



**The Chief Constable for  
Bedfordshire Police  
DRAFT  
STATEMENT OF ACCOUNTS  
2019/2020**

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## Narrative Report

The Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks. I hope you find it helpful, I would welcome feedback on the content so that we can continue to improve and enhance next year's narrative report on the 2020/21 accounts.

During 2019/20 Bedfordshire Police have achieved significant improvements in actual police officer strength, moving from a position at the start of the year of being below our budgeted establishment to finishing the year ahead of our planned position, well on our way to achieving our 2020/21 target for additional officers (as part of the governments Uplift Programme to recruit an additional 20,000 officers over the next three years across the country). This recruitment drive placed significant pressure on our financial and non-financial resources. The additional numbers of officers passing through recruitment and training came at a considerable financial cost.

The level of training officers require before they are productively engaged in policing means that, for a period of time, we have the costs of the additional officers but not their operational hours hence the demands on police overtime for example do not decrease in the same period. Fortunately, the successful Special Grant bid for 2019/20 allowed the force to deliver an overall underspend of £1.1 million.

In Bedfordshire the implications of delivering a service to meet increasing demand and complexity whilst operating with finite resources is fully appreciated. Considerable work is focused on challenging the effectiveness and efficiency of our service, constantly driving to ensure our resources are directed to the highest priority areas and as a result have embedded the Priority Based Budgeting process which will commence its third phase for the 2020/21 budgetary process as well as being moved into our collaborative areas of business.

As a police service we try to anticipate demand and ensure our strategic plans address the changing landscape both in the scope and complexity of crime but also the technology and equipment available to enhance the delivery of our service. We also always have to be prepared for the unexpected and be ready for an immediate response whatever the circumstances. The Covid-19 pandemic is one of those once in a lifetime challenges which the police service is currently responding to in a direct and positive manner. At this early stage in the pandemic it is very difficult to predict the impact this will have on the forces finances going forward.

For 2019/20 the impact is minimal and as can be seen from the financial statements has been absorbed within the existing budgets. Going forward the impact will largely depend on the level of additional funding from the government. Significant additional costs for PPE are being experienced alongside reduced levels of income but the impact of home working where possible and social distancing is reducing travel costs, this is very much a developing picture which I am sure will focus heavily in next year's statement of accounts.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader:

- Understand the overarching financial position of the PCC (and the Force)
- Have confidence that the PCC has spent public money wisely and it has been accounted for in an appropriate manner

- Be assured that the financial position of the PCC (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years.

The structure of this Narrative Report is set out below.

1. Explanation of the PCC and Group
2. Introduction to Bedfordshire Police
3. Financial performance
4. Non-financial performance
5. Coronavirus (Covid-19) pandemic
6. Summary and conclusion

## **1. EXPLANATION OF THE PCC AND GROUP**

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities.

The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the chief constable to account for the exercise of his functions and those of persons under his direction and control.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Bedfordshire Police area.

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as community safety and commissioning services for victims and witnesses of crime, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable.

The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

The Net Revenue Budget for 2019/20 was £113.4 million, of which £1.7 million was under the PCC's direct control.

## **2. AN INTRODUCTION TO BEDFORDSHIRE POLICE FORCE**

At 477 square miles and with 670,000 people Bedfordshire is one of England's smallest yet most diverse counties. 23% of residents are from minority ethnic backgrounds and more than 80 different languages are spoken. Few towns outside London host greater ethnic diversity than Luton and Bedford. These contrast with market towns and rural parishes. Bedfordshire's population grew by over 8% since 2001.

Bedfordshire regularly welcomes thousands of tourists thanks to attractions including Woburn Safari Park and Whipsnade Zoo and hosts events that draw people from far and wide, including Bedford River Festival and Luton Carnival.

Luton Airport (the UK's fifth busiest) handled 16 million passengers in 2017, up 66% over 5 years. 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 police officers meet threat, harm and risk like those in large cities. In the year to March 2018 the Force recorded 47,744 crimes (up 11.2% on the previous year) received 105,040 999 calls (up 13%) and received 384,514 101 calls (up 5.5%). The Force is encouraging reporting of safeguarding related crimes such as domestic abuse, which are frequently more complex to investigate. Since 2016 the Force increased resources for vulnerable children and adults, child exploitation, missing people and domestic abuse, without reducing community policing levels.

Bedfordshire Police's community, response and investigation teams serve the unitary authorities of Luton, Bedford and Central Bedfordshire from two operational hubs. Strategic leadership of regional intelligence and investigation helps the Force meet risks linked to extremism and organised crime.

Compared to 2010/11 the force has reduced officer numbers by 13%, whilst increasing the proportion in frontline roles to 93%. Bedfordshire has one of the lowest net budgets of all English police forces. Bedfordshire is addressing its challenges through radical internal change and service-leading collaborations with neighboring and regional police forces.

The force is consistently seeking to make efficiencies by collaborating large areas of its business with neighboring Cambridgeshire and Hertfordshire. This includes functions such as Protective Services which encompasses everything from the Beds, Cambs and Herts Major Crime Unit to Roads Policing, Scientific Services and Firearms as well as support services departments. Meanwhile Bedfordshire is also proud to be the lead force for the Eastern Region Special Operations Unit (ERSOU) and Eastern Region Counter Terrorism Policing Unit.

### **3. FINANCIAL PERFORMANCE**

#### **a. Economic climate**

Since the financial crash in 2008 all public sector budgets have been squeezed really hard – this is commonly referred to as government austerity.

As of result of austerity, over the last nine years Bedfordshire Police has identified and removed a significant level of revenue savings from its annual revenue budget. This was almost manageable whilst crime and the demand for policing services was also reducing but that trend has now changed.

In October 2017 the police service nationally informed the Home Office that it needed an additional £440 million in 2018/19 and £845 million in 2019/20 in order to cope with the increase in demand and pressures on police time coming from rising overall crime levels, more complex crimes being committed, a growing terrorist threat and, more than ever, the police being called on as a last resort when other agencies lack their own capacity.

Although we received additional funding for 2018/19, primarily by increasing council tax by £12 for a Band D property, the demand on the police continued to increase, with crime rising and detection rates falling.

At the same time, in the Chancellor's Autumn statement 2018, we found out that the cost of paying for police officer pensions would increase significantly due to changes in Treasury Discount factors and other Pension Valuation Directions from HM Treasury, which indicated a significant increase in the employers' contribution rate from 2019/20. At national level we had been expecting an increase in police officer pension costs of around £30-40 million, but the forecast increase in September 2018 was for an additional £417 million.

Although the Treasury indicated it would fund £252 million of the extra cost in 2019/20 this still left a significant cost of £165 million for PCCs to fund from their local policing budgets.

As a result, in October 2018, the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs Council (NPCC) sent a further letter to the Home Office seeking additional funding in 2019/20 to cover the increased cost of police officer pensions and also additional money to invest in policing services to help mitigate the additional demand on the service.

The Home Secretary was clearly aware of the additional pressures on the police service and in his letter to the Chairman of the Home Affairs Select Committee (Yvette Cooper MP) on 13th December stated:

*"We have reviewed the demand on the police again. It is clear that demand pressures on the police have risen again this year as a result of changing crime. There has been a major increase in the reporting of high harm, previously hidden crimes such as child sexual exploitation and modern slavery. The challenge from serious and organised crime networks is growing. Through the Serious Violence Strategy, we are bearing down on the worst spike in serious violence and knife crime that we have seen in a decade by combining support for more robust and targeted policing with effective long-term investment in prevention and earlier intervention. And we do need to recognise the work done by the police to combat the evolving threat from terrorism. The Government is determined to support the police to meet the demand across counter-terrorism, serious and organised crime and local policing".*

*"We will also help forces to both meet additional demand and manage financial pressures. In total, we will enable an increase in funding for the police system of up to £970 million, the biggest increase since 2010. This includes increases in Government grant funding, full use of precept flexibility, funding to support pension costs, and increased national funding to meet the threats from counter-terrorism and serious and organised crime."*

The £970 million comprises the following elements:

- £161 million additional core policing grant,
- £153 million of pensions grant,
- £59 million additional funding for counter terrorism (CT),
- £90 million to tackle serious and organised crime, and
- £509 million as a result of additional council tax flexibilities

Within this sum, approximately £813 million is for local policing:

- £509 million from council tax, provided that all PCCs increase their Band D tax by £24
- £143 million pension grant (i.e. £153m less £10m for National Crime Agency & CT)
- £161 million additional core policing grant

In Bedfordshire, a £24 increase in Band D council tax equates to an annual increase of 13.5%.

The Treasury changes to pension rules referred to above resulted in additional police officer pension costs for Bedfordshire of £2.5 million during 2019/20 which used all the additional Home Office core policing grant (£1.3 million) the new pension's grant (£1.1 million) and still required around £0.1 million from council tax.

After funding pay and price rises, inescapable growth commitments and the shortfall in police officer pension costs, the £24 increase in council tax in 2019/20 will enable Bedfordshire Police to invest in an additional 60 officers over and above those currently budgeted for allowing for enhancements in the following priority areas:

- Neighbourhood & Community Policing – Plays an essential part in the prevention of crime, reducing repeat victimisation and re-offending, conducting high quality professional investigations, delivering safer and stronger communities and keeping our communities safe;
- Cyber Crime – Is a type of crime in which digital technology is used as a means and or a target for criminal activity, additional resources are required into the dedicated cyber hub to combat the ever increasing demand of technology based criminality;
- Boson – further permanent officers are being invested in to expand the Boson capability into the north of the County to proactively manage the increasing demand from gangs & guns.
- Child and Vulnerable Adult Abuse Unit – Has the responsibility for the investigation and protection of vulnerable people & children, working alongside partners and multi-agencies to prevent and reduce the abuse and neglect of children and vulnerable adults.

#### **b. Financial Management**

The financial standing of Bedfordshire Police, due to its proportionate high level of demand, whilst having sound financial management practices, has for a long time been funded insufficiently.

HMICFRS published its first integrated Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment for Bedfordshire in February 2020. Bedfordshire has been awarded an overall grading of GOOD as well as for each of the 3 component parts i.e. Effectiveness, Efficiency and Legitimacy, which is an improvement on the previous year

#### **c. Revenue Budget 2019/20**

The Police Finance Settlement for 2019/20 is explained in section (a) above.

The 2019/20 net budget requirement of £113.4 million represented a cash increase of £8.2 million or 7.8%. In order to fund this increase in expenditure the PCC increased the police element of council tax by £24, or 13.5% which was supported by the short public consultation exercise carried out by the PCC.

The budget required cashable savings of £3.5 million.

The budget resulted in a net increase of 60 police officers and a reduction of 37 police staff

#### **Revenue Outturn 2019/20**

The total 2019/20 Revenue Budget allocated by the PCC for Bedfordshire to the Chief Constable for operational policing and support functions was £111.694M; actual expenditure amounted to £110.691M.

The under spend for the year of £1.003M arose in the following areas:

	<b>£'M</b>
Police Pay	0.174
Staff Pay	-0.370
Staff Overtime	0.253
Police Overtime	0.279
Agency Staff	0.270
Non-Staff Costs	0.177
Collaboration	0.195
Deferred Savings	0.994
Special Police Grant	-2.975
<b>Total</b>	<b>-1.003</b>

#### **d. Outlook – Medium Term Financial Plan**

The PCC's medium term financial plan (MTFP) and Capital Programme were approved in February 2020.

The revenue budget for 2020/21 includes the first tranche of additional officers from the national Uplift Programme. However, given the absence of firm information on future recruitment levels, government grant or precept levels the PCC approved a MTFP that does not balance in future years. This issue will be addressed as part of the budget setting process for 2021/22 when we will also need to factor in the additional costs from the Covid-19 pandemic.

A high level summary of the MTFP is provided below.

Medium Term Financial Forecast 2020/21 to 2023/24

	<b>2020/21 Indicative</b>	<b>2021/22 Estimated</b>	<b>2022/23 Estimated</b>	<b>2023/24 Estimated</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Estimated draft budget (a)	123,171	124,846	127,219	129,347
Estimated funding (b)	120,485	121,852	123,788	125,803
<b>Shortfall (a-b)</b>	<b>2,686</b>	<b>2,994</b>	<b>3,431</b>	<b>3,544</b>
Savings	2,686	2,100	1,500	1,500
Use of Budget Reserve		894	1,778	
<b>Budget Shortfall</b>			<b>153</b>	<b>2,044</b>

All of the assumptions underpinning the current MTFP will be revisited and updated in coming months as we continue work on the next budget cycle.

