognised as creditors.

As at 31 March 2021 the balance of these funds was £2.381M (£1.471M at 31 March 2020).

**Note 21: Critical Judgements In Applying Accounting Policies**

In applying the accounting policies the PCC for Bedfordshire has had to make certain judgements and assumptions about complex transactions or those involving uncertainty about future events.

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- The PCC for Bedfordshire is involved in various joint arrangements with other forces. These arrangements are judged to be joint operations due to the joint management and decision making structure of the agreement. The PCC for Bedfordshire's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.
- The accounting arrangements for the Counter Terrorism Policing (CTP) are not judged to be a joint arrangement as although it is governed by a management board and decisions made on a unanimous basis, the unit is entirely grant funded therefore decisions regarding the level of funding and hence the service provided are not entirely made by the forces involved.
- Following a ruling on gender discrimination the courts found that UK defined benefit schemes must equalise Guaranteed Minimum Pensions (GMP). The Government's interim solution, originally in place from 2016 to 2018 to ensure a smooth transition to equalisation, has been extended to 2021 and it is not yet clear whether the LGPS (through employers) or Government will fund these additional costs after 2021. An

LGPS wide assessment of additional liabilities arising from GMP equalisation for the interim solution between 2016 to 2018, the extension from 2018 to 2021, and potential post 2021 costs falling on the LGPS could increase liabilities by +0.3%. The Group Actuaries, Barnet Waddingham have previously allowed for the impact, assuming the governments 'interim solution' applied indefinitely. Barnet Waddingham have not changed the assumption this year and as such an allowance has been recognised in the LGPS liability figure. GAD have allowed for the full impact of indexation changes (i.e. indexation until 2021) in the 2017/18 Police and Fire liabilities as a past service cost. As such it is not necessary to recognise an impact in the Police Pension liability this year.

**Note 22: Assumptions Made about the Future & Other Estimation Uncertainties**

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported as assets and liabilities as at the balance sheet date and the income and expenses reported during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key assumptions and areas of estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

- Property, Plant & Equipment is depreciated over the useful lives of the assets which are dependent on assumptions regarding the length of time the asset will be in operational use for, these vary for different classes of assets. The property valuation is also based on assumptions around how the buildings will be used in future years and price indexes which are broad estimates and subject to fluctuation.
- Estimation of the net liability to pay pensions depends on a number of complex assumptions relating to the discount rate used, the rate at which salaries increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are used to make these judgements and provide the estimates of pension assets and liabilities, the details of which are detailed at note 43 along with a sensitivity analysis of the key assumptions used.

**Note 23: Creditors & Receipts in Advance**

The creditors of the PCC for Bedfordshire and PCC for Bedfordshire Group can be analysed as follows:

The Commissioner 31 March 2020	The Group 31 March 2020		The Commissioner 31 March 2021	The Group 31 March 2021
£'000	£'000		£'000	£'000
702	4,015	Trade Payables	1,128	2,450
1,350	21,241	Other Payables - Capital & Revenue	2,729	22,380
-	281	Other Payables - Employees	-	338
1,658	1,658	Council Tax	3,435	3,435
1,352	3,064	Receipts In Advance	1,342	1,629
-	3,765	Short Term Accumulating Absences	-	6,338
<b>5,062</b>	<b>34,024</b>	<b>Short Term Creditors 31<sup>st</sup> March</b>	<b>8,634</b>	<b>36,569</b>
17,949	-	Amount owed to Chief Constable	14,573	-
<b>23,011</b>	<b>34,024</b>	<b>Total Amounts Due within 1 Year</b>	<b>23,207</b>	<b>36,569</b>

**Note 24: Unusable Reserves**

The Commissioner 31 March 2020	The Group 31 March 2020		The Commissioner 31 March 2021	The Group 31 March 2021
£'000	£'000		£'000	£'000
-2,270	-2,270	Revaluation Reserve	-1,835	-1,835
-32,366	-32,366	Capital Adjustment Account	-31,002	-31,002
777	97,278	Pensions Reserve – LGPS	1,674	184,070
0	1,126,900	Pensions Reserve – Police Pensions	0	1,241,980
-416	-416	Collection Fund Adjustment Account	337	337
-99	-99	Deferred Capital Receipts Reserve	-69	-69
0	3,765	Accumulated Absences Account	0	6,338
<b>-34,374</b>	<b>1,192,792</b>	<b>Total Unusable Reserves</b>	<b>-30,895</b>	<b>1,399,819</b>

Revaluation Reserve

This reserve records the gains made by the PCC for Bedfordshire arising from increases in the value of its Property Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised.

The reserve contains only revaluations made since April 2007, accumulated gains arising before that date have been consolidated into the balance on the capital adjustment account.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
<b>-2,724</b>	<b>-2,724</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>-2,270</b>	<b>-2,270</b>
-129	-129	Upward revaluation of assets	-249	-249
0	0	Asset Disposal	133	133
481	481	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services - PPE	447	447
0	0	Downward revaluation of assets and impairment losses on reclassification.	0	0
102	102	Difference between fair value depreciation and historical cost depreciation	103	103
<b>-2,270</b>	<b>-2,270</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>-1,835</b>	<b>-1,835</b>

Deferred Capital Receipts Reserve

The deferred capital receipts reserve holds the capital funds due from the National Police Air Service. These funds will be applied to capital financing and recognised in the Usable Capital Receipts Reserve as they are received.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
<b>-128</b>	<b>-128</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>-99</b>	<b>-99</b>
		Amount credited to reserve		
29	29	Amount released to finance capital	30	30
0	0	Discount Unwound / Revaluation following payments made	0	0
<b>-99</b>	<b>-99</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>-69</b>	<b>-69</b>

Collection Fund Adjustment Account

This account records the difference between the council tax incomes included in the Income and Expenditure Account and the council tax incomes actually received as required by regulation.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
-521	-521	<b>Balance at 1<sup>st</sup> April</b>	-416	-416
105	105	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	753	753
<b>-416</b>	<b>-416</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>337</b>	<b>337</b>

#### Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising for the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
<b>-36,256</b>	<b>-36,256</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>-32,366</b>	<b>-32,366</b>
-662	-662	Contribution applied from Capital Reserve	-1,575	-1,575
-846	-846	Capital Receipts Applied	-353	-353
-1,214	-1,214	Government Grants Released	-1,294	-1,294
0	0	Contribution applied in year	0	0
-426	-426	MRP	-577	-577
6,777	6,777	Depreciation and Impairment	4,830	4,830
261	261	Non-current assets written off on disposal	333	333
<b>-32,366</b>	<b>-32,366</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>-31,002</b>	<b>-31,002</b>

#### Accumulated Absences Account

Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
0	3,902	<b>Balance at 1<sup>st</sup> April</b>	0	3,765
0	-3,902	Cancellation of accrual made at the end of the preceding year	0	-3,765
0	3,765	Amounts accrued at the end of the current year	0	6,338
0	3,765	<b>Balance at 31<sup>st</sup> March</b>	0	6,338

### Pensions Reserves

The pension reserves absorb the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable for Bedfordshire accounts for post-employment benefits in their Comprehensive Income and Expenditure Statement as the benefits are earned by employees under their control accruing years of service, updating their liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. The debit balance on the Chief Constable and Group Pension Reserves therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
		<b>Pension Reserve – Local Government Scheme</b>		
645	97,471	<b>Balance at 1<sup>st</sup> April</b>	777	97,278
43	-9,068	Actuarial (gains) or losses on pensions assets and liabilities	880	80,787
175	15,624	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	195	13,484
-86	-6,749	Employer's pension contributions and direct payments to pensioners payable in the year	-178	-7,479
1,674,777	97,278	<b>Balance at 31<sup>st</sup> March</b>	1,674	184,070

