



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

**DRAFT
STATEMENT OF ACCOUNTS**

2019/2020

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Narrative Report

Management Overview

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

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

The Policing Environment

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 has grown 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.

London 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 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. The force is addressing its challenges through radical internal change and service-leading collaborations with neighboring and regional police forces.

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

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

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

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

- If financial resources are insufficient to meet the policing needs of Bedfordshire, then the PCC may fail to deliver her commitment to build confident communities and prevent crime.
- If efficiency savings are not driven forward relentlessly (including through collaboration), then the PCC may fail to deliver an efficient and effective force and may not deliver her Police and Crime Plan.
- If the PCC does not deliver against her priority area of being a genuine commissioner for all communities, this will result in decreased public confidence in Bedfordshire Police.
- If the PCC fails to hold the Chief Constable to account then the PCC will fail to deliver on the objectives of the Police and Crime Plan.

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

Financial Performance

The revenue budget was set at £113.421M, and the final outturn position for the Force and OPCC is an underspend of £1.097M. This has only been achieved as a result of the award a Special Police Grant of £2.975M supporting the Force's continued efforts to tackle gang-related serious crime during the year, this payment included £0.590M relating to the previous financial year. The PCC also continued to support local road safety initiatives and accessed £0.132M from the Road Safety Reserve in order to do this.

Revenue Expenditure was as follows:

Expenditure	£'M
	£112.324
Net Expenditure	£112.324

Met from Budgeted Grants:	<u>£'M</u>
Home Office Grant	64.090
11/12 Council Tax Freeze Grant	0.751
Council Tax Benefit Subsidy Grant	3.886
Pension Grant	1.116
Council Tax	43.578
	<u>113.421</u>
Net (Surplus) or Deficit for the year	(1.097)

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

	<u>£'M</u>
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
PCC's Office	0.055
PCC's Community Safety Fund	-0.017
PCC's Road Safety Reserve	-0.132
Total	-1.097

Transfers to/from other useable reserves comprised:

	<u>£'M</u>
Transfer from Regional Budget Reserves	0.054
Transfer to Regional Property Reserve	-0.710
Transfer from Road Safety Reserve	0.175
Element of Budget Surplus to Earmarked Reserve	-0.017
Balance of Budget Surplus to Budget Reserve	-1.080
Net transfer to General Fund Reserves	1.578

Capital Expenditure

Capital expenditure made by the PCC for Bedfordshire Group amounted to £6.901M, this includes capital expenditure made on behalf of regional units for which Home Office Grants are provided. The outturn position of £5.387M represents a reduction of £2.457M on the original programme of £7.844M, of this £2.048M has been classed as slippage and built into the following year's programme, the remaining £0.409M is a genuine underspend.

The financing of Capital Expenditure was as follows:

	£'M
Capital Grants	0.429
Capital Receipts Reserve	0.846
Revenue Contributions in Year and from Reserve	0.604
Other External Contributions	0.100
External Borrowing	0.028
Internal Borrowing	3.380
Total (as per approved capital programme)	5.387
Home Office CT Grant	0.300
Regional Organised Crime Unit Grant	0.009
Regional Organised Crime Unit Revenue Contributions	0.058
Specific Capital Grant – Purchase of Sixhills	0.375
External Borrowing	0.772
Total Including Regional Commitments	6.901

Use of Reserves

The reduction in reserves identified above for funding capital and revenue expenditure results in a usable reserves balance of £9.945M.

Treasury Management

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

Planned borrowing of £0.8M was undertaken in March 2020 in order to finance a share of a regional building.

Key Strengths and Resources

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

Following significant investment in ICT equipment in 2018/19 the ICT programme continued its replacement programme and made further investment into infrastructure improving connectivity with our collaborative partners from Cambridgeshire & Hertfordshire constabularies. Continuing this theme collaborative solutions for Finance, HR & Payroll were completed in 2019/20.

The PCC continues to ensure that the Estate remains fit for purpose, the priority of the Estates department concentrated on the planned replacement of the HQ Custody Suite that now has received planning permission. Progress was also made to the working conditions of Luton Police Station but the more structural work will follow in 2020/21. The Force Estate was maintained through the minor works and major plant replacement programmes.

The opening of the Sexual Assessment Referral Centre in February was a great achievement by the OPCC in collaboration with the National Health Service (NHS) moving this important building away from a hospital environment to a far more peaceful setting whilst still retaining the forensic and evidence suites.

Non-Financial Performance

The key areas of focus within the Police & Crime Plan are fully evaluated in the PCC's fourth year report, a summary is given below:

1. A return of more visible Community Policing across the County.

The PCC has recruited more police officers to Bedfordshire Police in a single year than for more than a decade, long before the Government announced that it was to invest in 20,000 extra officers across British policing.