The annual revenue budget for 2020/21 of £120.485 million, which required a 4.95% increase in council tax (or £10 for a Band D property), was approved by the Police and Crime Panel on 4th February 2020.

Although it represents an annual cash increase of £7.1 million or 6.2% it still requires cash savings of £2.7 million.



The revenue budget provides for inflationary increases, the 36 additional uplift officers as well as an additional 20 officers over and above the existing budgeted level. The investment has only been possible because of the additional flexibility in the council tax precept. Due to the ongoing financial pressures coupled with an increase in operational demand, the next few years will continue to be challenging and difficult, but work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non-staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time, as efficiently and effectively as possible.

#### **e. Capital**

In addition to spending on day to day activities, the PCC incurs expenditure on land and buildings, information technology and other items of plant and equipment which have a longer term life.

The PCC has approved a Capital Programme costing £37 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

The Capital Programme will be funded through a combination of borrowing, capital grants, revenue contributions, capital receipts and PCC reserves.

Some of the major operational benefits from this level of investment are:

- Providing a fit for purpose efficient police estate with a reduced overall cost, including a new Custody facility in the North of the County and a complete window replacement programme.
- Providing our officers and staff with the equipment and information when and where they need it through the Digital Policing Project via smart phones, laptops and body worn video.
- The Emergency Services Mobile Communications Programme is a nationally led project to replace all critical voice channels with a digital solution and broadband coverage for all 3 emergency services

#### **f. Accounting Changes compared to 2018/19**

Exceptional Items shown on the face of the Comprehensive Income and Expenditure Statement represents a significant pension scheme past service cost of £51.3M in 2018/19 which is not repeated in 2019/20, full explanation is provided in Note 6 Exceptional Items and in Note 28 Pensions.

Accounting adjustments relating to pensions give rise to a large increase in costs, for clarity all of these costs are now shown in the Corporate heading. The current service cost for the police pension scheme and Local Government Scheme combined is £43.325M in 2019/20 and £32.454M in 2018/19. A full explanation is shown at Note 28 Pensions.

The Group balance sheet for 2019/20 shows a £63M decrease in pension liabilities due to changes in financial assumptions outlined below.

Significant actuarial gains are recognised in 2019/20 under the heading of Re-measurements of the Net Defined Benefit Liability for the police pension scheme, this is in part due to revised assumptions in the calculation of the liability due to the McCloud vs Sargeant case (see note 5 Exceptional Items) and also due to revised demographic and financial assumptions. A sensitivity analysis and a full explanation of the pension adjustments included in the Other Comprehensive Income and Expenditure Statement are also shown at Note 44.

#### **h. Pension Liabilities**

The balance sheet includes a liability of £1,236M which is the commitment that the Chief Constable for Bedfordshire has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1,239M.

The Police Officer pension scheme is an unfunded scheme administered by the Chief Constable, meaning there are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Both police officers and the employer (i.e. the Chief Constable) make annual contributions which are paid into the Police Pension Fund. Pensions are paid from the Fund. The Home Office funds the difference between actual pension payments and pensions income through an annual top-up grant.

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Bedfordshire Borough Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2019/20 the Group paid an employer's contribution representing 13.8% of pensionable pay. The last valuation was in April 2019 which reported a funding level of 100%. This valuation will inform the employers' contribution rate in 2020/21.

#### **4. NON-FINANCIAL PERFORMANCE**

##### What We Want To Achieve

The Chief Constable's Three Year Plan sets out what the force wants to achieve by the end of March 2020 and directly supports the delivery of the Commissioner's Police & Crime Plan. It sets out strategic objectives for delivery to enable the force to achieve its vision of becoming a well-respected, high performing, efficiently run police service working together to protect people, fight crime and keep Bedfordshire safe. It is broken down further into the Annual Delivery Plan 2019/20.



## Our Three Year Plan 2017-20



### Protecting People

Already achieved and we will continue to:

- reduce large stations and increase smaller bases to provide easier access for more people to our services
- develop and maintain an agile and responsive workforce

To progress further we will:

- ensure our most vulnerable individuals/groups are cared for in a proactive way
- tailor our services to meet the needs of our communities
- improve access to our services through technology and innovation
- improve professionalism across all aspects of our service

### Fighting Crime

Already achieved and we will continue to:

- deliver against our agreed strategic and operational priorities

To progress further we will:

- establish effective accountability and scrutiny measures
- have integrated working practices and shared services, making the best use of the skills of our workforce
- empower our workforce to effect change and drive continuous improvement across the service
- increase the number of our volunteers
- manage demand using a balance of efficiency and effectiveness
- move to a Control Strategy that is based on root causes not crime types

### Together

Already achieved and we will continue to:

- work with our diverse communities, in both towns and rural areas, in order to better understand their needs. We will use a range of communications tools to engage with them and support them to increase local involvement in low-level problem-solving
- be open and transparent in the delivery of our services
- share estate facilities, resources, budgets and capabilities to improve efficiencies and service delivery

To progress further we will:

- build confident communities
- build a workforce which better reflects our communities
- invest in the development and wellbeing of our workforce
- establish a common purpose and plan with our strategic partners utilising shared strategic assessments where possible
- deliver value for money through effective partnership working
- create a supported workforce with a lessons learnt culture

We will live our Policing Style of Professional, Fair, Friendly (Set in May 2017 by the Force for the Force)

The main risks the Chief Constable faces in achieving these objectives are:

- If the force fails to deliver robust Health and Safety Management, it may be liable to prosecution and / or civil action.
- If the level of funding over the Medium Term results in further budget reductions and in particular reductions to frontline police officers there may be a resultant deterioration in the services the force can provide to the public.
- If the Force fails to identify and protect vulnerable people, it may fail to deliver its purpose, compromising public confidence and Force reputation.
- If the force fails to adequately manage changes to demand it may fail to adequately protect people and fight crime.
- If the force is insufficiently sensitive to Equality, Diversity and Human Rights then it may fail to operate in a fair and ethical manner, and may fail to maintain community cohesion.
- If the force fails to deal with local threats from domestic and international extremism it may fail to protect the vulnerable and deal with emergencies.
- 

The risk register is regularly reviewed at senior officer level, the force Executive Board acts as the Strategic Risk Management Board, the Strategic Risk Register is also reviewed quarterly by the Joint Audit Committee. It is a standing agenda item on the Business Change & Continuous Improvement Board and the Force Performance Board, where it helps to frame discussions around key change and performance issues.

The Commissioner holds the Chief Constable to account for the delivery of service through monthly Strategic Board Meetings and weekly operational updates.

An Annual Delivery Plan is produced each year to provide more tactical annual delivery objectives to help take the Force towards delivering the Strategic Plan and achieving our vision.

# Annual Delivery Plan 2019/20

## Delivering Year 3 of the 2017-20 Strategic Plan



### Our Purpose

Protecting People and Fighting Crime Together

### Our Strategic Objectives

Proactive Prevention  
Protect People  
Fight Crime

### Our Values

Firm, Fair and Professional  
Work Together



Bedfordshire Police's Control Strategy provides the basis for prioritising the Force's energy, resources, intelligence requirements, policing operations and improvement initiatives, to effectively deliver the Force's Purpose of protecting people and fighting crime together.

## Control Strategy 2019/20



### Force Priorities

Key themes informing partnership resourcing and intervention:

- Exploitation of children and adults
- Domestic abuse, rape and sexual offences
- Organised crime, gangs, serious violence and knife crime
- Drug and substance misuse
- Cyber crime
- Vulnerable people
- Domestic burglary

### Decision Making

Professional judgement and decision making tools:

- Victim Care
- THRIVE (Threat, Harm, Risk, Investigation, Vulnerability, Engagement)
- National Decision Making Model (NDMM)
- Code of Ethics
- SARA problem solving (Scanning, Analysis, Response, Assessment)
- Risk principles – through College of Policing (APP)

### Intelligence Themes

Strategic intelligence requirements to improve understanding of demand

- Extent and influence of imported and exported County Lines.
- Unreported youth violence involving knives and firearms.
- Key facilitators and influencers linked to gang and network structures.
- Understanding drugs dependency and markets.
- Hidden vulnerable and repeat victims of underreported exploitation or abuse.
- People handling stolen goods linked to Force priorities.
- The use of social media to facilitate criminality.
- Understanding structures, tensions, and cohesion within communities.



Informed by the Chief Constable's Strategic Plan and with input from the Command Team, functional leads, subject matter experts, Community Safety Partnership managers and their analysts we have then determined the priority areas as set out in the Control Strategy. The documents are entirely evidence based and reflect the challenges we face in Bedfordshire and the areas we want to improve.

The Control Strategy informs:

- How we deploy our resources
- How we task
- How we focus our partnership activity
- Where we focus our intelligence gathering
- Where we focus our training and knowledge building

The table below shows performance in key Control Strategy crimes themes. The table shows data for the twelve months from 1<sup>st</sup> April 2019 to 31<sup>st</sup> March 2020 (based on local data as at June 2020), with changes as compared against the previous twelve months. The notes indicate under-reported crimes, where the desire to reduce crime levels is balanced by a Force and PCC ambition to drive up reporting.

Theme	Crime	Crimes		Solved crime		Notes
		Crimes	Change	Rate	Change	
Overall crime	Overall crime	55,770	-3.3%	11.3%	-0.4%	The overall solved crime rate remained stable, with increases towards the end of the year. The longer-term reduction in recorded crime is maintaining the Force below the national rate.
Exploitation of children and adults	Child sexual exploitation	30	-44.4%	16.7%	+9.3pp	Under-reported crime. Issues with flagging of incidents may be influencing the reduction in recorded crimes. The Force is working to ensure that crimes are appropriately flagged.
	Sexual grooming	45	+45.2%	22.2%	+9.3pp	Under-reported crime.
	Child neglect	38	-11.6%	23.7%	+14.4pp	Under-reported crime. Child neglect cases have increased in early 2020, though actual numbers remain small. A high proportion of recorded crimes and cases is actioned by other partner agencies.
	Modern slavery	275	+224%	0.7%	-0.4pp	Under-reported crime. Yarl's Wood IRC is a significant source of cases, the majority of which occurred outside of Bedfordshire. Few modern slavery crimes result in a solved outcome.
Domestic abuse, rape and serious sexual offences	Domestic abuse	8199	+14.8%	10.1%	-3.1pp	Under-reported crime. Long term increases.
	Stalking & harassment	4799	+19.6%	5.8%	-3.0pp	Under-reported crime. Long term increases.
	Rape	585	-21.1%	3.8%	+0.1pp	Under-reported crime. National rises are forecast to continue based on better recording and more victims willing to come forward. The charge rate is hindered by time consuming digital evidence and lengthy criminal justice processes.
	Other sexual offences	1007	-4.6%	9.2%	+2.9pp	Under-reported crime.
Organised	Violence	4543	-6.6%	15.1%	-1.8pp	

crime, gangs, serious violence and knife crime	with injury					
	Serious youth violence	1982	-7.8%	20.1%	-1.9pp	Serious violence surge funding and investment has improved intelligence and multi-agency approaches, boosting prevention through the new Violence and Exploitation Reduction Unit.
	Robbery	835	+0.1%	11.0%	-0.9pp	
	Knife crime	691	+15.4%	16.4%	-0.7pp	Long term increases. Sizable short-term reductions since summer 2019, accompanying serious violence surge fund investment.
Drugs and substance misuse	Trafficking	266	-21.3%	67.3%	+16.8pp	Recorded drugs offences largely reflect proactive police activity.
	Possession	1247	+12.6%	94.9%	+16.8pp	
Cyber Crime	Online crime	1334	+168%	6.5%	-10.8pp	Historic data suggests about 2% of crimes should be "online". Recent keywording of online crime has improved. The Home Office is revising its definition of online crime to establish more accurate recording.
Vulnerability	Hate crime	1247	+25.3%	14.3%	-5.4pp	Under-reported crime. Long term recorded increases. Recorded hate crime has doubled over the last five years.
Burglary	Residential burglary	3297	-25.0%	5.5%	-2.5pp	Long term recorded decreases, with offending still strongly linked to known long term prolific offenders.

