



BEDFORDSHIRE POLICE

fighting crime, protecting the public

The Chief Constable for Bedfordshire Police

STATEMENT OF ACCOUNTS

2012/2013

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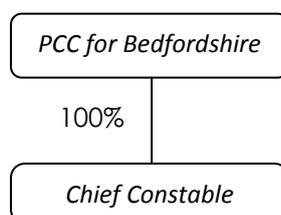
Explanatory Foreword

Introduction

When the Police Reform and Social Responsibility Act 2011 came into force on 22 November 2012 one of the key reforms was to replace Police Authority's with Police & Crime Commissioners. At midnight on 21 November 2012 all property, rights and liabilities belonging to Bedfordshire Police Authority transferred to the Police and Crime Commissioner for Bedfordshire. At the same time the Chief Constable for Bedfordshire Police was established as a separate body, via creation of a corporation sole, responsible for the operational policing of Bedfordshire. The two corporate soles are both schedule 2 bodies under the 1998 Audit Commission Act and so are both required to publish accounts and are subject to audit.

The Police & Crime Commissioner's function is to hold the Chief Constable to account in order to secure the maintenance of an efficient and effective police force. Therefore, for accounting purposes, the Police and Crime Commissioner (PCC) for Bedfordshire is the parent entity of the Chief Constable for Bedfordshire Police and together both corporate soles form the PCC for Bedfordshire Group.

Group Structure – The Police & Crime Commissioner for Bedfordshire Group



As the holding parent, the PCC guarantees any outstanding liability by the Chief Constable who is a 100% subsidiary.

Although this change took place mid-year merger accounting has been applied as set out in the Local Authority Accounting bulletin 95 by CIPFA. This approach required the Chief Constable to account for the new arrangements as if they had been in place for the whole of 2012/13. This statement of accounts for 2012/13 therefore covers the period 1 April 2012 to 31 March 2013. These are the first statutory accounts prepared under these new arrangements.

The Commissioner sets strategic direction through his Police and Crime Plan and exercises control of funding by delegation to the Chief Constable. This is reflected in accounting terms by the existence of a group relationship between the two corporation soles. Group relationships require the completion of a consolidated group Statement of Accounts in addition to those for the individual entities. However, as all transactions and balances are to be shown in the accounts of the Commissioner, his accounts will effectively be the same as those for the group and so only the group accounts are published. Therefore, all of the financial transactions incurred during 2012/13 for policing Bedfordshire have been recognised and recorded within the Police & Crime Commissioner for Bedfordshire's Group Statement of Accounts, a separate document, which sets-out the overall group position for the year ending 31 March 2013. The group position reflects the consolidated accounts of the Police and Crime Commissioner for Bedfordshire and its accounting subsidiary the Chief Constable for Bedfordshire Police.

It is expected that Bedfordshire will progress to Stage 2 transfer at the end of the 2013/14 financial year and so the current arrangements, whereby the Commissioner

controls all income and delegates budget for the provision of police services to the Chief Constable, will remain in place for 2013/14.

The Statement of Accounts

The 2012/13 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2012/13 (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 Government intends to phase in its reforms, the first phase allows for the assets, liabilities and reserves belonging to Bedfordshire Police Authority to be transferred to The PCC for Bedfordshire. The Scheme of Delegation determines the responsibilities of each of the two bodies during phase one of the reforms and Financial Regulations underpin the use of the Commissioner's assets and staff by the Chief Constable.

The PCC for Bedfordshire retains control of the assets transferred by the Police Reform Act and in addition receives all income and funding and makes all payments for the Group from their Police Fund. There have therefore been no transactions undertaken by the Chief Constable during 2012/13 and all transactions relevant to operational policing in Bedfordshire are shown in the accounts of the PCC for Bedfordshire Group. This accurately reflects the position during the first phase of police reforms.

The accounts for the Chief Constable for Bedfordshire Police for 2012/13, which will be the basis for the Audit Opinion, consist of:

- (i) **Financial Review** – this outlines revenue expenditure in 2012/13, the major changes to the accounts from 2011/12 and future prospects for the Chief Constable.
- (ii) **Statement of Responsibilities** – this includes the financial responsibilities of the Chief Constable and the Chief Constable's Chief Finance Officer (CFO).
- (iii) **Annual Governance Statement** – this statement is a statutory document which sets out how the Chief Constable 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.
- (iv) **Statement of Accounting Policies** – the policies adopted in compiling the accounts.
- (v) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (vi) **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. The taxation position is shown in the Movement in Reserves Statement. However this shows nil balances for financial year 2012/13 as all income and expenditure was made by the PCC for Bedfordshire. An analysis of the PCC for Bedfordshire's financial resources which were consumed at the request of the Chief Constable is shown at Note 1.
- (vii) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Chief Constable for Bedfordshire,

analysed into usable reserves and other reserves. The surplus or deficit on the Provision of Services line shows the true economic 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. However this statement shows nil balances for financial year 2012/13 as all reserves are held by the PCC for Bedfordshire.