The Commissioner 2019/20	The Group 2019/20		The Commissioner 2020/21	The Group 2020/21
£'000	£'000		£'000	£'000
		<b>Pension Reserve – Police Pension Scheme</b>		
<b>0</b>	<b>1,202,010</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>0</b>	<b>1,126,900</b>
0	-102,960	Actuarial (gains) or losses on pensions assets and liabilities	0	88,547
0	54,340	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	0	54,090
0	-26,490	Employer's pension contributions and direct payments to pensioners payable in the year	0	-27,557
<b>0</b>	<b>1,126,900</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>0</b>	<b>1,241,980</b>

**Note 25: Cash Flow Statement – Operating Activities**

2019/20			2020/21	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
3,472	39,971	<b>Net (surplus) or deficit on the provision of services</b>	-112	34,982
0	-149	Contributions (to) / from provisions	0	-268
-6,899	-6,899	Depreciation & Impairment	-4,933	-4,933
-89	-36,726	IAS 19 pension adjustments	-17	-32,538
-261	-261	Carrying Amount of non-current assets sold	-467	-467
0	-71	Increase / (decrease) stock	0	4
2,090	307	Increase / (decrease) debtors	1,499	1,178
587	-4,545	(Increase) / decrease creditors	-3573	-2,185
-7,272	0	(Increase) / decrease creditors – Inter Company	3,376	0
<b>-11,845</b>	<b>-48,344</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movement</b>	<b>-4,115</b>	<b>-39,209</b>
0	0	Remove proceeds of sale of non-current assets included in investing activities	293	293
1,214	1,214	Remove Capital Grants included in investing activities	1,294	1,294
<b>-7,159</b>	<b>-7,159</b>	<b>Net cash flows from operating activities</b>	<b>-2,640</b>	<b>-2,640</b>

The cash flows for operating activities include the following items:

2019/20			2020/21	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-136	-136	Interest Received	-28	-28
412	412	Interest Paid	434	434

**Note 26: Cash Flow Statement – Investing Activities**

2019/20			2020/21	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
6,901	6,901	Purchase of property, plant and equipment, and intangible assets	12,700	12,700
3,000	3,000	Purchase of short term investments	1,000	1,000
0	0	Proceeds from the sale of property, plant and equipment, and intangible assets	-293	-293
0	0	Proceeds from short-term investments	0	0
-1,214	-1,214	Other Receipts from Investing Activities	-1,294	-1,294
<b>8,687</b>	<b>8,687</b>	<b>Net cash flows from investing activities</b>	<b>12,113</b>	<b>12,113</b>

**Note 27: Cash Flow Statement – Financing Activities**

2019/20			2020/21	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-2,500	-2,500	Cash receipts of short and long term borrowing	-8,000	-8,000
0	0	Repayments of short and long term borrowing	0	0
<b>-2,500</b>	<b>-2,500</b>	<b>Net cash flows from financing activities</b>	<b>-8,000</b>	<b>-8,000</b>

**Note 28: Member's Allowances**

Allowances relating to the Joint Audit Committee totalled £9K during 2020/21 and in 2019/20 were £5K.

**Note 29: Officer's Remuneration**

The number of employees whose remuneration, excluding pension contributions and redundancy payments, was £50,000 or more in bands of £5,000 as shown below.

The Chief Constable	The Commissioner		The Chief Constable	The Commissioner
2019/20	2019/20	Remuneration Band £	2020/21	2020/21
159	0	50,000 to 54,999	180	1
75	0	55,000 to 59,999	98	1
29	0	60,000 to 64,999	43	0
7	0	65,000 to 69,999	15	0
1	0	70,000 to 74,999	5	0
4	0	75,000 to 79,999	5	0
7	1	80,000 to 84,999	1	0
4	0	85,000 to 89,999	5	1
2	0	90,000 to 94,999	3	0
0	0	95,000 to 99,999	0	0
1	0	100,000 to 104,999	1	0
<b>289</b>	<b>1</b>		<b>356</b>	<b>3</b>

The employees in the bandings above do not include the remuneration of the posts of Senior Officers and Relevant Police Officers which are now separately disclosed below as required by the Accounts and Audit Regulations or the redundancy payments now disclosed separately.

**Note 30: Exit Packages**

During 2020/21 11 exit packages were agreed by the organisation of which 6 were identified as relating to collaborated units and funded as such (as per Note 36). All packages are disclosed as the amounts of remuneration paid to the Chief Constable for Bedfordshire's employees.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages in each band	Total cost of exit packages in each band
<b><u>The Group</u></b>				
<£20,000	2	0	2	£33,200
£20,000-£40,000	4	0	4	£126,400
£40,000-£60,000	0	0	0	-
£60,000-£80,000	1	0	1	£71,800
£80,000-£100,000	2	0	2	£173,500
>£100,000	2	0	2	£278,600
<b>Total</b>	<b>11</b>	<b>0</b>	<b>11</b>	<b>£683,500</b>

**Exit Packages 2019/20**

During 2019/20 30 exit packages were agreed of which 5 were identified as due to new collaborated units and funded as such (as per Note 36). 29 packages are disclosed as the amounts of remuneration paid to the Chief Constable for Bedfordshire's employees and 1 related to the Police and Crime Commissioners employees.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages in each band	Total cost of exit packages in each band
<b><u>The Group</u></b>				
<£20,000	10	1	11	£114,600
£20,000-£40,000	9	0	9	£251,300
£40,000-£60,000	2	0	2	£111,100
£60,000-£80,000	3	0	3	£199,600
£80,000-£100,000	4	0	4	£341,100
>£100,000	1	0	1	£177,000
<b>Total</b>	<b>29</b>	<b>1</b>	<b>30</b>	<b>£1,194,700</b>
<b><u>The Commissioner</u></b>				
<£20,000	0	1	1	£4,200

**Note 31: Senior Officers and Relevant Police Officers Remuneration**

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Benefit in Kind	Total
	£	£	£	£	£
<b>The Commissioner</b>					
The Police & Crime Commissioner	71,400	14,524	0	0	<b>85,924</b>
The Chief Finance Officer to Police & Crime Commissioner - A (note 1)	4,693	889	0	97	<b>5,679</b>
The Chief Finance Officer to Police & Crime Commissioner - B (note 2)	5,161	139	0	0	<b>5,301</b>
<b>The Chief Constable</b>					
Chief Constable	172,661	50,601	125	2,601	<b>225,987</b>
Deputy Chief Constable	134,997	38,436	466	2,376	<b>176,274</b>
Assistant Chief Constable – A	128,384	36,583	96	2,784	<b>167,846</b>
Assistant Chief Constable – B (note 3)	55,463	15,024	36	0	<b>70,523</b>
Assistant Chief Constable – C (note 4)	113,593	28,153	903	0	<b>142,649</b>
Chief Constable's Chief Finance Officer (note 1)	129,388	24,512	0	2,687	<b>156,587</b>

**Notes**

Note 1: The Chief Finance Officer role was a joint one for the period 01/04/20 to 10/08/20, therefore the cost split between Chief Constable and Police & Crime Commissioner is estimated for this period.