## 5. CORONAVIRUS (COVID-19) PANDEMIC

### Background

The coronavirus outbreak was confirmed to have spread to the United Kingdom on 31 January 2020 from China when the first two cases with the respiratory disease COVID-19, caused by the new coronavirus SARS-CoV-2, were confirmed in Newcastle upon Tyne in a family of Chinese nationals staying in a hotel in York.

By 1 March 2020, cases had been detected in England, Wales, Northern Ireland and Scotland. Subsequently, Prime Minister Boris Johnson unveiled the Coronavirus Action Plan, and the government declared the coronavirus outbreak as a "level 4 incident".

Although the coronavirus outbreak was declared a global pandemic by the World Health Organisation on 11th March 2020, the full impact on the UK and world economy was not felt until after 31st March 2020.

### Provision of services

Although no one has ever previously experienced or even anticipated a pandemic of this scope and scale, the police service is well prepared to respond, promptly and appropriately, to whatever emergency transpires. This is clearly evidenced by the response to the Covid 19 pandemic. A Gold Command structure was established immediately and resourced by experienced officers. The Chief Constables Executive Team met regularly with the Gold Command with the frequency of meetings being adapted to the changing situation. The response of the force was to ensure the police

service adapted to the requirements of their communities and the changing requirements placed on all citizens, whilst protecting our own workforce.

Over the course of the pandemic and the road to recovery, the focus and direction of our service and workforce has and will continue to reflect the changing requirements of the circumstances our communities and the country face. The relaxation of lockdown restrictions will naturally influence the work of our officers and staff.

### **Impact on workforce**

The work and service provided by Bedfordshire Police has continued throughout the pandemic and hence we have not furloughed any of our workforce. Where possible, more so in support service areas, staff have been provided with the technology to allow them to work from home. Where home working is not possible (the majority of our workforce) social distancing and PPE has been provided to safeguard our workforce.

### **Reserves, financial performance and financial position**

It is too early to determine the impact on the PCCs financial position. We are complying with the national request to provide monthly expenditure returns and are including all costs and income losses that are directly related to COVID, on the basis that full reimbursement is expected. The Home Secretary will announce her decision on future grant support later this year, following ongoing consultation with the Association of Police and Crime Commissioners (APCC), the National Police Chiefs Council (NPCC) and HM Treasury.

The costs and savings associated with Covid-19 will be monitored, tracked and reported to the PCC and Force Executive on a regular basis, including in the monthly and quarterly revenue monitoring reports.

### **Supply chain**

Initially the Force procured its PPE equipment for its own need, but during the pandemic reverted, along with the region, in utilising the 7 Force Procurement Team to ensure it had a stable supply chain and that bulk purchase was achieving value for money.

### **Cashflow management**

Although we have seen higher levels of expenditure since mid-March, particularly in relation to PPE and a loss of income the Special Grant received in March 2020 has meant that the cashflow for Bedfordshire Police has still remained healthy during the early stages of the pandemic.

The budget for 2020/21 was agreed in January 2020 and was thought to be adequate but this was before Covid-19. The financial impact of Covid-19 on the current year (2020/21) will not be fully understood for some time but it will incur additional costs and lost income, whilst savings will be achieved in other areas. The financial impact will largely depend on the level of additional funding received from Government. The latest information is that this will only be direct additional costs after accounting for any savings. This is not expected to include brought forward investment and may not include additional costs incurred to expedite delivery of technology.

The financial implications for the wider economy as a whole threaten future funding levels including the additional funding associated with the increase in officer numbers. Council Tax funding will be reduced by the level of unpaid council tax, the reduction in house building, vacancy levels etc. Government funding will obviously be under severe strain and existing departmental plans will be revisited with a downward trajectory.

## **6. SUMMARY AND CONCLUSION**

The PCC and Chief Constable have a strong track record of effective financial management. The budgeting process is very thorough with rigorous challenge from both the Chief Constable's and the PCC and is very much linked to the Police and Crime Plan and the Force priorities.

The latest medium term financial plan, which covers the four-year period 2020/21 to 2023/24, identifies further cash savings of at least £10 million.

The PCC has approved an ambitious four-year capital programme which will provide Bedfordshire Police with the appropriate infrastructure and assets to help deliver innovative policing strategies to enhance the effectiveness of the Force.

During 2019/20 the force has made great strides in recruiting additional police officers under the national Police Uplift programme. Bedfordshire has been asked to recruit an additional 54 police officers by March 2021, with funding provided for 18 of these in 2019/20.

In reality, Bedfordshire recruited an additional 22 officers before 31 March 2020 which means that a further 32 will need to be recruited from the Uplift provision as well as a further 20 officers the PCC has requested through her increase in Precept.

The Covid-19 pandemic is a once in a lifetime occurrence that is creating havoc with the global economy and people's lives and freedoms. Bedfordshire are incurring other costs, such as overtime, equipment and ICT as well as a loss of income. We are reporting these additional costs, and lost income to Home Office on a monthly basis. Until we know the level of reimbursement that we will receive we will continue to monitor these costs carefully and prudently on a regular basis throughout 2020/21.

Despite these financial challenges the PCC and Chief Constable look to continue their journey of improved service delivery as well as continue to raise the issue of funding for Bedfordshire Police not being commensurate with the level and complexity of demand that the force faces.

The financial outlook remains challenging but there is confidence that the PCC, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

### **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, Bedfordshire Police, Police Headquarters, Woburn Road, Kempston, Bedford, MK43 9AX.

Any person interested also has a statutory right to inspect the accounts at Bedfordshire Police Headquarters before the completion of each annual audit as publicly advertised.



## Statement of Responsibilities

### The Chief Constable's Chief Finance Officer 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 2020 and its income and expenditure for the year then ended.



**Philip Wells**

**Chief Finance Officer to the Chief Constable & Police & Crime Commissioner**  
**30 June 2020**

### 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.

I approve the Statement of Accounts

**Garry Forsyth**

**Chief Constable of Bedfordshire Police**

## **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 2020, including plans for the financial year 2020/21.

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

Due to the unprecedented circumstances created by the global pandemic, elements of this Annual Governance Statement have been extended to cover activities during April and May 2020, providing an insight into both the issues and measures put into place in response to COVID-19. Specific elements are included in the Arrangements for Review of Effectiveness section, with a further general update included as an Addendum.

### **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.

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 advisors 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 PCC's Police and Crime Plan sets out her strategic policing and crime reduction priorities and key aims, and how these will be delivered. Her 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 her performance in delivering the objectives contained in her 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 Framework of Corporate Governance defines the parameters for decision making, including delegations, financial regulations and contract regulations. The PCC has published her policy statement on decision making. All formal and significant PCC decisions taken in accordance with this policy are published on her website.

The PCC proactively publishes information to maintain openness and transparency with the public on this same website; in doing so she 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 her 2019/20 Annual Report in March 2020. This explained her main achievements during that financial year as well as her overall term in office also provided information on operational and financial performance during 2019/20.

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. 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 her 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 her 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 her strategic policing and crime reduction priorities and key aims, and how these will be delivered.

The Chief Constable has published the annual Strategic 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 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 second tier of meetings, these being: 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. 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 she formally sets the annual budget in February. 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 her 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 her office via the internal OPCC Strategic Delivery Plan, which allows her to identify workload priorities and staffing capacity needs in accordance with the delivery of her strategic priorities.

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 individual strategic Force meetings and overseen by the Force Executive Board. The Boards are 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. 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 the PEEL Board and 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, by exception 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 (March 2014). They will be reviewed and updated during 2020/21 to ensure compliance with the new Financial Management Code issued by CIPFA.

**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's Chief Constable's Corporate Communications department oversee communications to the public on behalf of the 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 and Chief Constable both report 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 four-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- 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 2019/20 and demonstrate how the PCC has discharged these powers and duties during that year:

- The PCC allocated her Community Safety Fund in 2019/20 to help improve community safety and crime prevention across Bedfordshire. These were reported to the Police and Crime Panel.
- The PCC published his 2019/20 Annual Report, prior to purdah, and the agreement to extend the term of PCC's by a further year, nationally, to highlight major achievements during her time in office and the financial year with regards to operational and financial performance.
- During the autumn of 2019 the PCC worked closely with the Chief Constable to update the MTFP (2020/21 to 2023/24). Despite the late receipt of the Police Grant Settlement she submitted her budget and council tax proposals for 2020/21 to the Police and Crime Panel on 4th February 2020. The Panel endorsed her £10 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 2019/20, 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 2020/21 by the PCC at her Strategic Board on 16 January 2020. As part of the annual budget process the Priority Based Budgeting outcomes were also considered and considerations also given to running this process for the 2021/22 annual cycle.

The Force Executive Board reviews finance and workforce planning, performance and HMICFRS activity on a regular basis as well as the Strategic Risk register.

The Change and Continuous Improvement Board met every other month to review all change programmes in the Bedfordshire and the collaborated areas. 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 Board which is chaired by the Deputy Chief Constable.

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 2019/20 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 PCC, Chief Constable and relevant senior officers. JAC members also 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 2019 was presented at their JAC meeting on 29 November 2019. At that time the JAC was able, based on the information that they had considered collectively or knew about individually, to give assurance to the PCC and Chief Constable that the risk management and internal control environment in Bedfordshire was operating efficiently and effectively.

### **d) Internal audit**

The annual report of the Chief Internal Auditor for 2019/20 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 25 July 2019 BDO, the External Auditor, issued unqualified audit opinions in respect of the 2018/19 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)**

During 2019/20 HMICFRS published a number of reports containing recommendations or areas for improvement for Bedfordshire Police or policing in general. These are considered by the Force and PCC. All reports are available on the HMICFRS website:

<b>Date published by HMICFRS</b>	<b>National / Force Report</b>	<b>Report Types</b>	<b>Report Title</b>
01/04/19	National	Thematic	Fraud: Time to Choose - An inspection of the police response to fraud
04/04/19	National	Commissioned	Gangmasters and Labour Abuse Authority inspection
10/04/19	National	Commissioned	Stalking and harassment: An inspection of Sussex Police commissioned by the police and crime commissioner, and an update on national recommendations in HMICFRS's 2017 report.
11/04/19	Force	Thematic	Bedfordshire – National child protection post-inspection review

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02/05/19	National	PEEL	PEEL spotlight report: A system under pressure
25/07/19	Force	Thematic	Bedfordshire Police Crime Data Integrity re-inspection 2019
01/08/19	National	Thematic	Terrorism Act custody suites in England and Wales
03/09/19	National	Thematic	Leading Lights: An inspection of the police service's arrangements for the selection and development of chief officers
27/09/19	National	PEEL	Peel Spotlight Report: Emerging themes from the second group of 2018/19 PEEL inspections
27/09/19	National	Thematic	Shining a light on betrayal: Abuse of position for a sexual purpose
24/10/19	National	Thematic	Cyber: Keep the light on - An inspection of the police response to cyber-dependent crime
18/12/19	Force	JTAI	Joint targeted area inspection of the multi-agency response to children's mental health
10/01/20	National	Thematic	Both sides of the coin: An inspection of how the police and National Crime Agency consider vulnerable people who are both victims and offenders in 'county lines' drug offending
23/01/20	National	Thematic	Evidence led domestic abuse prosecutions
04/02/20	National	Thematic	The multi-agency response to child sexual abuse in the family environment
07/02/20	Force	PEEL	PEEL: Police effectiveness, efficiency and legitimacy 2018/19 - Bedfordshire
07/02/20	National	PEEL	PEEL spotlight report: Diverging under pressure – Overview of themes from PEEL inspections 2018/19
21/02/20	Force	Thematic	Joint inspection of police custody - Bedfordshire
27/02/20	National	Thematic	National Child Protection Inspections: 2019 thematic report
28/02/20	National	Thematic	A joint thematic inspection of Integrated Offender Management

09/03/20	National	Thematic	Counter-terrorism policing - An inspection of the police's contribution to the government's Prevent programme
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The HMICFRS national 'State of Policing – The Annual Assessment of Policing in England and Wales' report for 2018 was published on 4th July 2019. 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.

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.