(viii) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Chief Constable. However all assets and liabilities are held by the PCC for Bedfordshire so the balance sheet for the Chief Constable shows nil balances.

(ix) **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. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital. However during 2012/13 all cash is held by the PCC for Bedfordshire so the cash flow statement for the Chief Constable shows nil balances.

Financial Review

Revenue Expenditure

The total 2012/13 Revenue Budget allocated by the PCC for Bedfordshire to the Chief Constable for operational policing and support functions was £99.763M; actual expenditure amounted to £97.276M. The breakdown of which is detailed below:

	Territorial Policing	Protective Services	Corporate Services	Corporate	Total	Budget Variance
	£'000	£'000	£'000	£'000	£'000	£'000
Fees, charges & other service income	-1,805	-3,116	-731	-2,187	-7,839	-1,024
Government grants	-3,919	-2,647	-241	-27	-6,834	143
Total Income	-5,724	-5,763	-972	-2,214	-14,673	-881
Employee expenses	61,485	17,165	9,892	4,302	92,844	-2,017
Other Service Costs	5,447	4,082	7,157	355	17,041	-731
Capital Financing		62		2,002	2,064	1,141
Total Expenses	66,932	21,309	17,047	6,659	111,949	57
Net Expenditure	61,208	15,546	16,077	4,445	97,276	-2,488

Use of the underspend of £2.488M on the Chief Constable's delegated budgets is dealt with by the PCC and shown in the separate accounts of the PCC for Bedfordshire and the PCC for Bedfordshire Group.

A breakdown of variances is shown below:

	Budget Variance	Reason
	£'000	
Income	-881	Mutual aid provided to the Olympics has boosted income as well as income to cover legal costs and from the speed awareness programme.
Employee expenses	-2,017	The new policing model introduced in October 2012 enabled the Chief Constable to reduce officer numbers in non-collaborated units; in addition further savings were achieved through joint working arrangements, significantly in ICT and the Armed Policing Unit.
Other Service Costs	-731	Savings were made as the medical services and forensic services contracts were re-negotiated.
Capital Financing	1,141	The underspends arising on police pay enabled the Chief Constable to contribute some of the funds allocated for policing in the year back to the PCC's capital reserve in order to reduce the reliance placed on external borrowing to meet longer term capital expenditure requirements.

Changes compared to 2011/12

	2011/12	2012/13	Variance
	£'000	£'000	£'000
Fees, charges & other service income	-6,369	-7,839	-1,470
Government grants	-6,779	-6,834	-55
Total Income	-13,148	-14,673	-1,525
Employee expenses	97,971	92,844	-5,127
Other Service Costs:			
Premises	2,687	2,600	-87
Transport	2,718	2,765	47
Supplies & Services	7,466	7,470	4
Agency & Contracted Services	3,899	4,206	307
Capital Financing	499	2,064	1,565
Total Expenses	115,240	111,949	-3,291
Net Expenditure	102,092	97,276	-4,816

Financial Performance

The planned reduction of officer numbers following the introduction of the new policing model has led to a fall in employee expenses between 2011/12 and 2012/13. A significant reduction in officer numbers has been achieved by a freeze on recruitment, planned retirements and the use of regulation A19 to force officers to retire after 30 years' service. In addition 2011/12 employee expenses included £1.5M in redundancy cost which is not repeated in 2012/13.

The increase in agency costs during 2012/13 is largely accounted for by expenses incurred in policing the EDL March which took place in Luton in May 2012, although Home Office grant was received to cover the majority of this cost.

The increases in capital financing costs are mainly due to increased revenue funding for the capital programme, this in turn has increased the level of reserves held by the PCC for Bedfordshire and reduces reliance on long term borrowing. In relation to the longer term issues facing Bedfordshire Police, the issue of custody provision in the North of the County is likely to require some extensive capital expenditure in the next three to five years and whilst exploratory work will be undertaken to minimise cost in this regard, the Commissioner and Chief Constable need to be continuing to plan for this expenditure to ensure that it does not impact significantly on the annual revenue budget.