Note 2: Role undertaken 05/12/20 to 31/03/21.

Note 3: Role undertaken 01/04/20 to 31/08/20.

Note 4: Role seconded to Cambs Constabulary until 05/05/20. The full year earnings are reported above of which £15,634 was recharged to Cambridgeshire.

**Senior Officers and Relevant Police Officers Remuneration 2019/20**

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Benefit in Kind	Total
	£	£	£	£	£
<b>The Commissioner</b>					
The Police & Crime Commissioner	71,400	11,924	0	0	<b>83,324</b>
The Chief Finance Officer to Police & Crime Commissioner (note 1)	13,315	2,369	0	458	<b>16,143</b>
<b>The Chief Constable</b>					
Chief Constable – A (note 2)	119,889	0	0	0	<b>119,889</b>
Chief Constable – B (note 3)	110,172	32,696	0	3,366	<b>146,234</b>
Deputy Chief Constable – A (note 4)	40,774	12,161	0	1,246	<b>54,181</b>
Deputy Chief Constable – B (note 5)	22,942	6,892	0	758	<b>30,592</b>
Deputy Chief Constable – C (note 6)	68,472	20,049	0	2,962	<b>91,483</b>
Assistant Chief Constable – A (note 7)	96,464	29,798	0	3,187	<b>129,449</b>
Assistant Chief Constable – B (note 8)	122,647	35,690	0	6,802	<b>165,139</b>
Assistant Chief Constable – C (note 9)	101,527	27,534	54	0	<b>129,115</b>
Assistant Chief Constable – D (note 10)	33,638	9,794	0	1,455	<b>44,887</b>
Chief Constable's Chief Finance Officer (note 1)	119,839	21,325	0	4,120	<b>145,284</b>

**Notes**

Note 1: The Chief Finance Officer role is currently a joint role, therefore the cost split between Chief Constable and Police & Crime Commissioner is estimated.

Note 2: Role undertaken 01/04/19-31/07/19

Note 3: Role undertaken 01/08/19-31/03/20

Note 4: Role undertaken 01/04/19 – 31/07/19

Note 5: Role undertaken 06/07/19 – 15/09/19

Note 6: Role undertaken 16/09/19 – 31/03/20

Note 7: Role undertaken 01/04/19 - 05/07/19 and 16/09/19 – 31/03/20

Note 8: Role undertaken 01/04/19 – 31/03/20

Note 9: Role undertaken 01/04/19 – 04/11/19 and seconded to Cambs Constabulary from 04/11/19 to 31/03/20 – The full year earnings are reported above of which £61,411 was recharged to Cambridgeshire.

Note 10: Role undertaken 01/06/19 – 15/09/20

**Note 32: Agency & Contracted Services**

Agency and contracted services of £7.577M (£6.704 in 2019/20) include levies totalling £0.536M towards the cost of Home Office developed IT systems (£0.426M in 2019/20).

**Note 33: Audit Fees**

External audits were provided by BDO LLP to both the PCC for Bedfordshire and to the Chief Constable.

2019/20		2020/21
£'000		£'000
23	Audit Fee Re Police & Crime Commissioner	23
11	Audit Fee Re Chief Constable	11
<b>34</b>	<b>Total Audit Fees</b>	<b>34</b>

**Note 34: Transport Consortium**

The PCC for Bedfordshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Bedfordshire's contribution for 2020/21 was £2.493M (£2.445M in 2019/20).

The overall running costs of the Consortium and how those are shared between consortium members is shown below:

2019/20		2020/21
£'000		£'000
20,002	Operating Costs	20,064
-1,537	Operating Income	-1,480
<b>18,465</b>	<b>Net Operating Expenditure</b>	<b>18,584</b>
-2,477	Bedfordshire Vehicle Charges	-2,497
-2,883	Hertfordshire Vehicle Charges	-2,908
-2,619	Cambridgeshire Vehicle Charges	-2,530
-880	CNC Vehicle Charges	-704
-2,685	BTP Vehicle Charges	-2,888
-7,121	Thames Valley Vehicle Recharges	-7,194
-17	Other Vehicle Charges	-51
<b>-216</b>	<b>Surplus / Deficit for the Year</b>	<b>-187</b>

This collaboration is run on a lead force arrangement where the employment and purchasing decisions are taken by Thames Valley Police. Each force owns their own vehicles and no assets are held jointly.

### **Note 35: Eastern Region Organised Crime Unit**

The Eastern Region Organised Crime Unit (ROCU) is a joint arrangement between 7 forces – Hertfordshire, Cambridgeshire, Essex, Suffolk, Norfolk, Kent and Bedfordshire to provide one serious and organised crime unit for the eastern region. ROCU is run by a management board where all forces are equally represented and decisions are made with the unanimous consent of all forces.

Expenditure of £2.258M has been consolidated into the Chief Constable's Income and Expenditure statement. The government grant of £0.460M has been consolidated into the Income and Expenditure Statement for the PCC, and the PCC for Bedfordshire's share of the total assets purchased (£0.049M) are included on the PCC's balance sheet financed by a transfer from the revenue budget.

The income and expenditure statement for the units is shown below:

2020/21	Beds	Cambs	Essex	Herts	Kent	Norfolk	Suffolk	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Home Office Grant	-460	-583	-1131	-831	-615	-668	-508	-4,796
Running Costs	2,258	2,857	2,898	4,073	2,721	3,274	2,495	20,576
Depreciation	-52	-50	-32	-83	-11	-64	-53	-345
<b>Surplus / Deficit</b>	<b>1,746</b>	<b>2,224</b>	<b>1,735</b>	<b>3,159</b>	<b>2,095</b>	<b>2,542</b>	<b>1,934</b>	<b>15,435</b>

2019/20	Beds	Cambs	Essex	Herts	Kent	Norfolk	Suffolk	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Home Office Grant	-426	-551	-1013	-772	-476	-626	-472	-4,336
Running Costs	2,384	3,083	2,946	4,318	2,721	3,497	2,640	21,589
Depreciation	39	35	20	61	4	47	39	245
<b>Surplus / Deficit</b>	<b>1,997</b>	<b>2,567</b>	<b>1,953</b>	<b>3,607</b>	<b>2,249</b>	<b>2,918</b>	<b>2,207</b>	<b>17,498</b>

The following assets/liabilities included on the PCC for Bedfordshire's balance sheet that relate to ROCU are as follows:

31 March 2020		31 March 2021
£'000		£'000
112	Vehicles	104
35	Plant & Equipment	44
99	Land & Buildings	95
0	Cash	40
<b>246</b>	<b>Net Assets</b>	<b>283</b>
246	Capital Adjustment Account	243
0	Reserve	40
<b>246</b>	<b>Equity</b>	<b>283</b>

In addition there are two buildings purchased jointly by the forces for regional teams, the PCC for Bedfordshire's share of the total value is also included in the balance sheet at £0.956M.