As the country went into lockdown in March 2020 in response to COVID-19, HMICFRS took the decision to suspend all inspection activity and the publication of inspection reports to enable Forces to focus on the immediate requirements on policing. At the time of writing in May 2020, activity was still suspended with no clear indication of when it would recommence.

#### **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. 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 2019/20 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 2019/20 year; scrutiny and consideration of the PCC's 2020/21 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 two times during 2019/20. 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 2019/20

Governance of collaboration between forces across the Eastern region is undertaken at the Regional Governance Board. 4 meetings were held during 2019/20 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.

### **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 2019/20, the PCC and Chief Constable made and were successful in securing a Special Grant Claim totalling £3M, this alongside funding for VERU of £0.88M and Surge Funding of £1.2M 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 2020/21 and a further special grant bid has been submitted.

One significant issue was highlighted during the year, this being the limited assurance opinion from the Internal Auditors on Health and Safety. The recommendations from that report have been acted upon and a follow up audit has provided assurance that improvements have been made in quick response, but it will be an area that continued focus will need to be on during 2020/21.

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.

As mentioned above it should be recognised that the coronavirus pandemic (COVID-19) impacted on governance during March 2020 and continues to do so. As such we need to ensure that the AGS is current at the time of publication so it is essential that the AGS also reflects the ongoing impact of COVID-19 on governance.

To that end, the Addendum to the AGS specifically addresses the challenges and impact of COVID-19 on our governance and our response to it.

As identified in the attached Addendum, the impact on governance arising from the COVID-19 crisis, and from the changed environment in which TVP will be operating, remains ongoing at the time of publication of this document. This is therefore a significant potential governance issue to be monitored and addressed as necessary in 2020/21.

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

### **ADDENDUM**

#### **REFLECTING THE CHALLENGES FROM CORONAVIRUS**

Coronavirus will have impacted on governance during March 2020 and thereafter, including up to the time of publication of writing this report (i.e. June 2020). The impact on governance will be felt by all public sector organisations including, for example, changes to decision-making arrangements and the conduct of meetings, many of which are now moving to being conducted online. The Coronavirus pandemic has also led the force and partners to consider whether existing priorities remain valid or whether adjustment is required in the short, medium or long term.

As such, we need to ensure that the AGS is current and relevant on publication so it is essential that the AGS also reflects the ongoing impact of COVID-19 on governance.

These impacts fall into the following broad categories:

#### **a) Impact on business as usual in the delivery of services**

##### **Force**

In response to the onset of COVID-19 the Force established a Gold Command structure, declaring both a Major Incident and Critical Incident. Further to this, a Strategic Coordination Group was established as per the Local Resilience Forum arrangements for dealing with emergencies.

It was recognised that the current outbreak of the Coronavirus within the UK may escalate to a point where it impacts on the ability of Bedfordshire Police to deliver 'Business as Usual'. A number of impacts were anticipated, including but not restricted to the temporary incapacitation of our own officers and staff, the requirement to assist partner agencies to protect life, and address public concern over infection. Business Continuity was therefore was a central strand of our structure, requiring us to quickly

establish critical functions for each policing business area (operational and organisational), drawing on the force strategic business continuity plans and pandemic response plans.

Resilience and abstraction rates were reported into the Gold Commander on a daily basis, alongside the operating status for each business area. An assessment of each business area's ability to deliver its critical functions was produced using the following NPCC withdrawal of service assessment scale:

- Blue – business as usual - no functions disrupted other than normal demand deviations and levels of sickness.
- Green – moderate temporary impact- there are some occasions where demand is exceeding capacity or where there are abnormal levels of sickness and absenteeism.
- Amber – moderate sustained impact – crucial activities cannot be sustained due to demand being exceeded or where there are levels of sickness which require non-critical activities being re-deployed for a sustained period of time.
- Red – severe impact – inability to meet demand or there are significant levels of sickness / absenteeism, resulting in officers and staff being deployed from 'desirable' critical services.

The scale was considered on a daily basis to assess any acute spikes in demand or inadequacies of resource, but was also considered more comprehensively during bi-weekly gold group meetings.

The majority of business areas did not report a drop below 'Green', and a number of those that moved have subsequently returned to 'Blue'. A small number of areas entered amber for a short amount of time, but this was largely due to pre-existing capacity and demand challenges within those teams.

Significant fluctuations in demand were experienced within our force contact centre throughout the crisis, largely triggered by new regulations being passed in respect of social distancing and public gatherings. Warm weather, in particular, led to a number of spikes in demand including a record high number of incidents being recorded on two days over a weekend. In our assessment, at no point has our ability to respond to emergency calls been compromised. Weekly demand and impact assessments, alongside intelligence briefings, indicate that there has not been an impact on the Force's ability to respond to calls for service or victims of crime.

Policies and processes were reviewed to enable a more agile approach to delivering services. Early action from our gold group resulted in widespread roll-out of mobile devices and improvements to the ICT network, this enabling the majority of the Force to keep working from home or in a social-distant environment, even if subject to a period of infection or self-isolation.

In conjunction with the Local Resilience Forum and regional procurement teams, the Silver Commander oversaw the sourcing of increased amounts of Personal Protective Equipment (including facemasks, disposable gloves, hand sanitiser and wipes) for frontline staff and offices.

Within the gold command structure, we established a Welfare Cell, to support individuals around the force in the cases of remote working, illness, self-isolation and bereavement. This cell also supported the work of risk assessment for vulnerable individuals, including BAME officers and staff.

A programme of regular and timely communications was established to ensure the delivery of clear operational Guidance alongside health, safety and wellbeing advice. Where required, these messages were shared with our tri-force communications team

in order to achieve consistency of messages within collaborated functions.

Recognising the status of this crisis as a national emergency, major incident and critical incident, some strategic functions, and non-critical policing activities were suspended to enable a focus on immediate requirements and critical functions, reducing management burdens being essential to ensuring a state of readiness within the organisation.

### **OPCC**

OPCC services and functions were prioritised by the Chief Executive as soon as the national COVID-19 'lockdown' restrictions were implemented in late March 2020.

Following that prioritisation review, the majority of OPCC staff who already had an allocated laptop computer were able to work from home in line with Government advice, whilst delivering services remotely with a minimised impact on 'business as usual'.

The OPCC team have maintained daily telephone contact during the 'lockdown' period to monitor service delivery performance and address practical problems and issues affecting the effectiveness and productivity of staff. Furthermore, in line with the Welfare Policy to manage the impact of COVID-19, OPCC managers and supervisors have engaged in regular weekly telephone contact with staff to monitor their welfare and wellbeing. The OPCC Chief Executive wrote a Covid-19 Policy for the way in which the team were going to operate from a home location and all staff were briefed in detail from this work.

As a result, key service delivery (including closure of accounts and victim support services) has largely continued on a 'business as usual' basis.

#### **b) New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g.**

- Implementation of new policies and processes
- Emergency assistance

### **Force**

The introduction of emergency legislation and policing powers was managed through the Gold Command structure, with clear guidance being issued to officers and staff, alongside a review of policy / procedure to ensure all areas relevant to policing were captured. Prior to using enforcement powers, there was a requirement for officers to watch a video regarding style and approach, and also to work through the briefing package with a supervisor. The enforcement of the legislation was closely monitored and regularly reported into Gold Command. The issuing of Fixed Penalty Notices for breaching lockdown measures was further reported nationally.

Bedfordshire's Gold Commander played an active role in the Strategic Co-ordination Group of the Bedfordshire and Luton Local Resilience Forum (LRF), and the Bedfordshire Police Silver Commander served as deputy chair to the LRF Tactical Co-ordination Group. Bedfordshire Police also took on responsibility for coordinating the Multi Agency Information Cell and the LRF PPE Cell.

### **OPCC**

The national prioritisation of, and the Force's policing response to, COVID-19 has resulted in the re-deployment of Force personnel to tackling the public impact of the pandemic. Accordingly, the PCC has publicly supported the Force in terms of its local operational policing response to COVID-19.

The Chief Executive of the OPCC has engaged with the Force's 'Gold' group overseeing and managing the Force's overall response to COVID-19 in a coordinated fashion and the PCC has maintained regular communications with the Chief Constable. This approach has enabled the PCC to continue to exercise effective governance and oversight of the Force's activities, decision-making processes, operational policing tactics and performance during an extremely fluid and fast-changing period of time, whether in respect of COVID-19 or 'business as usual' related activities.

The OPCC has recently taken the governance of the charity Bedfordshire Police Partnership Trust and therefore was able to apply some immediate responses in place for support in the community. They co-ordinated emergency food parcels to elderly and vulnerable victims of crime who were in lockdown and were also able to supply the funds for emergency information to be delivered.

**c) The funding and logistical consequences of delivering the local policing response, e.g.**

- Changes to statutory meetings and decision-making arrangements
- New collaborative arrangements
- Funding and cash flow challenges

**Force**

Where possible, the Force has continued to produce audit and performance reports to inform existing governance forums and provide assurance. For example, the Force Executive Board have continued to meet throughout the crisis in order to provide oversight of the response to Covid-19. The force operations board and the force performance board have also continued to meet regularly so that wider impacts of the Covid-19 pandemic can be assessed and, where necessary, mitigated.

After an initial pause of external scrutiny groups (e.g. Stop and Search, use of force), technological solutions have been found to allow these to recommence. In addition, we were able to hold a scrutiny panel in relation to our use of Covid-19 enforcement powers.

Gold Command convened a bi-weekly gold group meeting in the initial phase, moving to once per week as the flow of information and situation stabilised. During the initial stages, ad-hoc meetings were put in place, sometimes at short notice, to enable a swift response to any unforeseen matters arising.

Telephone conferences, skype and Microsoft Teams have enabled most meetings and forums to continue through the pandemic.

Whilst some continuous improvement functions were temporarily paused to allow officers and staff to focus on immediate requirements, the net result has been an improved platform from which to direct our evolution from this crisis (described further below).

In May, the force Evolution strategy was developed and signed-off by Covid-19 Gold command, recognising the need and opportunities to improve the organisation rather than simply return to an old normal state. The Evolution group, sitting alongside the

Operational Silver, has a direct path into Gold and allows us to deal with both operational threats and challenges alongside those organisational development opportunities.

Organisational learning has been proactively sought and captured throughout the Force's response to Covid-19, with a dedicated learning log established at the outset of this crisis. Learning is being used to inform decision-making concerning the Force's ongoing response to COVID-19 and the evolution phase.

Within the LRF structures, discussions continue in relation to implementation of a Recovery Coordination Group.

The financial impact of Covid-19 on the public sector generally, and specific to Bedfordshire Police is a work-stream that continues to be worked through. It is anticipated that uplift grants will be split to enable forces to recover costs incurred from Covid-19, though the detail on how this will work remains unclear. Currently Bedfordshire Police face an overspend of circa £2.5M as a result of Covid-19; this represents both costs incurred and loss of income (e.g. Luton Airport).

### **The OPCC**

The OPCC has managed several funds from the MOJ issued for victim support. These funds have been issued and validated with research through gap analysis with partners. The OPCC has been working with all partners every four weeks during the pandemic to understand the pathways still available.

The OPCC are involved in the evolution phase of the Force's structure and are offered assurance around value and lessons learned.

The OPCC have been able to continue with all meetings and processes apart from the ICV Independent Custody Visitor programme due to the vulnerability of a large proportion of the volunteers in this arena. In its place we are conducting a dip sampling of all reports every week to ensure there is ongoing continuity of the scrutiny and support that this role performs.

### **d) Assessment of the longer-term disruption and consequences arising from the coronavirus pandemic, e.g.**

- Existing projects and programmes that may have been put on hold
- New priorities and objectives introduced
- New risks identified or existing risks escalated

### **Force**

Bedfordshire Police have developed some threat assessment modelling tools to help demonstrate where critical risks and issues will occur depending on a range of different scenarios. These tools use modelling based on experience to date as well as analysis of demand data and public health information. The scenarios, through Gold and 'Our Evolution' group are then be used to support departmental contingency planning. Our approach has been shared nationally and adopted by several forces.