Operational Performance

It is important to recognise that in the backdrop of large budget cuts along with a prudent use of resources creating the under spend in 2012/13 the Chief Constable has delivered some excellent results in performance. It is useful to note that there are

still some performance areas that require further enhancing, specifically crime reduction and victim satisfaction, as well as sustaining strong performance in other areas. This is at a time when the level of funding continues to fall which highlights the need to be flexible, from a financial perspective to manage the volatility of policing such as that seen by Bedfordshire in the first quarter of 2013/14.

The table below highlights the performance achieved by the Force in 2012/13

Measures		Current Objectives			Current Performance		National Rank
Crime Type	Measure	2011/12 Performance	2012/13 Objective	2012/13 Improvement	Current Rate	YTD cmp	
Serious Acquisitive Crime	Crimes per day	23.3	16.8	-28%	21.1	-9.9%	35th
	Detection rate	17.0%	16.2%	-0.8pp	16.9%	-0.2pp	14th
Domestic Burglary	Crimes per day	8.6	5.6	-35%	8.0	-6.5%	37th
	Detection rate	20.5%	19.3%	-1.2pp	21.3%	+0.7pp	12th
Robbery	Crimes per day	2.3	1.1	-53%	1.9	-20.2%	39th
	Detection rate	23.1%	32.1%	+8.9pp	29.0%	+5.7pp	22nd
Vehicle Crime	Crimes per day	12.4	9.7	-22%	11.2	-10.3%	33rd
	Detection rate	13.4%	11.6%	-1.8pp	11.7%	-1.7pp	19th
Most Serious Violence (excl. GBH w/out intent)	Crimes per day	0.4	0.9	+115%	0.3	-27.1%	13th
	Detection rate	52.9%	62.3%	+9.4pp	61.1%	+8.8pp	18th
Serious Sexual Offences	Detection rate	49.0%	30.7%	-18.3pp	28.4%	-20.8pp	18th
All Crime	Crimes per day	111.4	103.3	-7%	97.8	-12.5%	24th
	Detection rate	24.0%	n/a	n/a	25.4%	+1.3pp	29th
	Restorative justice rate	5.3%	n/a	n/a	5.3%	+0.0pp	n/a
	Positive disposal rate	29.3%	29.0%	-0.3pp	30.7%	+1.3pp	n/a
Overall Satisfaction	Satisfaction Rate	81.1%	83.0%	+1.9pp	82.7%	+1.6pp	36th

Governance

The main governance changes during 2012/13 are due to the introduction of Police & Crime Commissioners as explained in the Explanatory Foreword. This has resulted in changes to group structure giving rise to a regulatory requirement to produce a separate set of financial statements for the Chief Constable although these contain no transactions for financial year 2012/13.

Bedfordshire Police Partnership Trust

Bedfordshire Police Partnership Trust is a charitable organisation supported by the PCC for Bedfordshire Group. The objective of the Trust is to concentrate its efforts on community-based issues relating to crime prevention, domestic violence, road safety, drugs awareness and other important areas that have a direct bearing on the quality of life. The Chief Constable supported the day to day administration of the Trust by providing two members of staff and office accommodation, the cost of which is included in the above expenditure.

Future Prospects

Reductions in funding from 2011/12 to 2014/15 left Bedfordshire Police with a budget shortfall estimated at £18.5M over the four year period. The 2013/14 budget has been set and adherence to this will leave an estimated reduced budget gap of £3.431M in 2014/15, although clarity around the 2014/15 settlement is still awaited.

The next spending review will cover the period 2015/16 to 2018/19 with the 2015/16 element expected to be announced in the summer of 2013 and will help to shape future medium term plans. Until then, the Chief Constable is proactively considering approaches to meet these funding gaps. This includes internal reorganisations and reviews carried out by the continuous improvement team, working with Cambridgeshire to deliver services across two forces, reviewing the estate and looking at alternative solutions for back office service delivery.

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
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 before the completion of each annual audit as publicly advertised.

Statement of Responsibilities

The Chief Constables Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Chief Constable 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 Chief Constable as at the 31 March 2013 and its income and expenditure for the year then ended.



Philip Wells
Chief Finance Officer to the Chief Constable & Police & Crime Commissioner
27 September 2013

The Chief Constable's Responsibilities

The Chief Constable is required:

- to make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the 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.