**Note 36: Collaborated Units**

<b>Beds</b>	<b>Camb</b>	<b>Herts</b>	<b>Total</b>		<b>Beds</b>	<b>Camb</b>	<b>Herts</b>	<b>Total</b>
<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>	<b>2019/20</b>		<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>	<b>2020/21</b>
<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Joint Protective Services</b>								
2,809	2,471	2,816	<b>8,096</b>	Armed Policing Unit	3,467	3,110	3,686	10,263
731	913	1,221	<b>2,865</b>	Dogs	812	998	1,353	3,163
2,492	3,022	3,691	<b>9,205</b>	Major Crime Unit	2,495	2,980	3,690	9,165
280	362	506	<b>1,148</b>	Operational Planning & Public Order	313	396	565	1,274
245	318	444	<b>1,007</b>	Protective Services Command Team	258	327	466	1,051
95	123	171	<b>389</b>	Resilience	94	119	169	382
2,471	3,591	4,769	<b>10,831</b>	Roads Policing Unit	2,553	3,651	4,912	11,116
2,433	2,986	4,019	<b>9,438</b>	Scientific Services Unit	2,457	2,968	4,049	9,474
<b>11,556</b>	<b>13,786</b>	<b>17,637</b>	<b>42,979</b>	<b>Total Joint Protective Services</b>	<b>12,449</b>	<b>14,549</b>	<b>18,890</b>	<b>45,888</b>
<b>Operational Support</b>								
277	359	502	<b>1,138</b>	Criminal Justice & Custody Management Team	285	180	514	979
655	850	1,187	<b>2,692</b>	Criminal Justice	586	742	1,057	2,385
108	210	171	<b>489</b>	Firearms & Explosives Licensing	114	221	180	515
0	0	0	<b>0</b>	Local Criminal Justice Board	-201	-251	-333	-785
-356	-454	-593	<b>-1,403</b>	Camera, Tickets, Collisions	3,711	4,696	6,695	15,102
3,603	4,671	6,527	<b>14,801</b>	ICT	288	364	519	1,171
303	393	549	<b>1,245</b>	Public Contact Senior Leader Team	4,783	5,952	8,632	19,367
<b>4,590</b>	<b>6,029</b>	<b>8,343</b>	<b>18,962</b>	<b>Total Operational Support Expenditure</b>	<b>285</b>	<b>180</b>	<b>514</b>	<b>979</b>
<b>Organisational Support</b>								
455	590	825	<b>1,870</b>	Collaboration Team	415	525	748	1,688
4,056	5,257	7,345	<b>16,658</b>	HR / L&D	3,963	5,015	7,148	16,126
668	866	1,210	<b>2,744</b>	Information Management Department	796	1,007	1,435	3,238
1,104	1,149	1,659	<b>3,912</b>	Professional Standards Unit	1,249	1,279	1,873	4,401
279	362	506	<b>1,147</b>	Procurement	-	-	-	-
<b>6,562</b>	<b>8,224</b>	<b>11,545</b>	<b>26,331</b>	<b>Total Organisational Support Expenditure</b>	<b>6,423</b>	<b>7,826</b>	<b>11,204</b>	<b>25,453</b>
22,708	28,039	37,525	88,272	Total BCH Net Operating Costs	23,655	28,327	38,726	90,708
0	0	0	0	Regional Procurement	270	342	487	1,099
<b>22,708</b>	<b>28,039</b>	<b>37,525</b>	<b>88,272</b>	<b>Total Net operating Costs</b>	<b>23,925</b>	<b>28,669</b>	<b>39,213</b>	<b>91,807</b>

**Note 37: Council Tax Income**

Regulations require that the accounts include the PCC for Bedfordshire's share of council tax in the year that it is due including its share of debtors/creditors relating to council tax surpluses and deficits for that year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the Police Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. A reconciliation of council tax income shown in the Income and Expenditure Account and Precept received during the year is as follows:

<b>2019/20</b>		<b>2020/21</b>
<b>£'000</b>		<b>£'000</b>
-43,577	Precept received	-46,961
105	Net Adjustment to account for share of surplus/deficits	753
<b>-43,472</b>	<b>Amount included in Comprehensive Income &amp; Expenditure Statement</b>	<b>-46,208</b>

**Note 38: Analysis of Government Grants**

The PCC for Bedfordshire credited the following grants and contributions to their Comprehensive Income & Expenditure Statement:

	<u>2019/20</u> £'000	<u>2020/21</u> £'000
Additional Funding - Recruitment and COVID**	0	1,515
Additional Surge Funding - COVID (Patrols)	0	793
OPCC COVID 19 Fund (Ministry of Justice)	0	140
COVID Grant - PPE	0	225
COVID Grant - Income Loss	0	1,359
COVID Grant - Income Loss Collaborated Units	0	425
COVID Grant - Supporting the Border	0	164
Counter Terrorism Policing Grant	16,613	15,888
Special Grant	2,975	4,803
Safer Streets	0	907
ROCU (Beds Share of Joint Regional Grant)	432	533
ROCU - Non Core Grants	115	85
Criminal Records Bureau Vetting	293	286
Violence Reduction Unit	696	910
Victim Services Grant (Ministry of Justice)	767	1279
OPCC SARC Talking Therapies	73	0
Cyber Grant	231	254
Police Pensions Grant	1,116	1,116
Surge Fund	1,339	887
Uplift Fund**	229	0
Proceeds of Crime Grant	223	112
Other	119	98
<b>Total Credited to Provision of Services</b>	<b>25,221</b>	<b>31,779</b>
Pension Top Up Grant	12,782	12,772
<b>Total Credited to Other Operating Income</b>	<b>12,782</b>	<b>12,772</b>
Police Revenue Grant	40,637	43,827
Council Tax Freeze Grant	751	751
Non Domestic Rates	23,453	25,060
Council Tax Benefit Subsidy	3,886	3,886
Capital Expenditure Grant	1,214	1,294
Council Tax Precepts	43,578	46,208
<b>Total Credited to Taxation &amp; Non Specific Grant Income</b>	<b>113,413</b>	<b>121,026</b>
Of which were Received In Advance	0	0

\*\*For 2020/21 the Uplift Grant (provided for the increased officer numbers) was incorporated into a Recruitment and Covid Grant.

**Note 39: Related Party Transactions**

The Financial Reporting Standard on Related Party Disclosures (IAS 24) and the 1998 Code of Practice require that material 'related party' transactions with the PCC for Bedfordshire/Force are disclosed in the Statement of Accounts.

Other Public Bodies Subject to Common Control

UK Government exercises some control over the general operations of the PCC for Bedfordshire Group and it is responsible for providing the statutory framework within which the group operates and provides the majority of its funding in the form of grants. Details of grants received from government departments are disclosed in the Comprehensive Income and Expenditure Account and in detail in Note 38.

Material transactions with other public bodies have been disclosed in other notes to the Accounts (see notes 32-38).

Officers

A review to determine related party transactions with the PCC for Bedfordshire Group involved all senior members of staff within the group.

The Assistant Chief Constable is a Trustee for the charity Embrace Child Victims of Crime (CVOC), the payments made to CVOC during the year were £166K (£96k in 2019/20), payments were commissioned by the PCC to assist the work done in supporting victims.

The Assistant Chief Constable is a Trustee for You Turn Futures, £138k was paid from the Chief Constables budgets to You Turn Futures during 20/21 for offender management, (£78K was paid to You Turn Futures in 2019/20), in addition the PCC provided grants to You Turn Futures of £159K during 2020/21.

From August 2020 the PCC's Chief Finance Officer is also Chief Finance Officer for Bedfordshire Fire & Rescue Service and £56K has been paid to the Fire Service for rental costs of sharing Fire Station premises during 2020/21.

Entities Controlled by or Significantly Influenced by the PCC for Bedfordshire.