In response and to deliver against our objective to secure a return to normality, recognising the opportunities for improvement, the force has set up a new board. "The new board will be known as Our Evolution" and will have an overarching aim "To progress learning and innovation from the response to COVID 19; provide modelling

*and governance proposals to prepare for a return to the 'new normal' whilst ensuring the wellbeing of the Force"*

A plan for the board has been set to deliver against our strategic objective to ensure that learning is captured and that opportunities identified are exploited throughout the outbreak and beyond. We recognise that we will be presented with opportunities that will enable us to drive wider organisational and cultural change that may be a direct or indirect result of COVID 19. As an example, we are going to make some early recommendations about the role of existing force strategic meetings so that we maintain momentum in addressing these without overly complicating governance arrangements or creating management burden. All opportunities will be developed with short, medium and long-term plans/strategies by workstream leads, the workstreams we are developing;

1. Wellbeing
2. Learning and Innovation
3. Partnerships

All workstreams will be supported by the cross cutting enabling functions i.e.: Estates, HR, Communications, ICT, Support networks, procurement etc. We are fully engaged with Cambridgeshire, Hertfordshire, BCH teams, College of Policing and the national Op Talla briefings and learning.

This board will also develop scenarios that provide an understanding of requirements in response to changes in government alert levels that the silver cell can prepare operational policing for.

Our silver command and silver cell continue to be responsible for the operational policing response to changes in the government guidelines on a day to day basis supporting the overarching aim from the gold strategy.

## **OPCC**

At this time, no significant existing projects and work programmes have been put on hold as the majority of the Police and Crime Plan 2016-2020 was completed by April 2020. The PCC has introduced some new priorities for the year 2020/21 and are in direct response to the pandemic, these can be viewed on the OPCC Website:

<https://www.bedfordshire.pcc.police.uk/fluidcms/files/files/Fifth-Year---May-2020---April-2021.pdf>

In terms of COVID-19 related risk management, the main risks identified have been logged on the Strategic Risk register for the OPCC and are presented to the Joint Audit Committee after coming from the Business Review Meeting.

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**Garry Forsyth**  
Chief Constable of Bedfordshire Police

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**Philip Wells**  
Chief Finance Officer

## Comprehensive Income and Expenditure Statement

This statement recognised the financial resources consumed at the request of the Chief Constable in exercising day-to-day direction and control of the police force for the financial year, presented using accounting standards rather than amounts being funded from taxation.

The Comprehensive Income & Expenditure Statement includes the intra-group transfer of funding from the PCC to the Chief Constable to cover resources consumed; the resulting balance of Total Comprehensive Income & Expenditure reflects the movement in employees' liability during the year.

2018/19 – Restated				2019/20			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
64,620	-601	64,019	Policing	67,308	-588	66,720	
47,017	-1,617	45,400	Collaborated Units	49,666	-1,709	47,957	
41,443	-6,483	34,960	Corporate & Support Services	58,105	-7,134	50,971	
51,349	0	51,349	Exceptional Items – Pension Past Service Costs	0	0	0	6
<b>204,429</b>	<b>-8,701</b>	<b>195,728</b>	<b>Cost of Services</b>	<b>175,079</b>	<b>-9,431</b>	<b>165,648</b>	
		0	Other Operating Income & Expenditure			0	
		30,208	Financing & Investment Income & Expenditure			31,809	10
		-144,258	PCC Funding for Financial Resources Consumed			-148,718	4
		<b>81,678</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>48,739</b>	
		32,097	Re-measurements of the net defined benefit liability			-111,841	
		<b>32,097</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>-111,841</b>	
		<b>113,775</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>-63,102</b>	



## Movement in Reserves Statement

This statement shows the movement in the 2017/18 and 2018/19 financial years on the reserves held by the Chief Constable. The only transactions shown are those that relate to the Pensions Reserve and the Accumulated Absences Reserve (reflecting movements relating to staff and officers under the direction and control of the Chief Constable). All other reserves are held by the Commissioner.

	Total Usable Reserves (Police Fund)	Unusable Reserves	Total Reserves
	£'000	£'000	£'000
<b>Balance as at 31<sup>st</sup> March 2018</b>	<b>0</b>	<b>1,188,963</b>	<b>1,188,963</b>
<b><u>Movement In Reserves during 2018/19</u></b>			
(Surplus) or deficit on provision of services	81,678	0	81,678
Other Comprehensive Income & Expenditure	0	32,097	32,097
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>81,678</b>	<b>32,097</b>	<b>113,775</b>
Adjustments between accounting basis & funding basis under regulations (note 6)	-81,678	81,678	0
<b>(Increase) / Decrease in Year</b>	<b>0</b>	<b>113,775</b>	<b>113,775</b>
<b>Balance as at 31<sup>st</sup> March 2019</b>	<b>0</b>	<b>1,302,738</b>	<b>1,302,738</b>
<b><u>Movement In Reserves during 2019/20</u></b>			
(Surplus) or deficit on provision of services	48,739	0	48,739
Other Comprehensive Income & Expenditure	0	-111,841	-111,841
<b>Total Comprehensive Income &amp; Expenditure</b>	<b>48,739</b>	<b>-111,841</b>	<b>-63,102</b>
Adjustments between accounting basis & funding basis under regulations (note 6)	-48,739	48,739	0
<b>(Increase) / Decrease in Year</b>		<b>-63,102</b>	<b>-63,102</b>
<b>Balance as at 31<sup>st</sup> March 2020</b>	<b>0</b>	<b>1,239,636</b>	<b>1,239,636</b>

## Balance Sheet

As at 31 <sup>st</sup> March 2019 (Restated)		As at 31 <sup>st</sup> March 2020	Note
£'000		£'000	
<b>0</b>	<b>Non-Current Assets</b>	<b>0</b>	
131	Inventories	60	
10,271	Short Term Debtors & Payments in Advance	8,672	15
10,677	Intra –group Debtors	18,083	15
<b>21,079</b>	<b>Current Assets</b>	<b>26,815</b>	
-24,190	Short Term Creditors	-29,639	16
<b>-24,190</b>	<b>Current Liabilities</b>	<b>-29,639</b>	
-1,298,836	Liability Relating to Defined Benefit Pension Schemes	-1,235,871	28
-792	Provisions	-941	17
<b>-1,299,628</b>	<b>Non-Current Liabilities</b>	<b>-1,236,812</b>	
<b>-1,302,738</b>	<b>Net Assets</b>	<b>-1,239,636</b>	
1,302,738	Unusable Reserves	1,239,636	18
<b>1,302,738</b>	<b>Total Equity</b>	<b>1,239,636</b>	

The balance sheet sets out the assets, liabilities and reserves at the year end. As previously mentioned the Chief Constable does not own any non-current assets 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. However the Chief Constable is deemed to hold the employment liabilities associated with the employees under their direction and control which are matched by a negative unusable reserve. In addition working capital balances are recognised relating to expenditure consumed and income generated under the control of the Chief Constable, these are matched by an Intra-group Debtor to reflect the amount due from the Commissioner in order for the Chief Constable to meet these overall liabilities.

These accounts are draft and subject to audit



Philip Wells  
Chief Finance Officer to the Chief Constable  
30 June 2020

## Cash Flow Statement

As at 31 <sup>st</sup> March 2019		As at 31 <sup>st</sup> March 2020	Note
£'000		£'000	
-81,678	Net surplus or (deficit) on the provision of services	-48,739	19
81,678	Adjust net surplus or deficit on the provision of services for noncash movements	48,739	
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0	
<b>0</b>	<b>Net cash flows from Operating Activities</b>	<b>0</b>	
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	
<b>0</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>0</b>	

This statement reflects that all cash balances are held by the Police & Crime Commissioner.

## Notes to the Accounts

### Note 1: Accounting Policies

#### **A. General**

The Statement of Accounts summarises the transactions for the 2019/20 financial year and the position of the Chief Constable as at 31<sup>st</sup> March 2020. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom for 2019/20, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice.

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

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

The Chief Constable 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 consumption of goods and services needs to be recognised in the relevant financial year, but cash has not been paid a creditor or debtor for the relevant amount, is recorded in the group Balance Sheet.

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

- (i) Overtime paid to Police staff which has been claimed after the end of the financial year is not accrued;
- (ii) Utility charges 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.

#### **D. Pensions**

As part of the terms and conditions of employment the Group offers retirement benefits for Police Officers and Staff. Both Schemes provide members with defined benefits related to pay and service.

**(i) 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 28.

**(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 the applicable IAS19 charges included in the accounts are determined by two separate Actuarial Reports for the Chief Constable and for the Commissioner's employees.

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 police pension schemes are disclosed separately. These payments are unfunded and are paid directly by the 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 actuarial gains / losses.

This obligation to pay pensions benefits in the future is recognised as a liability in the Chief Constable for Bedfordshire's balance sheet. In the 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 following items should be noted:

- 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:

- The current service cost (the increase in liabilities as a result of years of service earned this year) is allocated to the relevant service line in the Comprehensive Income and Expenditure Statement
- 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 as part of Corporate Costs.
- 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.
- 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 group of liabilities or events that reduce the expected long term return) are debited / credited to the Comprehensive Income and Expenditure Statement as part of Corporate Costs.

- 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 employer's 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 Chief Constable's pension schemes and this liability is matched by an unusable reserve.

#### **E. Officers' Emoluments**

Officers' Emoluments are disclosed in Note 20 to 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.

#### **F. VAT**

VAT is included in the accounts of the Chief Constable for Bedfordshire, only to the extent that it is not recoverable. VAT receivable is excluded from income.

#### **G. Leases**

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased property, plant or equipment. 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).

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 Chief Constable has assessed its leases and determined that all leases are treated as operating leases.

The Chief Constable has no leases where it is the lessor.

#### **H. 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. 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 as a liability on the Chief Constable's balance sheet and reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement. The accumulated cost is carried entirely as a liability on the Chief Constable's balance sheet which therefore contains a nominal amount relating to staff employed by the Commissioner, this is judged not to be material therefore no split is required and this judgement is kept under review.

#### **I. 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.

#### **J. 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.

#### **K. 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 Chief Constable for Bedfordshire's financial performance.

#### **L. Joint Operations**

Joint operations are activities undertaken by the Chief Constable for Bedfordshire in conjunction with other third parties that involve the joint use of assets and resources, rather than the establishment of a separate entity. The Comprehensive Income & Expenditure Statement is debited with the expenditure it incurs from the activity of the operation. As the PCC receives all funding, any grant receivable from the structure of the arrangement will be credited to the Comprehensive Income and Expenditure Statement of the PCC. The PCC then credits the Chief Constable with an equivalent amount through the intra-group funding. Assets purchased by Joint Operations are shared between the parties and each recognises only their own share on their balance sheet.

#### **M. Overheads and Support Services**

The costs of overheads and support services are shown in the areas they are budgeted for and managed within the organisation. The Expenditure and Funding Analysis and the Comprehensive Income & Expenditure Statement reflect the headings to which the organisation reports expenditure to the senior decision makers within the organisation.

#### **N. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are made when an event has taken place that gives the Chief Constable for Bedfordshire 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 Chief Constable for Bedfordshire 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.

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.

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 an uncertain future event not wholly within the organisations control. Contingent liabilities also arise in circumstances 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.

#### **O. 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 for the prior period.

## P. 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 is 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.

## Note 2 Expenditure and 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 excepted 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 excepted accounting practices is presented more fully in the Comprehensive Income & Expenditure Statement.

2018/19 - Restated				2019/20			Notes
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	
£'000	£'000	£'000		£'000	£'000	£'000	
64,019	0	64,019	Policing	66,720	-	66,720	
45,429	-28	45,400	Collaborated Units	48,010	54	47,956	
19,333	15,627	34,960	Corporate & Support Services	22,085	28,887	50,972	
0	51,349	51,349	Exceptional Items – Pension Past Service Cost	0	0	0	
<b>128,781</b>	<b>66,947</b>	<b>195,728</b>	<b>Net Cost of Services</b>	<b>136,815</b>	<b>28,833</b>	<b>165,648</b>	
-128,781	14,731	-114,050	Other Income & Expenditure	-136,815	19,907	-116,908	
<b>0</b>	<b>81,678</b>	<b>81,678</b>	<b>(Surplus) or Deficit</b>	<b>0</b>	<b>48,740</b>	<b>48,740</b>	6,7
<b>0</b>			<b>Opening General Fund Balance</b>	<b>0</b>			
<b>0</b>			<b>Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.</b>	<b>0</b>			
<b>0</b>			<b>Closing General Fund Balance as at 31 March</b>	<b>0</b>			



**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. The adjustments between funding and accounting basis are to incorporate the additional pension costs recognised under IAS19 into the Corporate & Support Services heading going forward as this will allow more meaningful comparisons to be made in the other service reporting headings.