Colette Paul
Chief Constable of Bedfordshire Police
27 September 2013

Annual Governance Statement

1. Scope of Responsibility

The Chief Constable is responsible for the delivery of operational policing for the County of Bedfordshire and for ensuring that business is conducted in accordance with the law and proper standards. In addition the Chief Constable is responsible for safeguarding public money, ensuring it is properly accounted for, and used economically, efficiently and effectively. The Chief Constable also has a duty to make arrangements to secure continuous improvement in the way in which the Force's functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the Chief Constable is also responsible for putting in proper arrangements for the governance of his affairs, facilitating the effective exercise of his functions, and which includes ensuring a sound system of internal control is maintained throughout the year and that arrangements are in place for the management of risk.

The Chief Constable, in conjunction with the Police and Crime Commissioner (PCC) has approved and adopted a code of corporate governance, which is consistent with the principles of the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government.

This statement explains how the Authority has complied with the code and also meets the requirements of regulation 4(2) of the Accounts and Audit Regulations 2011 in relation to the system of internal control.

2. The Purpose of the Governance Framework

The governance framework comprises the systems and processes, and culture and values, by which the Chief Constable is directed and controlled and its activities through which he is accountable. It enables the PCC to monitor the achievement of the Chief Constable through the achievement of the Police and Crime Plan and to take account of the delivery of an appropriate, cost-effective service, 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 level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it can therefore provide only reasonable and not absolute assurance of effectiveness. The system of internal control is based on an on-going process designed to identify and prioritise the risks to the achievement of the Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

The governance framework has been in place since the PCC took up office on 22 November 2012.

3. The Governance Framework

This section describes the key elements of the systems and processes that comprise the governance arrangements that have been put into place for the Chief Constable. It explains the overarching structures that have been put in place to deal with systems and processes and how they are linked to each other. In producing this

explanation steps have been taken to ensure that the actions identified in the Code of Corporate Governance are being complied with.

The statutory framework in which the Chief Constable as a Corporation Sole will operate is:

- Police Reform and Social Responsibility Act;
- Policing Protocol Order 2011;
- CIPFA Financial Management Code of Practice; and the
- Strategic Policing Requirement;

Focusing on Outcomes for the Local People

The Chief Constable set out his purpose and priorities, 'to fight crime and protect the public' in the Police Authority's Strategic Plan. This plan stipulated the four deliverables of the Chief Constable being:

- Protection – by reducing crime and focusing on offences that cause most harm.
- Satisfaction – by agreeing the service we will provide and doing what we say we will do.
- Reassurance – by visible and active local policing, tackling anti-social behaviour and protecting the most vulnerable.
- Efficiency – by using our resources wisely to become one of the most efficient police forces in England and Wales.

These priorities and deliverables were continued with the introduction of the PCC's Police and Crime Plan as well as those priorities with regards to the Strategic Policing Requirement.

Working together to achieve a common purpose with clearly defined functions and roles.

As set out above the governance arrangements have been developed in line with the Police Reform and Social Responsibility Act 2011, the statutory Policing Protocol and the Home Office Financial Management Code of Practice.

The Scheme of Delegation includes details of the various duties delegated to senior officers. Financial Regulations (including contract standing orders) have been developed to ensure that the financial responsibilities of the Chief Constable are clear.

The Chief Constable regularly meets with the PCC and meets formally as an Executive Board on a monthly basis, along with the Deputy Chief Constable and Chief Finance Officer, to review activities and take decisions relating to strategy, governance and for the PCC to hold the Chief Constable to account.

The PCC also holds the Chief Constable to account, through the Alliance Summit Board for the provision of those services that have been or will be delivered collaboratively under Section 22 of the Police Act 1996.

The Force Executive Board and Joint Audit Committee review the risk registers to ensure a shared understanding of the strategic risks of the Force.

Promoting values and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The Chief Constable has adopted a policy on Anti-Fraud and Corruption. The policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.

The Force takes the view that conduct issues are not just the domain of the collaborated Professional Standards Department. New codes of conduct and a review of the way police officers are subject to misconduct inquiries were introduced in October 2008, following the Taylor Report, directed at making timelier and less bureaucratic interventions.

The Force has policies for Professional Standards, which are tri-force policies, with Cambridgeshire and Hertfordshire, and a policy for whistleblowing to deal with all disclosures of inappropriate behaviour or malpractice, including fraud and misappropriation. This includes areas catered for under the Public Interest Disclosure Act 1998.