The PCC for Bedfordshire empowers the Chief Constable as a separate entity via a scheme of governance and all contracts have been entered into in compliance with the Scheme of Governance. A full explanation of this relationship is set out in the Explanatory foreword.

Bedfordshire Police Partnership Trust has 10 trustees, 1 of which was the previous PCC for Bedfordshire. For this reason the Trust is deemed to be significantly influenced by the PCC for Bedfordshire during the financial year through its representation on the board of trustees and also shares a management structure with the OPCC from January 2020 onwards. The Partnership Trust owed the PCC for Bedfordshire £123K (£112K 2019/20) towards the total cost of staff provided to run the scheme which was outstanding at 31<sup>st</sup> March 2021, £67K was paid to the Trust during 2020/21 (nil 2019/20). Payments of £112K were received from the Trust in 2020/21 (£112K 2019/20). These accounts are not consolidated with the Commissioners accounts due to immateriality of the assets and transactions.

**Note 40: Capital Expenditure & Capital Financing.**

The total capital expenditure incurred in the year is shown below along with the resources that have been used to finance it. Where capital expenditure is to be financed in future years as charges are applied to revenue as assets are used by the PCC for Bedfordshire, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of

the capital expenditure incurred historically by the PCC for Bedfordshire that has yet to be financed.

	2020/21	2019/20
	£'000	£'000
<u>Opening Capital Financing Requirement</u>	14,414	10,661
<u>Capital Investment</u>		
Property, Plant & Equipment	12,469	6,821
Intangible Assets	231	80
<u>Sources of Finance</u>		
Capital Receipts	-353	-846
Government Grants & Contributions	-1,294	-1,214
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	-1,575	-662
Minimum Revenue Provision	-577	-426
<b><u>Closing Capital Financing Requirement</u></b>	<b>23,315</b>	<b>14,414</b>
<u>Explanation of Movements in the Year</u>		
Increase (decrease) in underlying need to borrow		
- supported by government assistance	8,000	800
- unsupported by government assistance	901	2,953
Assets acquired under finance leases	0	0
Assets acquired under PFI contracts	0	0
<b><u>Increase / (decrease) in Capital Financing Requirement</u></b>	<b>8,901</b>	<b>3,753</b>

### **Note 41: Lease Rentals**

The PCC for Bedfordshire rents several properties under the terms of operating leases. The costs of the operating leases are included in the Chief Constable's Comprehensive Income & Expenditure Statement to reflect the day-to-day direction and control exercised. The amount paid in 2020/21 was £0.673M (£0.545M for 2019/20).

At 31 March 2021 lease payments due under non-cancellable leases in future years were:

	Less than 1 Year	Later than 1 Year and not Later than 5 Years	Later than 5 Years	Total
	£'000	£'000	£'000	£'000
Land & Buildings	461	1,279	457	2,197

### **Note 42: Contingent Liability**

Following the rulings in the McCloud and Sargeant cases in relation to unlawful discrimination, and associated remedial proposals as outlined in Note 43, 83 claims for compensation have been lodged against the Chief Constable of Bedfordshire. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. Claims for financial losses are currently stayed as consideration is given to the HM Treasury

consultation response. As at 31 March 2021, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

The Supreme Court ruled that a particular regulation requiring a signed nomination form from a member of the Northern Ireland Local Government Pension Scheme, in order to entitle an unmarried partner to survivor benefits in the scheme was unlawful (the Brewster judgement). The Government will consider what, if any, implications this ruling may have for other public service pension schemes. In preparing the pension scheme liabilities no allowance has been made for any potential cost implications in the scheme that may arise from the judgement as at this stage the outcome is still to be decided.

#### **Note 43: Pensions (Comprising of the Police Pension Fund Accounting Statements)**

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable for Bedfordshire offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. The costs and liabilities associated with the retirement benefits for police officers are recorded in the Chief Constable's accounts, the corresponding negative pension reserve is held on the Chief Constable's balance sheet.

The Chief Constable for Bedfordshire participates in two pension schemes:

- The Local Government Pension Scheme (LGPS) for police staff, administered by Bedford Borough Council – this is a funded defined benefit final salary scheme, meaning that the PCC for Bedfordshire and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Pension Scheme for Police Officers – this is an unfunded defined benefit final salary scheme administered by the PCC for Bedfordshire Group, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the police authority must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the police authority which then must repay the amount to central government.

Quoted securities held as assets in the LGPS defined benefit pension scheme are valued at bid price.

The costs of retirement benefits are recognised in the Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that the PCC for Bedfordshire is required to make against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out through the Movement in Reserves Statement.

Assets and liabilities of the Local Government Pension Scheme have been split between those attributable to the Chief Constable's employees and the Police & Crime Commissioners employees.

The transactions below are included in the Group Comprehensive Income and Expenditure Statement during the year:

GROUP	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>Net Total Cost of Service</b>				
Current Service Costs	12,721	10,879	29,560	28,720
Past Service Costs/Gains	633	347	-4,750	0
Losses/Gains on Curtailments & Settlements	0	50	0	0
<b>Surplus or Deficit on the Provision of Services</b>				
Interest Costs	5,852	5,557	29,530	25,370
Interest Income on plan assets	-3,582	-3,349	0	0
<b>Other Comprehensive Income &amp; Expenditure</b>				
<u>Re-measurements:</u>				
Actuarial gains and losses arising on changes in demographic assumptions	10,179	-2,299	-36,280	0
Actuarial gains / losses arising on changes in financial assumptions	-39,720	107,028	-43,030	136,860
Other actuarial gains (assets & liabilities)	2,598	0		
Other experience gains and losses	5,150	-1,888	-23,650	-48,313
Return on plan assets (excl amount in net interest expense)*	12,725	-22,054	0	0
<b>Total Charge to the Comprehensive Income and Expenditure Statement</b>	<b>6,556</b>	<b>94,271</b>	<b>-48,620</b>	<b>-142,637</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made for retirement benefits in accordance with IAS19*	-15,624	-13,484	-54,340	-54,090
<b>Actual Amounts charged against the General Fund Balance for pensions in the year:</b>				
Employers Contributions payable to the pension fund	6,749	7,479	25,019	26,076
Injury Award Benefits	0	0	1,471	1,481
*Admin Costs of £141K is included in Current Service Costs				

PCC	Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
<b>Net Total Cost of Service</b>		
Current Service Costs	146	178
Past Service Costs/Gains	14	0
Losses/Gains on Curtailments & Settlements	0	0
<b>Surplus or Deficit on the Provision of Services</b>		
Interest Costs	37	44
Interest Income on plan assets	-22	-27
<b>Other Comprehensive Income &amp; Expenditure</b>		
<u>Re-measurements:</u>		
Actuarial gains and losses arising on changes in demographic assumptions	77	-19
Actuarial gains / losses arising on changes in financial assumptions	-348	1,030
Other actuarial gains (assets & liabilities)	-224	0
Other experience gains and losses	461	46
Return on plan assets (excl amount in net interest expense)*	77	-177
<b>Total Charge to the Comprehensive Income and Expenditure Statement</b>	<b>218</b>	<b>1,075</b>
<b>Movement in Reserves Statement</b>		
Reversal of net charges made for retirement benefits in accordance with IAS19*	-175	-195
<b>Actual Amounts charged against the General Fund Balance for pensions in the year:</b>		
Employers Contributions payable to the pension fund	86	178