The Expenditure & Funding Analysis:

	2018/19 - Original Values			2018/19 - Adjustment Values		2018/19 Re-stated
	Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Adjustment to Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Policing	66,555	10,600	77,155	-2,536	-10,600	64,019
Collaborated Units	45,429	5,287	50,716	0	-5,315	45,400
Corporate & Support Services	16,797	-289	16,508	2,536	15,916	34,960
Exceptional Items	0	51,349	51,349	0	0	51,349
<b>Net Cost of Services</b>	<b>128,781</b>	<b>66,947</b>	<b>195,728</b>	<b>0</b>	<b>0</b>	<b>195,728</b>

The Comprehensive Income and Expenditure Statement:

	2018/19 - Original Values				2018/19 Re-stated
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Net Expenditure	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	
Policing	77,776	-621	77,155	-13,136	64,019
Collaborated Units	52,333	-1,617	50,716	-5,316	45,401
Corporate & Support Services	22,971	-6,463	16,508	18,452	34,960
Exceptional Items	51,349	0	51,349	0	0
<b>Net Cost of Services</b>	<b>204,429</b>	<b>-8,701</b>	<b>195,728</b>	<b>0</b>	<b>195,728</b>

#### **Note 4: PCC Funding for Resources Consumed / Intra-Group Adjustments**

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>	2019/2020	2018/2019
	£'000	£'000
Net Cost of Services (Chief Constable)	165,648	195,728
Financing & Investment Income & Expenditure	31,809	30,208
Actuarial (gain) / loss on pension assets / liabilities	-111,841	32,097
<u>Adjust for Movement in Unusable Reserves:</u>		
Pensions Reserve	62,965	-113,592
Accumulated Absences Reserve	137	-183
<b>Total Funding Transfer</b>	<b>148,718</b>	<b>144,258</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 in the form of an Intra-group creditor /

debtor.

Intra-group Debtor / Creditor	2019/2020 £'000	2018/2019 £'000
Chief Constable's Creditors & Receipts in Advance	25,994	20,288
Chief Constable's Provisions	941	791
Chief Constable's Current assets (excluding PCC Debtor)	-8,852	-10,402
<b>Total Owing to Commissioner</b>	<b>18,083</b>	<b>10,677</b>

This has the effect of showing working capital on the Chief Constable's balance sheet which is 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 – 2018/19</b>			
PCC Funding for Resources Consumed	-144,258	144,258	0
<b>Comprehensive Income &amp; Expenditure Statement – 2019/20</b>			
PCC Funding for Resources Consumed	-148,718	148,718	0
<b>Balance Sheet – 2018/19</b>			
Intra Group Creditor / Debtor	10,677	-10,677	0
<b>Balance Sheet – 2019/20</b>			
Intra Group Creditor / Debtor	18,083	-18,083	0

#### **Note 5: Standards Issued but not yet Adopted**

- Amendments to IAS28 Investments in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015-2017 Cycle
- Amendments to IAS19 Employee Benefits: Plan amendment, curtailments and settlements.

Changes to these accounting standards are included in the 2020/21 CIPFA Code of Practice and once adopted may require disclosure in 2020/21 depending on their impact. Changes to IFRS 16 were anticipated in 2020/21 but have been deferred until 2021/22.

#### **Note 6: Exceptional Items**

For 2018/19 this relates to claims of unlawful discrimination as in December 2018 the court of appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some pension scheme members as part of the reform to public sector pensions amounted to unlawful discrimination. The exact compensatory arrangements are yet to be finalised but are recognised as far as possible in the 2018/19 financial year under the heading Exceptional Items in the Comprehensive Income and Expenditure Statement. An allowance for 'better off' benefits was not included in 2018/19 and is included in the current service cost for 2019/20 instead as per the actuarial report. It is anticipated that the proposals to provide a remedy for the police scheme may be drafted this summer, before the final accounts are published therefore developments will be kept under review for inclusion as a potential event after the reporting period.

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

Adjustments between Accounting and Funding Basis

Chief Constable – 2019/20	Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Policing	0	0	0	0
Collaborated Units	-54	0	0	-54
Corporate / Support Services	-848	29,823	-112	28,863
<b>Cost of Services</b>	<b>-903</b>	<b>29,823</b>	<b>-112</b>	<b>28,808</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	0	31,835	-11,905	19,930
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-902</b>	<b>61,658</b>	<b>-12,017</b>	<b>48,739</b>

Chief Constable - 2018/19 (Restated)	Adjustments for Capital Purposes £'000	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Policing	0	0	0	0
Collaborated Units	-28	0	0	-28
Corporate / Support Services	-274	15,729	172	15,627
Exceptional Items		51,349	0	51,349
<b>Cost of Services</b>	<b>-303</b>	<b>67,077</b>	<b>172</b>	<b>66,947</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	0	14,420	310	14,730
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-303</b>	<b>81,497</b>	<b>482</b>	<b>81,678</b>

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

<b>Chief Constable</b>	<b>2019/20</b>	<b>2018/19</b>
<b>Expenditure / Income</b>	<b>£'000</b>	<b>£'000</b>
<b>Expenditure</b>		
Employee benefits expenses	184,078	213,605
Other services expenses	22,812	21,032
<b>TOTAL EXPENDITURE</b>	<b>206,890</b>	<b>234,637</b>
<b>Income</b>		
Fees, charges and other service income	-9,432	-8,701
Funding from Police & Crime Commissioner	-148,718	-144,258
<b>TOTAL INCOME</b>	<b>-159,150</b>	<b>-152,959</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>47,739</b>	<b>81,678</b>

**Note 9: Adjustments Between Accounting Basis & Funding Basis**

This note details the adjustments that are made to the Chief Constable's available resources in the Total Comprehensive Income and Expenditure Statement in accordance with proper accounting practice.

<b>2019/2020 – Usable Reserves</b>				
	<b>Police Fund</b>	<b>Capital Receipts 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 Compensated Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	137	0	0	-137
<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	-82,029	0	0	82,029
Employer's pension contributions and direct payments to pensioners	33,152	0	0	-33,152
<b>TOTAL ADJUSTMENTS</b>	<b>-48,740</b>	<b>0</b>	<b>0</b>	<b>48,740</b>

2018/2019 – Comparative Figures – Usable Reserves				
	Police Fund	Capital Receipts Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments involving the Compensated Absences Adjustment Account:</b>				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-182	0	0	182
<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	-114,161	0	0	114,161
Employer's pension contributions and direct payments to pensioners	32,665	0	0	-32,665
<b>TOTAL ADJUSTMENTS</b>	<b>-81,678</b>	<b>0</b>	<b>0</b>	<b>81,678</b>

#### **Note 10: Financing & Investment Income & Expenditure**

2018/19 £'000		2019/20 £'000
27,900	<i>Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions</i>	29,580
2,297	<i>Pensions Interest Cost and Expected Return on Pension Assets – LGPS</i>	2,255
11	Impairment Allowance – Doubtful Debts	-26
<b>30,208</b>	<b>Total</b>	<b>31,809</b>

#### **Note 11: 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 Chief Constable 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 Chief Constable 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 the ruling on age discrimination in the McCloud case, where members approaching retirement age received protected benefits moving to the career average relevant earnings scheme from the final salary scheme but employees more than 10 years from retirement did not receive this underpin of benefits, Government will have to remedy the discrimination in the LGPS and in Police and Fire Schemes. The form and the extent of the remedy is still unclear and therefore actuaries have had to make assumptions regarding this in order to provide the organisation with the additional past service costs which were included in 2018/19 and have been subsequently revalued in 2019/20 with changes shown in actuarial gains / losses.
- Following a ruling on gender discrimination the courts found that UK defined benefit schemes must equalise Guaranteed Minimum Pensions (GMP). On 22 January 2018, the Government published the outcome to its *Indexation and equalisation of GMP in public service pension schemes* consultation, concluding that the requirement for public service pension schemes to fully price protect the GMP element of individuals' public service pension would be extended to those individuals reaching State Pension Age (SPA) before 6 April 2021. The actuaries for the LGPS scheme Barnett Waddingham have assumed for their valuation that the pension fund will pay limited increases for members that have reached SPA by 6 April 2016, with the Government providing the remainder of the inflationary increase. For members that reach SPA after this date, we have assumed that the Fund will be required to pay the entire inflationary increase. Therefore we do not believe we need to make any adjustments to the value placed on the liabilities as a result of the above outcome.

## **Note 12: 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 judgements 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:

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries 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 28 along with a sensitivity analysis of the key assumptions used. There is a high level of uncertainty surrounding the impact Brexit, it is therefore not possible to predict how the financial markets and therefore the asset values and discount rates, will change as a consequence of Brexit. The assumption has been made that this will not significantly impact the pension scheme liabilities.
- Key estimation uncertainties highlighted by GAD in their calculation of the McCloud impact liability are age profile of membership, salary assumptions and the active proportion of liability.

## **Note 13: 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	2019/20		2018/19	
	The Chief Constable		The Chief Constable	
	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000
<u>Debtors:</u>				
Amortised Cost	0	5,143	0	6,210
<u>Investments:</u>				
Amortised Cost	0	0	0	0
<u>Cash</u>				
Amortised Cost	0	0	0	0
<b>Total Financial Assets</b>	<b>0</b>	<b>5,143</b>	<b>0</b>	<b>6,210</b>
Non Financial Assets	0	21,184		14,869
<b>Total</b>	<b>0</b>	<b>26,755</b>	<b>0</b>	<b>21,079</b>
Financial Liabilities	2019/20		2018/19	
	The Chief Constable		The Chief Constable	
	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000
<u>Creditors:</u>				
Amortised Cost	0	21,184	0	17,351
<u>Borrowings:</u>				
Amortised Cost	0	0	0	0
<b>Total Financial Liabilities</b>	<b>0</b>	<b>21,184</b>	<b>0</b>	<b>17,351</b>
Non Financial liabilities	0	8,455	0	6,839
<b>Total</b>	<b>0</b>	<b>26,639</b>	<b>0</b>	<b>24,190</b>

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 2019/20 and all remain at amortised cost.

#### Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.



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 Chief Constable			
	2019/20		2018/19	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>				
PWLB Borrowing	0	0	0	0
Creditors & Receipts In Advance	21,184	21,184	17,351	17,351
<i>Loans and Receivables:</i>				
Short-Term Investments	0	0	0	0
Debtors and Payments in advance	5,143	5,143	6,210	6,210
Instant Access Bank Deposit Accounts	0	0	0	0
Imprest & Cash	0	0	0	0

The differences between carrying amount and fair value for PWLB borrowing and short term investments is due to the PCC for Bedfordshire's portfolio of loans and investments being taken out at higher interest rates than those available in the market at 31 March 2019. 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 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.

No financial instruments have been re-classified during 2019/20

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 fair value of trade and other receivables is taken to be the invoiced or billed amount

**Note 14: Lease Rentals**

The PCC for Bedfordshire has no finance leases, but 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 2019/20 was £0.545M (£0.613M for 2018/19).

At 31 March 2019 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	332	742	54	1,128

#### **Note 15: Debtors & Payments In Advance**

2018/19 £'000		2019/20 £'000
4,289	Trade Receivables	818
-43	Less Expected Credit Losses	-15
0	Council Tax	0
2,694	Other Receivables	4,514
3,331	Prepayments	3,355
<b>10,271</b>	<b>Short Term Debtors at 31<sup>st</sup> March</b>	<b>8,672</b>
10,677	Amount Owed by PCC	18,063
<b>20,948</b>	<b>Total Amounts Due within 1 Year</b>	<b>26,735</b>

#### **Note 16: Creditors**

The creditors of the Chief Constable for Bedfordshire can be analysed as follows:

2018/19 £'000		2019/20 £'000
2,449	Trade Payables	3,313
17,538	Other Payables - Capital & Revenue	20,568
301	Other Payables - Employees	281
0	Receipts in Advance	1,712
3,902	Short Term Accumulating Absences	3,765
<b>24,190</b>	<b>Short Term Creditors 31<sup>st</sup> March</b>	<b>29,639</b>

#### **Note 17: Provisions**

The following provisions are made in the Chief Constable's accounts:

	Insurance	Transport Consortium Insurance	Total
	£'000	£'000	£'000
<b>Balance as at 1<sup>st</sup> April</b>	<b>480</b>	<b>312</b>	<b>792</b>
Amounts used in 2018/19	-480	-312	-792
Provision made in 2019/20	329	612	941
<b>Balance as at 31<sup>st</sup> March</b>	<b>329</b>	<b>612</b>	<b>941</b>

#### Insurance

All of the employer's liability and public liability claims are individually insignificant. Provision is made for those claims where it is deemed probable that a settlement will be made based on past experience of court decisions about liability and the amount of damage payable. The Chief Constable for Bedfordshire may be reimbursed by its insurers, but until claims are actually settled no income is recognised as the insurers will only reimburse amounts above a £0.350M excess or if the stop loss for the year is exceeded. The majority of the higher value claims take more than 1 year to be resolved.