Policy is developed and assessed for equality impact. This ensures that compliance with legislation and the interest of stakeholders is considered prior to producing policy. Policy is managed corporately and individual policies are the responsibility of Heads of Business or the collaborated units.

Equality objectives have been agreed and published for the Force and the Chief Constable chairs the Equality and Diversity Board which considers equality issues on the delivery of our service both internally and externally.

Taking informed and transparent decisions, which are subject to effective scrutiny and managing risk.

All decision making is carried out in accordance with the Governance framework.

The Governance arrangements ensure that the key decisions taken by the Chief Constable are made in the light of all necessary information and analysis and made public (unless exempt under the Provision of Access to Information rules). Appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process. The Chief Constable has appropriate oversight and scrutiny of the Force decision-making through the Force Executive Board.

The Force decision making process also includes a Force Resources Board, chaired by the Deputy Chief Constable which is fed by both the Continuous Improvement Board and the Performance Board.

The Force is subjected to an extensive internal and external inspection regime and the results of these inspections are published to ensure appropriate scrutiny of decision-making.

The Force's Risk Management Strategy is fed by an Organisational Strategic Assessment that considers both current and future issues with regards to performance, organisational aspect, finance and changes in legislation.

The Force Executive review the Strategic Risk Register, which flows from the Organisational Strategic Assessment, on a monthly basis to ensure that all decisions made are made in cognisance of the Strategic Risks for the Force.

Particular emphasis has been placed on the clear distribution of roles and responsibilities and the distinctive ownership for risks. These are also considered at the relevant Governance Boards, dependant on the risk itself, of Force Resources Board, Continuous Improvement Board or Performance Board.

Developing the capacity and capability of staff and officers to be effective.

The Chief Constable takes a pro-active approach to staff development, and has developed processes that identify training requirements for individuals.

There is a programme in place for the senior officers of the Force who will require continuing professional development.

The Force adopted a programme of training to develop the investigation capability of the Force.

Engaging with local people and other stakeholders to ensure robust public accountability.

The Force, through their dedicated Chief Inspector roles regularly meets and discusses local issues with Community Safety Partnership representatives to ensure that local issues are picked up and dealt with. The Chief Constable and Commissioner resisted reducing actual PCSO numbers in the 2013/14 budget thus continuing to provide a local resource to help enhance local engagement.

The Force has undertaken an internal workforce survey to help understand views of key stakeholders, i.e. staff and officers, in the delivery of their work and this will be tied in with an overall review of the Operational Policing Model to ensure that the service delivery meets the needs of the public.

The Force has initiated a Strategic Co-ordination Group with key partners as a result of the increase in gun crime to help formalise individual partners roles in gun crime specifically and more widely formalise roles for all partner agencies in prevention, education, reassurance and detection/investigation.

The Commissioner and Chief Constable have a joint Engagement Strategy.

Reliable financial reporting and internal financial controls.

Financial control involves the existence of a structure which ensures that all resources are used as efficiently and effectively as possible to attain the overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of the assets and limited resources. The Financial Regulations and Standing Orders provide the overarching framework for this control.

The Force's financial management framework follows national and/or professional best practice and its key elements are set out below:

- The Chief Constable as Corporation Sole has a Chief Finance Officer (CFO) with responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of financial affairs. The CFO also has certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and where a loss or deficiency may

arise. The CFO must also report in the event that spending in the year is likely to exceed available resources. The organisation fully complies with the CIPFA Statement on the Role of the Chief Financial Officer in the Police Service.

- The finance function is governed by the Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Force monitored for additional compliance by HMIC and HM Revenue and Customs.
- Responsibility and accountability for resources rests with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring approval of an annual Treasury Management Strategy including an annual investment strategy which the Force adheres to.
- In accordance with the CIPFA Prudential Code and best accounting practice a four-year medium-term financial plan (MTFP) and a four-year capital programme are produced.
- The revenue budget provides an estimate of the annual income and expenditure requirements for Bedfordshire Police (PCC and Chief Constable) and sets out the financial implications of the Police and Crime Plan. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance.
- Capital expenditure is an important element in the development the policing business since it represents major investment in new and improved assets. The Commissioner approves the capital programme each year and monitors its implementation and funding closely.

4. REVIEW OF EFFECTIVENESS

The Chief Constable's role in maintaining the effectiveness of the governance framework extends to ensuring that there is an approved Code of Corporate Governance and that the Code includes the arrangements for review thereof.