\* Admin cost of £1K is included in Current Service costs

#### Assets and Liabilities Recognised in the Balance Sheet

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

GROUP	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	237,122	354,890	1,126,900	1,241,980
Fair value of plan assets	-139,844	-170,820	-	-
<b>Net liability arising from the defined benefit obligation</b>	<b>97,278</b>	<b>184,070</b>	<b>1,126,900</b>	<b>1,241,980</b>

PCC	Funded Liabilities: Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
Present value of the defined benefit obligation	1,755	2,987
Fair value of plan assets	-978	-1,313
<b>Net liability arising from the defined benefit obligation</b>	<b>777</b>	<b>1,674</b>

## Reconciliation of the movements in the fair value of scheme assets

GROUP	Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
<b>1st April</b>	<b>146,195</b>	<b>139,844</b>
Expected rate of return / Interest income	3,582	3,349
Re-measurement gains and losses:		
Return on plan assets, excluding the amount included in the net interest expense	-12,725	22,054
Other	-2,598	0
Settlements	0	142
Employer contributions	6,749	7,479
Contributions by scheme participants	2,200	2,380
Benefits paid	-3,559	-4,428
<b>31st March</b>	<b>139,844</b>	<b>170,820</b>

PCC	Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
<b>1st April</b>	<b>699</b>	<b>978</b>
Expected rate of return / Interest income	22	27
Re-measurement gains and losses:		
Return on plan assets, excluding the amount included in the net interest expense	-77	177
Other	224	0
Employer contributions	86	178
Contributions by scheme participants	33	51
Benefits paid	-9	-98
<b>31st March</b>	<b>978</b>	<b>1,313</b>

## Reconciliation of present value of the scheme liabilities

GROUP	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>1st April</b>	<b>243,666</b>	<b>237,122</b>	<b>1,202,010</b>	<b>1,126,900</b>
Current service cost	12,721	10,879	29,560	28,720
Interest cost	5,852	5,557	29,530	25,370
Contributions by scheme participants	2,200	2,380	5,269	5,839
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	10,179	-2,299	-36,280	0
▪ Actuarial gains / losses arising from changes in financial assumptions	-39,720	107,028	-43,030	136,860
▪ Other actuarial gains / losses	0	0	0	
Other experience gains / losses	5,150	-1,888	-23,650	-48,313
Benefits paid	-3,559	-4,428	-31,759	-33,396
Past service cost (including curtailments)	633	347	-4,750	0
Losses / (gains) on settlements	0	192	0	0
<b>31st March</b>	<b>237,122</b>	<b>354,890</b>	<b>1,126,900</b>	<b>1,241,980</b>

PCC	Funded Liabilities: Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
<b>1st April</b>	<b>1,344</b>	<b>1,755</b>
Current service cost	146	178
Interest cost	37	44
Contributions by scheme participants	33	51
Re-measurement (gains) and losses:		
▪ Actuarial gains / losses arising from changes in demographic assumptions	77	-19
▪ Actuarial gains / losses arising from changes in financial assumptions	-348	1,030
Other actuarial gains / losses	0	0
Other experience gains / losses	461	46
Benefits paid	-9	-98
Past service cost (including curtailments)	14	0
Losses / (gains) on settlements	0	0
<b>31st March</b>	<b>1,755</b>	<b>2,987</b>

## Reconciliation of the opening and closing surplus / (deficit)

GROUP	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	£'000	£'000	£'000	£'000
<b>Opening Surplus (deficit)</b>	<b>-97,471</b>	<b>-97,278</b>	<b>-1,202,010</b>	<b>-1,126,900</b>
Current Service Cost	-12,721	-10,879	-29,560	-28,720
Contributions by employer	6,749	7,479	26,490	27,557
Past Service Costs	-633	-347	4,750	0
Interest Cost	-5,852	-5,557	-29,530	-25,370
Expected Return on Assets	3,582	3,349	0	0
Gains & Losses on Settlements	0	-50	0	0
Re-measurement Gains / (losses)	9,068	-80,787	102,960	-88,547
<b>31<sup>st</sup> March</b>	<b>-97,278</b>	<b>-184,070</b>	<b>-1,126,900</b>	<b>-1,241,980</b>

PCC	Funded Liabilities: Local Government Pension Scheme	
	2019/20	2020/21
	£'000	£'000
<b>Opening Surplus (deficit)</b>	<b>-645</b>	<b>-777</b>
Current Service Cost	-146	-178
Contributions by employer	86	178
Past Service Costs	-14	0
Interest Cost	-37	-44
Expected Return on Assets	22	27
Other Actuarial Gains / (losses)	224	0
Re-measurement Gains / (losses)	-267	-880
<b>31<sup>st</sup> March</b>	<b>-777</b>	<b>-1,674</b>

Local Government Pension Scheme assets comprised:

2019/20				2020/21		
CC	PCC	Group		CC	PCC	Group
£'000	£'000	£'000	Asset Type	£'000	£'000	£'000
93,241	747	93,988	Equities	118,699	970	119,669
24,064	193	24,257	Bonds	30,458	249	30,707
15,816	127	15,943	Property	15,858	130	15,988
5,611	45	5,656	Cash	4,036	33	4,069
<b>138,732</b>	<b>1,112</b>	<b>139,844</b>	<b>Total</b>	<b>169,051</b>	<b>1,382</b>	<b>170,433</b>

The final asset allocation of the Fund assets is likely to be different from that shown due to estimation techniques. The overall Group share of the Fund assets is approximately 6.34%.

The table below shows the asset breakdown for the total fund:

Asset breakdown	31 Dec 2020	
	% Quoted	% Unquoted
<b>Index Linked Government Securities</b>		
UK	4.9%	-
Overseas	-	-
<b>Corporate Bonds</b>		
UK	-	-
Overseas	7.4%	-
<b>Equities</b>		
UK	-	0.2%
Overseas	-	15.5%
<b>Property</b>		
All	-	7.5%
<b>Others</b>		
Absolute return portfolio	17.1%	-
Private Equity	-	1.2%
Infrastructure	-	1.9%
Unit trust	-	36.1%
Private Debt	-	0.1%
Unit trust - UK Government Bonds	2.9%	-
Multi-Asset Credit	-	2.8%
Cash/Temporary Investments	-	2.4%
<b>Net Current Assets</b>		
Debtors	-	-
Creditors	-	-
<b>Total</b>	<b>32.3%</b>	<b>67.7%</b>

In relation to the LGPS the suitability of various types of investments has been considered as has the need to diversify investments to reduce the risk of being invested in too narrow a range. While bond yields continue to fall a larger proportion of assets have been invested in property or government securities, however a large proportion of assets relate to equities which have remained at a consistent level.

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Borough Council Fund liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. The Police Pension scheme liabilities have been assessed using the Government Actuary Department's IAS19 spreadsheet (GFS) which has been designed to satisfy the disclosure requirements contained within the CIPFA Code of Practice.

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as "McCloud") and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. Past service costs were included in the 2018/19 and 2019/20 accounts and the 2020/21 service cost allows for the higher expected cost of accrual under McCloud.

As a result of the McCloud case the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. When the remedy was finalised in July 2020 the Government announced that the pause should be lifted and the cost control element of the 2016 valuations could be completed. This update also set out that the McCloud costs would fall into the 'member cost' category of the cost control element of the valuations process. It is also noted that by taking into account the increased value as a result of the McCloud remedy, scheme cost control valuation outcomes will show greater costs than otherwise would have been expected.