#### Transport Consortium Insurance

The provision is made to meet the value of outstanding claims as defined by the Chiltern Transport Consortium, an excess of £0.350M applies.

It is deemed that the cost of these insurance claims are under the direction and control of the Chief Constable as these relate to actions arising from the day to day operational control exercised by the Chief Constable.

### **Note 18: Unusable Reserves**

2018/19 £'000		2019/20 £'000
96,826	Pensions Reserve – LGPS	96,501
1,202,010	Pensions Reserve – Police Pensions	1,139,720
3,902	Accumulated Absences Account	3,765
<b>1,302,738</b>	<b>Total Unusable Reserves</b>	<b>1,239,636</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. Although the costs of employment benefits are shown in the Chief Constable's accounts the PCC funds this by way of an intra-group adjustment and maintains this un-usable reserve.

2018/19 £'000		2019/20 £'000
<b>3,719</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>3,902</b>
-3,719	Cancellation of accrual made at the end of the preceding year	-3,902
3,902	Amounts accrued at the end of the current year	3,765
<b>3,902</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>3,765</b>

#### 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.

2018/19 £'000	Pension Reserve Local Government Scheme	2019/20 £'000
<b>88,205</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>96,826</b>
-396	Re-measurements of the net defined benefit liability.	-9,111
15,321	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	15,449
-6,304	Employer's pension contributions and direct payments to pensioners payable in the year	-6,663
<b>96,826</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>96,501</b>

2018/19 £'000	Pension Reserve Police Pension Scheme	2019/20 £'000
<b>1,097,037</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>1,202,010</b>
32,494	Re-measurements of the net defined benefit liability	-102,730
98,840	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	66,580
-26,361	Employer's pension contributions and direct payments to pensioners payable in the year	-26,490
<b>1,202,010</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>1,139,370</b>

**Note 19: Cash Flow Statement – Operating Activities**

2018/19		2019/20
The Chief Constable £'000		The Chief Constable £'000
<b>81,678</b>	<b>Net surplus or deficit on the provision of services</b>	<b>48,739</b>
533	Contributions (to) / from provisions	-149
0	Capital Grants	0
0	Depreciation & Impairment	0
-81,497	IAS 19 pension adjustments	-48,876
4	Increase / (decrease) stock	-71
-402	Increase / (decrease) debtors	-1,600
536	Increase / (decrease) debtors – Inter Company	7,406
-853	(Increase)/ decrease in creditors	-5,449
<b>-81,678</b>	<b>Adjust net surplus or deficit on the provision of services for non-cash movement</b>	<b>-48,739</b>
-	Remove profit / loss on sale of non-current assets	-
<b>0</b>	<b>Net cash flows from operating activities</b>	<b>0</b>

**Note 20: Officers 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.

2018/19	Remuneration Band £	2019/20
132	50,000 to 54,999	159
71	55,000 to 59,999	75
20	60,000 to 64,999	29
7	65,000 to 69,999	7
2	70,000 to 74,999	1
6	75,000 to 79,999	4
5	80,000 to 84,999	6
3	85,000 to 89,999	4
1	90,000 to 94,999	3
1	100,000 to 104,999	1
<b>248</b>	<b>TOTALS</b>	<b>289</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.

**Exit Packages 2019/20**

During 2019/20 the Chief Constable agreed 30 exit packages of which 5 were identified as set up costs of new collaborated units and funded as such.

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
<£20,000	10	0	10	£110,400
£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>0</b>	<b>29</b>	<b>£1,190,600</b>

#### Exit Packages 2018/19

During 2018/19 the Chief Constable agreed 17 exit packages of which 7 were identified as set up costs of new collaborated units and funded as such, although amounts are disclosed as the gross amounts of remuneration paid to 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
<£20,000	7	1	8	£66,900
£20,000-£40,000	5	1	6	£191,600
£40,000-£60,000	3	0	3	£157,500
£60,000-£80,000	0	0	0	0
£80,000-£100,000	0	0	0	0
>£100,000	0	0	0	0
<b>Total</b>	<b>15</b>	<b>2</b>	<b>17</b>	<b>£416,000</b>

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

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£
Chief Constable – A (note 2)	119,889	0	159	0	120,048
Chief Constable – B (note 3)	99,978	32,696	958	0	133,632
Deputy Chief Constable – A (note 4)	40,775	12,161	208	0	53,144
Deputy Chief Constable – B (note 5)	22,942	6,892	157	0	29,991
Deputy Chief Constable – C (note 6)	58,047	19,762	111	0	77,920
Assistant Chief Constable – A (note 7)	96,464	28,798	892	0	126,154
Assistant Chief Constable – B (note 8)	122,647	35,690	2,220	0	160,557
Assistant Chief Constable – C (note 9)	70,724	18,424	1,189	0	90,337
Assistant Chief Constable – D (note 10)	44,063	10,080	44	0	54,187
Chief Constable's Chief Finance Officer (note 1)	119,920	19,467	0	0	139,387

#### 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 08/07/20 – 31/03/20 (part year seconded to Cambridgeshire)

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

### Senior Officers and Relevant Police Officers Remuneration 2018/19

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£
The Chief Constable	161,736	0	468	0	162,204
Deputy Chief Constable – A	126,988	28,248	94	0	155,330
Deputy Chief Constable – B	121,251	28,288	868	0	150,407
Assistant Chief Constable	112,428	26,121	1,555	0	140,104
Chief Constable's Chief Finance Officer (note 1)	115,778	20,709	0	0	136,487

#### Notes

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

### Note 21: External Audit Fees

External audits are provided by BDO LLP.

2018/19		2019/20
£'000		£'000
11	Audit Fee Re Chief Constable	11

### Note 22: Transport Consortium

The PCC for Bedfordshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Bedfordshire's contribution for 2019/20 was £2.445M (£2.611M in 2018/19).

2018/19		2019/20
£'000		£'000
2,602	Employee Costs	2,942
412	Premises	434
3,848	Running Costs	4,612
3,599	Insurance	2,352
7,764	Vehicles	9,663
-1,488	Income	-1,537
<b>16,737</b>		<b>18,465</b>

**Note 23: 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 £2.384M has been consolidated into the Chief Constable's Income and Expenditure statement. The government grant of £0.426M has been consolidated into the Income and Expenditure Statement for the PCC, and the PCC for Bedfordshire's share of the total assets purchased (£0.067M) 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:

<b>2019/20</b>	<b>Beds</b>	<b>Cambs</b>	<b>Essex</b>	<b>Herts</b>	<b>Kent</b>	<b>Norfolk</b>	<b>Suffolk</b>	<b>Total</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>
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>

<b>2018/19</b>	<b>Beds</b>	<b>Cambs</b>	<b>Essex</b>	<b>Herts</b>	<b>Kent</b>	<b>Norfolk</b>	<b>Suffolk</b>	<b>Total</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>
Home Office Grant	-517	-682	-1022	-951	-486	-749	-576	-4,983
Running Costs	2,314	2,998	2,450	4,218	2,215	3,379	2,572	20,146
Depreciation	50	46	28	85	7	64	54	334
<b>Surplus / Deficit</b>	<b>1,847</b>	<b>2,362</b>	<b>1,456</b>	<b>3,352</b>	<b>1,736</b>	<b>2,694</b>	<b>2,050</b>	<b>15,497</b>



**Note 24: Bedfordshire, Hertfordshire and Cambridgeshire Strategic Alliance**

<b>Beds 2018/19 £'000</b>	<b>Cambs 2018/19 £'000</b>	<b>Herts 2018/19 £'000</b>	<b>Total 2018/19 £'000</b>		<b>Beds 2019/20 £'000</b>	<b>Cambs 2019/20 £'000</b>	<b>Herts 2019/20 £'000</b>	<b>Total 2019/20 £'000</b>
				<b>Joint Protective Services</b>				
2,691	2,345	2,700	<b>7,736</b>	Armed Policing Unit	2,809	2,471	2,816	<b>8,096</b>
696	860	1,161	<b>2,717</b>	Dogs	731	913	1,221	<b>2,865</b>
2,442	2,933	3,616	<b>8,991</b>	Major Crime Unit	2,492	3,022	3,691	<b>9,205</b>
284	363	514	<b>1,161</b>	Operational Planning & Public Order	280	362	506	<b>1,148</b>
211	269	381	<b>861</b>	Protective Services Command Team	245	318	444	<b>1,007</b>
93	119	169	<b>381</b>	Resilience	95	123	171	<b>389</b>
2,724	3,919	5,249	<b>11,892</b>	Roads Policing Unit	2,471	3,591	4,769	<b>10,831</b>
2,054	2,496	3,390	<b>7,940</b>	Scientific Services Unit	2,433	2,986	4,019	<b>9,438</b>
<b>11,195</b>	<b>13,304</b>	<b>17,180</b>	<b>41,679</b>	<b>Total Joint Protective Services</b>	<b>11,556</b>	<b>13,786</b>	<b>17,637</b>	<b>42,979</b>
				<b>Operational Support</b>				
271	346	489	<b>1,106</b>	Criminal Justice & Custody Management Team	277	359	502	<b>1,138</b>
599	765	1,083	<b>2,447</b>	Criminal Justice	655	850	1,187	<b>2,692</b>
101	195	159	<b>455</b>	Firearms & Explosives Licensing	108	210	171	<b>489</b>
40	51	72	<b>163</b>	Local Criminal Justice Board	0	0	0	<b>0</b>
-338	-427	-563	<b>-1,328</b>	Camera, Tickets, Collisions	-356	-454	-593	<b>-1,403</b>
3,740	4,774	6,761	<b>15,275</b>	ICT	3,603	4,671	6,527	<b>14,801</b>
242	309	437	<b>988</b>	Public Contact Senior Leader Team	303	393	549	<b>1,245</b>
<b>4,655</b>	<b>6,013</b>	<b>8,438</b>	<b>19,106</b>	<b>Total Operational Support Expenditure</b>	<b>4,590</b>	<b>6,029</b>	<b>8,343</b>	<b>18,962</b>
				<b>Organisational Support</b>				
514	657	930	<b>2,101</b>	Collaboration Team	455	590	825	<b>1,870</b>
3,891	5,093	7,408	<b>16,392</b>	HR / L&D	4,056	5,257	7,345	<b>16,658</b>
642	820	1,161	<b>2,623</b>	Information Management Department	668	866	1,210	<b>2,744</b>
1,070	1,102	1,607	<b>3,779</b>	Professional Standards Unit	1,104	1,149	1,659	<b>3,912</b>
231	294	417	<b>942</b>	Procurement	279	362	506	<b>1,147</b>
<b>6,348</b>	<b>7,966</b>	<b>11,523</b>	<b>25,837</b>	<b>Total Organisational Support Expenditure</b>	<b>6,562</b>	<b>8,224</b>	<b>11,545</b>	<b>26,331</b>
<b>22,198</b>	<b>27,283</b>	<b>37,141</b>	<b>86,622</b>	<b>Total Net Operating Costs</b>	<b>22,708</b>	<b>28,039</b>	<b>37,525</b>	<b>88,272</b>

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## **Note 25: Related Parties**

The Financial Reporting Standard on Related Party Disclosures (IAS 24) and the 1998 Code of Practice require that material 'related party' transactions 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 Chief Constable for Bedfordshire and it is responsible for the majority of funding from the Police & Crime Commissioner in the form of grants. Details of grants received from government departments are disclosed in the Group Accounts.