The Chief Constable manages the Force through a series of Boards. The Force Executive Board (FEB), which is responsible for governance and strategic direction, is chaired by the Chief Constable. This is fed through three key strategic Boards, these being Continuous Improvement Board, focusing on change, The Performance Board, focusing on operational performance and the Resources Board, focusing on the strategic and value for money aspects of the resources of the Chief Constable.

Through the combination of these Boards the Chief Constable ensures there is a tight control framework around financial management, performance, corporate governance and the risk management process and also oversees areas of business such as Professional Standards, Human Resources, and the Change Programme.

The Chief Constable and Commissioner have introduced a Joint Audit Committee which fulfils the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'.

The Force is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary (HMIC), internal and external auditors. Inspection reports are considered as appropriate and made public (unless this is not possible for the reasons outlined above).

- A review of integrity and standards resulted in the publication of a single national report from which strategic recommendations are being implemented through the collaborated professional standards department and this area of business was re inspected by the HMIC in 2012,
- The inspection into crime and incident recording standards resulted in favourable comment, both in terms of the correct recording of crimes and also the quality of the investigation.
- The Follow up Report on Anti-Social Behaviour provided for a positive picture for the Force.

The Joint Audit Committee plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approved the external audit plan and received the annual audit letter from the external auditor. The Committee also approved the annual internal audit plan, receives regular internal audit reports and monitored management performance against agreed action plans to address any weaknesses identified. In addition, the Committee oversaw progress on Risk Management and related issues.

The Head of Internal Audit's Annual Report for the year ended 31 March 2013 has been received and was considered by the Interim Joint Audit Committee on 26th June 2013. The Report includes an opinion on the internal financial control framework which stipulates that the control framework is adequate, as shown below.

"For the 12 months ended 31 March 2013, based on the work we have undertaken for the Police Authority prior to 22 November 2012 and for the Office of the Police and Crime Commissioner for Bedfordshire and Bedfordshire Police Force since this time, in our opinion the Office of the Police and Crime Commissioner for Bedfordshire and Bedfordshire Police Force has adequate and effective arrangements for governance, risk management and control.

Some of these arrangements are in the early stages of development and the new structures have not yet been subject to audit review and therefore these may require enhancing and embedding through the new structure of the Police and Crime Commissioner and Police Force."

5. SIGNIFICANT GOVERNANCE ISSUES

In 2011/12 two issues of governance were identified, as shown below:

- Governance in relation to Collaborated Services
Upon the introduction of the Commissioner a new Board has been created comprised of the three Commissioners and Chief Constables. This Board meets on a bi-monthly basis and has approved a Memorandum of Understanding to provide bedrock for existing working arrangements for the Protective Services collaborative units.

- **Financial Challenges**
The Chief Constable, in conjunction with the Commissioner has instigated a number of change programmes associated with collaboration and operational policing which will deliver both savings and on-going performance. The Chief Constable has also, through the continuous Improvement Board and Force Resources Board put processes and a culture in place whereby the Force are identifying areas of saving on a regular basis to support both the current financial year as well as the medium term financial position.

In 2012/13 there were a few governance issues that the Chief Constable needed to or has had to address in relation to improvements, these are shown below:

- **Storage and Control of Controlled Drugs**
An internal audit of this activity provided a low level of assurance and incorporated a fundamental recommendation. Based upon the low level of assurance immediate action was taken to strengthen the controls in this area and the internal auditors undertook a follow up audit that concluded that good progress had been made in strengthening the control environment for this activity.
- **Anti-Social Behaviour (ASB)**
The HMIC, following an examination of the Forces processes in relation to ASB highlighted areas of weakness within the processes. The Chief Constable undertook to improve in this area and the Force has recently received a positive report in relation to ASB after they were asked by the Chief Constable to undertake a follow up inspection.
- **Collaboration**
The Chief Constable is reliant upon collaboration to secure savings for the Medium Term and to ensure delivery of services in the 'back' and 'middle' office functions i.e. Support Services and areas such as Contact Management and Custody, continues to be effective. Progress in these areas was slowed during 2012/13 and there is now an impetus on the Chief Constable to develop these areas of collaboration rapidly to support the medium term financial position, and in doing so where possible protect the operational/front-line policing resources.
- **Financial Challenges**
The Force faces significant financial challenges over the medium term, with expectations that the next four year Comprehensive Spending Review, 2015/16 to 2018/19 will include similar levels of reduction as the previous CSR, which saw 20% reductions in police funding. The Chief Constable will therefore need to develop initiatives that bridge the funding gap these reductions in funding produce whilst still delivering a police service that the public expect and maintain the performance ambition set out in the Police and Crime Plan.