Once further clarification is obtained from HM Treasury GAD will be able to complete the 2016 valuation calculation and can confirm whether there is a breach of the cost control element of the 2016 valuation for each of the public service pension schemes, GAD expects that these results will be available by Summer 2021. If a breach is confirmed, scheme benefits may be amended to rectify the breach, which would impact on the benefits to be valued for the 2020/21 accounts. If there is no breach, there would be no change to scheme benefits.

The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2020/21	2019/20	2020/21
	%	%	%	%
<b>Long-term expected rate of return on assets in the scheme:</b>				
<b>Mortality Assumptions:</b>				
Longevity at 65 for current pensioners				
- Men	22.2	21.9	23.4	22.0
- Women	24.3	24.3	26.1	23.7
Longevity at 65 for future pensioners				
- Men	23.4	22.8	23.6	23.7
- Women	26.1	26.0	25.2	25.3
Rate of inflation - CPI	1.65	2.85	2.00	2.40
Rate of increase in salaries	2.60	3.85	4.00	4.15
Rate of CARE revaluation			3.25	3.65
Rate of increase in pensions	1.65	2.85	2.00	2.40
Rate for discounting scheme Liabilities	2.35	2.05	2.25	2.00
Take-up of option to convert annual pension into retirement lump sum (pre April 08 service)	50	50	-	-
Take-up of option to convert annual pension into retirement lump sum (post April 08 service)	75	75	-	-

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes in assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all other assumptions remain constant, in reality changes in some assumptions may be interrelated.

For the Police Pension Scheme there is no change to demographic assumptions as the Continuous Mortality Investigations' Model (CMI 2018) which was released in October 2019 is used both for the March 2021 valuation and the March 2020 valuation.

In the Police Pension Scheme actuaries view the effects of pandemics on mortality rates are usually expected to be short term, with rates going back to what they would have been before the pandemic after a year or two, unless the pandemic remains over several years. Their view is that it is too early to determine whether Covid-19 changes the long-term view of life expectancy in the UK. It is therefore not unreasonable to retain the existing mortality assumptions. A death rate from Covid-19 in excess of that already allowed for in the mortality assumptions would emerge as an experience gain over the next year's accounts.

The LGPS actuaries have decided to use the CMI 2020 Model released in March 2021. In the LGPS actuaries view the overall outlook for best-estimate future mortality improvements looks less positive as a result of the pandemic. Therefore they have updated to use the CMI\_2020 Model with a 2020 weight parameter of 25%. At the last accounting date, the CMI\_2018 Model was adopted. The effect on the Employer's liabilities of updating to the most recent model is reflected in the Change in demographic assumptions.

However the majority of the actuarial losses for 20/21 result from the change in financial assumptions, most significantly the increase in the pensions increase rate.

As can be seen from the sensitivity analysis a small change to the assumptions can have a big impact on the liability. The sensitivity analysis provided by the actuary in their report to for the Police & Crime Commissioner is given below:

Sensitivity analysis	£000s	£000s	£000s
<b>Adjustment to discount rate</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	2,973	3,056	3,142
Projected service cost	311	323	336
<b>Adjustment to long term salary increase</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,062	3,056	3,051
Projected service cost	323	323	323
<b>Adjustment to pension increases and deferred revaluation</b>	<b>+0.1%</b>	<b>0.0%</b>	<b>-0.1%</b>
Present value of total obligation	3,135	3,056	2,979
Projected service cost	336	323	311
<b>Adjustment to life expectancy assumptions</b>	<b>+1 Year</b>	<b>None</b>	<b>- 1 Year</b>
Present value of total obligation	3,177	3,056	2,940
Projected service cost	338	323	309

#### Sensitivity Analysis for the Police Scheme:

	Police Pension Scheme	
	Approx. Increase to Employer Liability	
	%	£'000
<b>Change in assumptions at 31 March 2021</b>		
0.5% decrease in Real Discount Rate	10.0%	123,000
1 year increase in member life expectancy	3.5%	43,000
0.5% increase in the Salary Increase Rate	1.0%	14,000
0.5% increase in the Pension Increase Rate	9.5%	117,000

The discount rate is based on high quality corporate bond yields of which there are very few in the market with a sufficiently long duration so an additional margin is added by the actuaries.

#### Impact on Cash Flows

The liabilities show the underlying commitments that the PCC for Bedfordshire Group has in the long-term to pay retirement benefits. The liability of £1,426M has a substantial impact on the net worth of the PCC for Bedfordshire Group as recorded in the balance sheet, resulting

in a negative overall balance of £1,387M. However, statutory arrangements for funding the deficit mean that the financial position of the PCC for Bedfordshire Group remains healthy:

- The deficit of the LGPS will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid.

**Police Pension Fund Accounting Statement**

The accounting policies for the Police Pension fund are disclosed in the main accounting policies and the long term pension obligations are shown separately on the balance sheet.

The Police Pension fund financing arrangements require separate accounting statements for the police pension fund. These arrangements require the Chief Constable for Bedfordshire to credit the police pensions fund with officer and employer contributions, incoming transfers and other contributions specified by the regulations. Payments made from the account include pension payments, lump sums and transfers out to other schemes. There are no investment assets held and the fund is balanced to nil each year by receipt of a top-up grant from the Home Office to cover any deficit, or paying over any surplus to the Home Office.

Employees and employers contributions levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department.

There are three separate pension schemes, for which membership is based on length of service and age. Benefits and contributions rates vary for each scheme according to members personal circumstances and pay rates. The retirement age and benefits are different for each scheme. A Fund Account for all three schemes combined is shown below:

2019/20			2020/21	
£'000	£'000		£'000	£'000
		<b>Contributions receivable</b>		
		- From Employer		
-12,111		Normal	-13,304	
-156		Early Retirements for Ill-Health	0	
-5,184		- From members of the Pension Scheme	-5,722	
	-17,451			-19,026
		<b>Transfers in</b>		
	-70	- Individual Transfers in from Other Schemes		-263
		<b>Benefits Payable</b>		
24,742		- Pensions	25,609	
5,435		- Commutations and Lump Sums	6,186	
	30,177			31,795
		<b>Payments to and on Account of Leavers</b>		
	12	- Individual Transfers out to Other Schemes		145
	112	-Pension Refunds		121
	<b>12,780</b>	<b>Sub-Total: Net amount receivable for the year before top-up grant</b>		<b>12,772</b>
	<b>-12,780</b>	<b>Top-Up Grant Receivable from Police Fund</b>		<b>-12,772</b>
	<b>0</b>	<b>(Surplus) / Deficit for the year</b>		<b>0</b>

## Police Pension Fund Accounting Statement

The table below shows the Net Assets held by the Pension Fund, there are no net assets as all are held on the PCC Group Balance Sheet as all payments are made by the PCC Group.

2019/20			2020/21	
£'000	£'000		£'000	£'000
0		Unpaid Pension Benefits	0	
0		Amount Owing from the general fund	0	
	<b>0</b>	<b>Net Current Assets and Liabilities</b>		<b>0</b>

**External Advisers**

The specialist nature and complexity of certain financial activities make it prudent for the PCC for Bedfordshire to enhance the available internal expertise by using the services of external advisers.