### Officers

A review to determine related party transactions with the Chief Constable for Bedfordshire involved all senior members of staff.

The Assistant Chief Constable is a Trustee for You Turn Futures, the payments made to You Turn Futures during the year was £96K, payments were made under a partnership project for Integrated Offender Management.

### Entities Controlled by or Significantly Influenced by the Chief Constable 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 is the Chief Constable and 2 are his employees. For this reason the Trust is deemed to be significantly influenced by the Chief Constable for Bedfordshire through its representation on the board of trustees and through the joint management structure it shares with the Office of the PCC. The Partnership Trust owed the PCC for Bedfordshire Group £112K (£111K 2018/19) towards the total cost of staff provided to run the scheme which was outstanding at 31<sup>st</sup> March 2020, no payments were made to the Trust during 2019/20 (nil 2018/19) although a Trust Administrator position was provided to the Partnership Trust during the year. Payments of £111K (£141K 2018/19) were received from the Trust.

## **Note 26: Contingent Liabilities**

The Group, along with other Police and Crime Commissioner Groups, the National Police Chiefs Council (NPCC) and the Home Office, currently has 11 claims lodged against it for alleged non-payment of a statutory debt in respect of allowances the claimants say they were entitled to be paid for duties, undertaking undercover work and as Covert Human Intelligence Source (CHIS) officers, performed outside rostered tours of duty, which non-payment of is a breach of the Secretary of State's Determinations under the Police Regulations 2003.

Potential quantum and responsibility for any costs is yet to be established pending the outcome of test cases, and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2019/20 Statement of 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

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(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 27: Events After the Balance Sheet Date**

The Draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2020. Events after the balance sheet date have been considered for inclusion in the accounts up to the authorised for issue date. No 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 2020.

#### **Note 28: Defined Benefit Pension Schemes**

The costs and liabilities associated with the retirement benefits are recorded in the Chief Constable's accounts, the costs are then funded and liabilities guaranteed by the Commissioner via an intra-group adjustment. A negative pension reserve is held on the Commissioner's balance sheet.

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

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
<b>Net Total Cost of Service</b>				
Current Service Costs*	12,575	12,174	32,750	20,280
Past Service Costs/Gains	619	850	4,250	50,660
Losses/Gains on Curtailments & Settlements	0	0	0	0
<b>Surplus or Deficit on the Provision of Services</b>				
Interest Costs	5,815	5,940	29,580	27,900
Interest Income on plan assets	-3,560	-3,643	0	0
<b>Other Comprehensive Income &amp; Expenditure</b>				
<u>Re-measurements:</u>				
Actuarial gains and losses arising on changes in demographic assumptions	10,102	-11,399	-36,280	0
Actuarial gains / losses arising on changes in financial assumptions	-35,063	15,669	-43,040	34,620
Other experience gains and losses	380	151	-23,410	-2,126
Return on plan assets (excl amount in net interest expense)*	15,470	-4,817	0	0
<b>Total Charge to the Comprehensive Income and Expenditure Statement</b>	<b>6,338</b>	<b>14,925</b>	<b>-36,150</b>	<b>131,334</b>
<b>Movement in Reserves Statement</b>				
Reversal of net charges made for retirement benefits in accordance with IAS19*	-15,449	-15,311	-66,580	-98,840
<b>Actual Amounts charged against the General Fund Balance for pensions in the year:</b>				
Employers Contributions payable to the pension fund	6,663	6,304	25,019	24,907
Injury Award Benefits	0	0	1,471	1,454

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

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	235,367	242,322	1,202,010	1,202,010
Fair value of plan assets	-138,866	-145,496		
<b>Sub-total</b>	<b>96,501</b>	<b>96,826</b>	<b>1,202,010</b>	<b>1,202,010</b>
Other movements in the liability (asset) (if applicable)				
<b>Net liability arising from the defined benefit obligation</b>	<b>96,501</b>	<b>96,826</b>	<b>1,202,010</b>	<b>1,202,010</b>

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

	Local Government Pension Scheme	
	2019/20	2018/19
	£'000	£'000
<b>1<sup>st</sup> April</b>	<b>145,496</b>	<b>132,139</b>
Expected rate of return / Interest income	3,560	3,643
Re-measurement gains and losses:		
Return on plan assets, excl the amount included in the net interest expense	-15,470	4,817
Other	0	-230
Employer contributions	6,663	6,304
Contributions by scheme participants	2,167	2,119
Benefits paid	-3,550	-3,296
<b>31<sup>st</sup> March</b>	<b>138,866</b>	<b>145,496</b>

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The total returns on scheme assets for the year to 31 March 2020 was estimated to be -6% (£9,088,000).

### Reconciliation of present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
<b>1<sup>st</sup> April</b>	<b>242,322</b>	<b>220,344</b>	<b>1,202,010</b>	<b>1,097,037</b>
Current service cost	12,575	12,174	32,750	20,280
Interest cost	5,815	5,940	29,580	27,900
Contributions by scheme participants	2,167	2,119	5,269	5,298
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	10,102	-11,399	-36,280	0
▪ Actuarial gains / losses arising from changes in financial assumptions	-35,063	15,669	-43,040	34,620
Other experience gains / losses	380	-79	-23,410	-2,126
Benefits paid	-3,550	-3,296	-31,750	-31,659
Past service cost (including curtailments)	619	850	4,250	50,660
Losses / (gains) on settlements	0	0	0	0
<b>31<sup>st</sup> March</b>	<b>235,367</b>	<b>242,322</b>	<b>1,139,370</b>	<b>1,202,010</b>

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2019/20	2018/19	2019/20	2018/19
	£'000	£'000	£'000	£'000
<b>Opening Surplus (deficit)</b>	<b>-96,826</b>	<b>-88,205</b>	<b>-1,202,010</b>	<b>-1,097,037</b>
Current Service Cost	-12,575	-12,174	-32,750	-20,280
Contributions by employer	6,663	6,304	26,490	26,361
Past Service Costs	-619	-850	-4,250	-50,660
Interest Cost	-5,815	-5,940	-29,580	-27,900
Expected Return on Assets	3,560	3,643	0	0
Curtailment losses and gains	0	0	0	0
Re-measurement Gains / (losses)	9,111	396	102,730	-32,494
<b>31<sup>st</sup> March</b>	<b>-96,501</b>	<b>-96,826</b>	<b>-1,139,370</b>	<b>-1,202,010</b>

Local Government Pension Scheme assets comprised:

Asset breakdown	31 Mar 2020		31 Mar 2019	
	£000s	%	£000s	%
Equities	93,241	67%	100,316	69%
Bonds	24,064	17%	23,697	16%
Property	15,816	11%	14,967	10%
Cash	5,611	4%	6,902	5%
<b>Total</b>	<b>138,732</b>	<b>100%</b>	<b>145,882</b>	<b>100%</b>

The final asset allocation of the Fund assets is likely to be different from that shown due to estimation techniques. Based on the above the employers share of the Fund assets is approximately 6%.

Asset breakdown		31 Mar 2020	
		% Quoted	% Unquoted
<b>Fixed Interest Government Securities</b>			
	UK	3.4%	-
	Overseas	-	-
<b>Index Linked Government Securities</b>			
	UK	5.4%	-
	Overseas	-	-
<b>Corporate Bonds</b>			
	UK	8.5%	-
	Overseas	-	-
<b>Equities</b>			
	UK	-	-
	Overseas	-	5.3%
<b>Property</b>			
	All	-	9.8%
<b>Others</b>			
	Absolute return portfolio	19.4%	-
	Private Equity	-	1.4%
	Infrastructure	-	1.6%
	Unit trust	-	41.1%
	Cash/Temporary Investments	-	4.0%
<b>Net Current Assets</b>			
	Debtors	-	-
	Creditors	-	-
<b>Total</b>		<b>36.7%</b>	<b>63.3%</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 LLP, an independent firm of actuaries. The Police Pension scheme liabilities have been assessed using the Government Actuary Department's IAS19 spread sheet (GFS) which has been designed to satisfy the disclosure requirements contained within the CIPFA Code of Practice. The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	2019/20	2018/19	2019/20	2018/19
	%	%	%	%
<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	20.7	21.9	22.7
- Women	24.3	23.2	23.6	24.3
Longevity at 65 for future pensioners				
- Men	23.4	21.7	23.6	24.6
- Women	26.1	24.7	25.2	26.2
Rate of inflation - CPI	1.65	2.40	2.00	2.35
Rate of increase in salaries	2.65	2.7	4.00	4.35
Rate of CARE revaluation			3.25	3.60
Rate of increase in pensions	1.65	2.4	2.00	2.35
Expected return on Assets			-	-
Rate for discounting scheme Liabilities	2.35	2.4	2.25	2.45
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.

A reduction in the longevity assumptions has resulted from applying the latest version of the Continuous Mortality Investigations' Model (CMI 2018) which was released in October 2019 – the effect of this on the pension liability is shown as a change in demographic assumptions on page 57.

As can be seen from the sensitivity analysis a small change to the assumptions can have a big impact on the liability.



Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	229,501	235,233	241,114
Projected service cost	9,642	9,925	10,217
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	235,813	235,233	234,658
Projected service cost	9,930	9,925	9,920
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	240,569	235,233	230,031
Projected service cost	10,214	9,925	9,644
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	243,614	235,233	227,149
Projected service cost	10,242	9,925	9,618

	Police Pension Scheme	
	Approx. Increase to Employer Liability	
	%	£'000
<b>Change in assumptions at 31 March 2020</b>		
0.5% decrease in Real Discount Rate	10.0%	113,000
1 year increase in member life expectancy	3.0%	33,000
0.5% increase in the Salary Increase Rate	1.0%	14,000
0.5% increase in the Pension Increase Rate	8.0%	91,000

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.

The past service cost in respect of the McCloud / Sargeant judgement recognised in 2018/19 was expected to be highly sensitive to the gap between CPI inflation and the assumed rate of salary growth, in addition the actuaries have updated their calculations for the McCloud / Sargeant liability to allow for Authority specific membership data, rather than using data for the Police Scheme as a whole. The effect of these changes in assumptions has been included as part of the overall re-measurement gain.

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#### Impact on Cash Flows

The liabilities show the underlying commitments that the Chief Constable for Bedfordshire has in the long-term to pay retirement benefits. The liability of £1,236M 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 £1,302M. 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.

#### **Note 29: Police Pension Fund Account**

The accounting policies for the Police Pension fund are disclosed in the main accounting policies and the Chief Constable's 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. An Accounting Statement for all three schemes combined is shown below:

2019/19			2019/20	
£'000	£'000		£'000	£'000
		<b>Contributions receivable</b>		
		- From Employer		
-9,130		Normal	-12,111	
-78		Early Retirements for Ill-Health	-156	
-5,039		- From members of the Pension Scheme	-5,184	
	-14,247			-17,451
		<b>Transfers in</b>		
	-258	- Individual Transfers in from Other Schemes		-70
		<b>Benefits Payable</b>		
23,536		- Pensions	24,742	
6,650		- Commutations and Lump Sums (Including amounts payable following Milne vs. GAD legal case)	5,435	
	30,186			30,177
		<b>Payments to and on Account of Leavers</b>		
	17	- Individual Transfers out to Other Schemes		12
	78	- Pension Refunds		112
	<b>15,777</b>	<b>Sub-Total: Net amount receivable for the year before top-up grant</b>		<b>12,781</b>
	<b>-15,777</b>	<b>Top-Up Grant Receivable from Police Fund</b>		<b>-12,781</b>
	<b>0</b>	<b>(Surplus) / Deficit for the year</b>		<b>0</b>

## **External Advisors**

The specialist nature and complexity of certain financial activities make it prudent for the Chief Constable 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 2018/19 include the following:

- Internal Audit – RSM Risk Assurance Services LLP
- Payroll and Pensions – Logica / XPS
- Treasury Management Advice – Link Asset Services

(ii) **Banking**

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

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## 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** – The Chief Constable holds only Unusable Reserves which absorb the timing differences of the accounting entries required by the CIPFA Code, these are not cash backed reserves.

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

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**INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR  
BEDFORDSHIRE POLICE**

Pending audit