Colette Paul
Chief Constable for Bedfordshire Police

27 September 2013



Philip Wells
Chief Finance Officer
to the Chief Constable

27 September 2013

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF BEDFORDSHIRE POLICE

Opinion on the Chief Constable's financial statements

We have audited the financial statements of the Chief Constable for Bedfordshire for the year ended 31 March 2013 under the Audit Commission Act 1998. The financial statements comprise the Movement in Reserves Statement, the Comprehensive Income and Expenditure Statement, the Balance Sheet, the Cash Flow Statement and the related note 1. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

This report is made solely to the Chief Constable for Bedfordshire, as a body, in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for Bedfordshire, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Chief Finance Officer and auditor

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 10, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable for Bedfordshire's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Chief Finance Officer; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2012/13 to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable for Bedfordshire as at 31 March 2013 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2012/13.

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2012/13 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007;
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Authority to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Chief Constable for Bedfordshire's arrangements for securing economy, efficiency and effectiveness in the use of resources

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable for Bedfordshire has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources. We are also required by the Audit Commission's Code of Audit Practice to report any matters that prevent us being satisfied that the audited body has put in place such arrangements.

We have undertaken our audit in accordance with the Code of Audit Practice and, having regard to the guidance issued by the Audit Commission, We have considered the results of the following:

- our review of the Annual Governance Statement;
- the work of other relevant regulatory bodies or inspectorates, to the extent the results of the work have an impact on our responsibilities; and
- our locally determined risk-based work.

As a result, we have concluded that there are no matters to report.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable for Bedfordshire in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Mark Hodgson

Date: 27 September 2013.

*for and on behalf of Ernst & Young LLP, Appointed Auditor
Cambridge.*

A signed copy of this audit report is held by the Chief Finance Officer.

Comprehensive Income and Expenditure Statement

2011/12	2011/12	2011/12		2012/13	2012/13	2012/13
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
0	0	0	Local Policing	0	0	0
0	0	0	Dealing with the Public	0	0	0
0	0	0	Criminal Justice Arrangements	0	0	0
0	0	0	Roads Policing	0	0	0
0	0	0	Specialist Operations	0	0	0
0	0	0	Intelligence	0	0	0
0	0	0	Investigations	0	0	0
0	0	0	Investigative Support	0	0	0
0	0	0	National Policing	0	0	0
0	0	0	Corporate & Democratic Core	0	0	0
0	0	0	Non-Distributed Costs	0	0	0
0	0	0	Cost of Services	0	0	0
0	0	0	Other Operating Income & Expenditure	0	0	0
0	0	0	Financing & Investment Income & Expenditure	0	0	0
0	0	0	Profit or Loss On Discontinued Operations	0	0	0
0	0	0	Taxation & Non-Specific Grant Income	0	0	0
0	0	0	(Surplus) or Deficit on Provision of Services	0	0	0
0	0	0	(Surplus) or Deficit on revaluation of non-current assets	0	0	0
0	0	0	Actuarial (gain) / losses on LGPS pension assets / liabilities	0	0	0
0	0	0	Actuarial (gain) / losses on police pension assets / liabilities	0	0	0
0	0	0	Other Comprehensive Income & Expenditure	0	0	0
0	0	0	Total Comprehensive Income & Expenditure	0	0	0

All income and expenditure are shown in the financial statements of the PCC for Bedfordshire Group.

Movement in Reserves Statement

	Police Fund	Devolved Budget Reserves	Insurance Reserve	Capital Expenditure Reserve	Capital Grant Unapplied	Pensions	Collaboration & Performance Reserve	Eastern Region Special Ops Unit Reserve	Chiltern Air Support Revenue Reserve	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1st April 2012	0	0	0	0	0	0	0	0	0	0	0	0
<u>Movement In Reserves during 2012/13</u>												
(Surplus) or deficit on provision of services												
Other Comprehensive Income & Expenditure												
Total Comprehensive Income & Expenditure	0	0	0	0	0	0	0	0	0	0	0	0
Adjustments between accounting basis & funding basis under regulations												0
Net Increase/Decrease before Transfers to Earmarked Reserves	0	0	0	0	0	0	0	0	0	0	0	0
Transfers to/from Earmarked Reserves (note 6)												
Increase / Decrease in Year	0	0	0	0	0	0	0	0	0	0	0	0
Balance as at 31st March 2013	0	0	0	0	0	0	0	0	0	0	0	0

This statement does not show any financial transactions as all reserves are held by the PCC for Bedfordshire and are shown in the financial statements of the PCC for Bedfordshire Group.