External advisers have been appointed to provide additional advice and guidance in the following areas:

(i) **Financial Administration**

Financial services provided to the PCC for Bedfordshire Group during 2020/21 include the following:

- Internal Audit – RSM Risk Assurance Services LLP
- Tax – RSM
- Pensions - XPS
- Treasury Management Advice – Link Asset Services

(ii) **Banking**

Banking services and advice are provided by National Westminster Bank plc.

**Glossary of Terms**

**ACCRUAL** – A sum included in the final accounts to cover income or expenditure attributable to an accounting period for goods supplied and received or work done, but for which payment has not been received/made by the end of the period.

**ACTUARIAL VALUATION** – A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

**ACTUARIAL GAINS AND LOSSES** – For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because (a) events have not coincided with the actuarial assumptions made for the last valuation or (b) the actuarial assumptions have changed.

**AGENCY SERVICES** – The provision of services by one body (the agent) on behalf of another that is legally responsible for providing the service.

**AUDIT COMMISSION** – An independent body, responsible for the appointment of external auditors to the Police Authority. Assesses whether the Police Authority makes proper arrangements for economy, efficiency and effectiveness in its use of resources, and has made proper arrangements for securing value for money, and is also required to review the PCC for Bedfordshire's corporate governance arrangements.

**BUDGET** – A statement of the PCC for Bedfordshire's forecast of net revenue and capital expenditure over a specified period of time.

**CAPITAL EXPENDITURE** – Spending on assets (e.g. land, buildings roads etc.) which adds to and not merely maintains the value of an existing non-current asset. Expenditure that does not fall within the definition must be charged to the Income and Expenditure Account.

**CAPITAL RECEIPTS** – The money from the sale of land or other assets. Capital receipts can be used to pay for new capital expenditure, within rules set down by the Government, or to repay outstanding loans. They cannot be used to finance revenue expenditure.

**CARRY FORWARDS** – Service under/overspendings that under the PCC for Bedfordshire's Devolved Budget Management Scheme, may be carried forward to the following year.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy. This is the professional body responsible for accountants working in the public service. The Institute provides financial and statistical information on local government and public finance matters. CIPFA is a privately funded body with charitable status.

**CONTINGENT LIABILITY** – A possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more future events not within the PCC for Bedfordshire's control.

**CREDITOR** – An amount owed by the PCC for Bedfordshire to suppliers for work done or goods received for which payment has not yet been made.

**CURRENT SERVICE COST (PENSIONS)** – The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**CURTAILMENT** – For a defined benefit scheme, an event that reduced the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service.

**DEBTOR** – Money owed to the PCC for Bedfordshire.

**DEFINED BENEFIT SCHEME** – a pension scheme other than a defined contribution scheme. The scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.

**DEPRECIATION** – The measure of the wearing out, consumption, or other reduction in the useful economic life of a non-current asset, whether arising from use, passage of time or obsolescence through technological or other changes.

**DIRECT REVENUE FINANCING** – Resources provided from the PCC for Bedfordshire's revenue budget to finance the cost of capital projects.

**EARMARKED RESERVES** – Those elements of the Police Fund that have been set aside, "earmarked", for specific services.

**EMOLUMENTS** – All taxable sums paid to or received by an employee including the value of any benefits received other than in cash.

**FINANCIAL REGULATIONS** – A written code of procedures approved by the PCC for Bedfordshire, intended to provide a framework for proper financial management.

**FINANCIAL YEAR** – The period covered by a set of financial accounts - the Police Authority financial year commences 1 April and finishes 31 March the following year.

**FINANCIAL REPORTING STANDARDS (FRS)** – These standards are developed by the Accounting Standards Board and regulate the preparation and presentation of financial statements. Any material departures from these standards should be disclosed in notes to the accounts.

**GOVERNMENT GRANTS** – Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to an Authority in return for past or future compliance with certain conditions relating to the activities of the PCC for Bedfordshire.

**GROSS EXPENDITURE** – The total cost of providing the PCC for Bedfordshire's services before taking into account income.

**IMPAIRMENT** – A reduction in the value of a non-current asset on the Balance Sheet due to lack of maintenance or change of use.

**INCOME** – Amounts due to an organisation that have been or are expected to be received.

**INTEREST INCOME** – The money earned from the investment of surplus cash.

**INVESTMENTS** – A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the PCC for Bedfordshire for 365 days or more. A short-term investment occurs when surplus funds are invested for 364 days or fewer.

**LIABILITIES** – Money owed to individuals or organisations that will be paid at some time in the future.

**MINIMUM REVENUE PROVISION (MRP)** – The minimum amount which must be charged each year to the PCC for Bedfordshire's Police Fund and set aside as provision for credit liabilities, as required by the Local Government and Housing Act 1989.

**NATIONAL NON-DOMESTIC RATES (NNDR)** – A levy on businesses, based on a national rate in the pound set by the government, multiplied by the 'rateable value' of the premises they occupy. Collected by billing authorities in line with national criteria and then redistributed among all local authorities and police authorities on the basis of population.

**NET BOOK VALUE** – The amount at which non-current assets are included in the balance sheet, i.e. their historical cost less the cumulative amounts provided for depreciation.

**NON CURRENT ASSET** – An asset that has value beyond one financial year.

**OPERATIONAL ASSETS** – Non-current assets held and occupied, used or consumed by the Police Authority in the direct delivery of those services for which it has either a statutory or discretionary responsibility. All Police Authority non-current assets are classified as operational assets.

**PAST SERVICE COST** – For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**POLICE FUND** – The main account of a Police Authority. Income from government grants and the Precept is paid into the fund and day-to-day spending on services is paid for from the fund. The year end balances on the fund are the general reserves (or balances) maintained as a matter of prudence.

**POLICE GRANT** – The term used to specify all government grants to the PCC for Bedfordshire other than revenue support grant.

**PRECEPTS** – The demands made by the PCC for Bedfordshire on the local councils to finance the PCC for Bedfordshire's expenditure.

**PROVISION** – An amount, set aside in the accounts, for liabilities that are likely to be incurred but the amounts or the dates on which they will arise are uncertain.

**PUBLIC WORKS LOAN BOARD (PWLB)** – A Government agency which provides longer term loans to Local Authorities at interest rates only slightly higher than those at which the Government itself can borrow.

**RELATED PARTY TRANSACTIONS** – The transfer of assets or liabilities or the performance of services, to or for a related party, irrespective of whether a charge is made.

**RESERVES** – These consist of Usable and Unusable Reserves. Usable Reserves are monies set aside by the PCC for Bedfordshire that do not fall within the definition of provisions. Unusable Reserves are created to absorb the timing differences of the accounting entries required by the CIPFA Code.

**REVENUE EXPENDITURE** – The day-to-day running costs incurred by an Authority in providing services.

**REVENUE SUPPORT GRANT (RSG)** – A grant paid by central government in aid of Authority services in general, as opposed to specific grants, which may only be used for a specific purpose.

**UNFUNDED PENSION SCHEME** – A scheme where the costs of pensions and other benefits, after accounting for employees' contributions in the year, are charged to the Income and Expenditure account e.g. Police Pension Scheme.

**USEFUL LIFE** – A term used to express the period over which the PCC for Bedfordshire will derive benefits from the use of a non-current asset. This is then used in calculating the depreciation charge for that asset.

**WORKS IN PROGRESS** – The cost of work done on an uncompleted project at the balance sheet date.

**INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR  
BEDFORDSHIRE**

**Opinion on the financial statements - to be finalised**