Balance Sheet

As at 31 st March 2012		As at 31 st March 2013
<u>£'000</u>		<u>£'000</u>
0	Total Long Term Assets	0
0	Current Assets	0
0	Current Liabilities	0
0	Long Term Liabilities	0
0	Net Assets	0
0	Usable Reserves	-
0	Unusable Reserves	-
0	Total Equity	0

The balance sheet sets out the assets, liabilities and reserves at the year end. As previously mentioned the Chief Constable does not own any assets or liabilities or hold any reserves. These all remain under the direction and control of the PCC for Bedfordshire and are therefore shown in the PCC for Bedfordshire's group accounts.

Cash Flow Statement

As at 31 st March 2012		As at 31 st March 2013
<u>£000s</u>		<u>£000s</u>
0	Net (surplus) or deficit on the provision of services	0
0	Adjust net surplus or deficit on the provision of services for noncash movements	0
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0
0	Net cash flows from Operating Activities	0
0	Investing Activities	0
0	Financing Activities	0
0	Net (increase) or decrease in cash and cash equivalents	0
0	Cash and cash equivalents at the beginning of the reporting period	0
0	Cash and cash equivalents at the end of the reporting period	0

This statement does not show any cash flows for the year ending 31st March 2013 as all payments were made from the Police Fund which is held by the PCC for Bedfordshire.

Notes to the Accounts

1. The PCC's Financial Resources Consumed at the Request of the Chief Constable

As set out in the Explanatory Forward, although the Chief Constable has day to day control over most of the PCC for Bedfordshire's assets and daily direction and control over the majority of its employees, the level of financial and strategic control held by the Police and Crime Commissioner means that on balance, and in accordance with IAS 18 – Revenue Recognition, the transactions, benefits and liabilities sit within the accounts for the PCC.

This assertion is supported by the following working practices:

- The PCC delegates a budget to the Chief Constable in order to deliver the Police and Crime Plan with any under or over spend on this budget controlled by the PCC, the risks and rewards associated with meeting this budget therefore remain with the PCC.
- Assets, officers and staff are employed in the delivery of the PCC's Police and Crime Plan through which the PCC sets the strategic direction of the policing function.
- The PCC for Bedfordshire retains control of all income and therefore ultimately the levels of staff and officers employed.
- The PCC has control of the funding to purchase all non-current assets and receives all income from their disposal.
- The financial relationship between the PCC and Chief Constable is determined by the scheme of delegation and financial regulations, as such all transactions are undertaken in the Police and Crime Commissioner's name.

The table below shows the accounting cost of the financial resources consumed at the request of the Chief Constable during the year. These figures are produced in accordance with generally accepted accounting practices and are therefore different to the Chief Constables delegated budget; this budget does not include transactions not chargeable against precept.

	2012/13
	£'000
Local Policing	38,265
Dealing with the Public	7,568
Criminal Justice Arrangements	7,376
Roads Policing	4,547
Specialist Operations	5,532
Intelligence	5,631
Investigations	30,407
Investigative Support	5,639
National Policing	1,730
PCC Financial Resources Consumed at the Request of the Chief Constable	106,695

External Advisors

The specialist nature and complexity of certain financial activities make it prudent for the PCC for Bedfordshire Group 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 during 2012/13 include the following:

- Internal Audit – RSM Tenon
- Payroll and Pensions – Logica
- Treasury Management Advice - Sector

(ii) **Banking**

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

Glossary of Terms

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

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

CIPFA – The Chartered Institute of Public Finance and Accountancy (CIPFA) 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.

FINANCIAL REGULATIONS – A written code of procedures 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.

GROSS EXPENDITURE – This is the total cost of providing services before taking into account income.

INCOME – Amounts due to an organisation that has been or is expected to be received.

POLICE FUND – The main account of a Police and Crime Commissioner is known as the Police Fund. 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.

RESERVES – Monies set aside by the PCC for Bedfordshire Group that do not fall within the definition of provisions.

REVENUE EXPENDITURE – The day-to-day running costs incurred by a local policing body in providing services.