The precept increase, together with Bedfordshire Police's central grant from Government, meant that she was able to back the doubling of the current strength of Police Constables in the Community Hubs across the county.

The PCC was determined this year that the successes of the Community Hubs should be explained and celebrated and that those members of the public who provide them with outstanding support should also be recognised. As a result, her office held the first Community Hub Thankyou Awards event at Woburn Abbey (with the venue a gift from the Duke and Duchess of Bedfordshire) in September 2019.

The prison and the Bedford Hub worked together over preventative actions from a change in the prison windows to police activity investigating prison visitors and even prison officers themselves, to huge effect.

Operation Highgate aimed to support and protect the most vulnerable while ensuring that those wishing to commit criminal acts were dealt with swiftly and proportionately and was hugely successful.

The success of her Community Hub Thankyou Awards in strengthening the links between Bedfordshire Police's Community officers and residents, spreading the word about the problem-solving work they have delivered and recognising outstanding public support.

The Neighbourhood Enforcement Team (NET) comprises a Sergeant and nine PCs who form a new unit of trouble shooters to move into an area to target and stamp out a key crime issue at neighbourhood level where a larger group of officers than those in a local Hub is required.

2. To re-build public confidence in Bedfordshire Police

The PCC has proved that very regular public engagements, to explain what is being achieved by Bedfordshire Police, can build confidence among communities.

Following her large Dunstable public meeting, the OPCC received feedback that residents wanted to have the chance to meet with her on a one to one basis in local 'surgeries' as well and that town councils also wanted to meet with her to discuss wider

issues, rather than in large public meetings. As a result, the PCC has held a series of such meetings countywide over the past year.

The OPCC also arranged one to one surgeries for her to address the concerns of individual residents, followed immediately by meetings with their town councils. Alongside the PCC were Inspectors from the local Community Hubs and their Police Community Support Officers (PCSOs), explaining their successful work locally over the past year.

Arguably the most important aspect of the PCC's role, in the past four years, is building confidence in Bedfordshire Police. This has involved selecting the new Chief Constable.

The PCC used the most open and transparent selection process that could be provided, encouraged external candidates to apply and represented a robust and rigorous test of the abilities of the aspiring Chief Constables of Bedfordshire.

On 2 July 2019, Mr Forsyth was formally sworn into the role of Chief Constable in a ceremony of attestation at Wrest Park in Silsoe. It was particularly important for the PCC to invite partners from across the county who work especially closely with the Force so that they could see and hear for themselves that the legacy of improvement, community engagement and encouragement of diversity in the Force has been handed on, to Garry Forsyth.

The Chief Constable and the PCC opposed to the principle of a degree route as the only possible means of entering policing as a Police Constable, via the new training programme being advocated by the College of Policing from 2021.

The PCC's larger community engagement events also spoke directly to her Police and Crime Plan priority pledge to build confidence in the Force, including, but not limited to, the Community Hub Thankyou Awards and the Community Cohesion Thankyou Awards. There was also a second awards ceremony to honour those women who make Bedfordshire Better.

To build further confidence in the progress of Bedfordshire Police among our partners, and to explain her priorities for the 2020-21 grants commissioning progress, the OPCC also held a Partners' Day, on 11 December 2019, to which more than 100 partners were invited.

The PCC is exceptionally proud of this record of personal and police engagement with partners and the public and believes firmly that it has built increased confidence in the Force and encouraged and promoted the message of continuous improvement at Bedfordshire Police which our recent report from the police watchdog, HMICFRS, clearly underlines.

3. To ensure that the police are available when we need them most

To ensure police are available when most needed, the PCC wanted to focus on freeing up officers for the most vital duties - including the distribution of our officers and staff around the county, work to actively prevent crime and with partners to address its causes to drive down demand.

The challenge has been to balance the budget with the requirement to station our people as widely and visibly throughout the county as possible.

With this, the PCC supported changes which mean that weekend opening is now agreed for the Lime Street Community Hub base in Bedford. The new Neighbourhood Enforcement Team are also now based at the former Houghton Regis Police Station. Riseley station has also been made available as a northern base for the Op Sentinel Rural crime team.

Another co-location has been created at the Toddington Community Fire Station with Bedfordshire Fire and Rescue Service and the Force. This has enabled the police service to make itself more accessible to the community even in times of austerity. Collaboratively, we have also been improving the safeguarding of vulnerable people, with the Police Community Safety team and Fire Arson Reduction Service.

A highlight of the past year has been the creation of a joint chaplaincy service. BFRS and Bedfordshire Police have worked hard to recruit and train a team of volunteer multi faith chaplains to support officers and staff across both services.

Also, at the behest of Bedfordshire Police's Serious Organised Crime Unit, the Force has worked with partners to share information about drug use in the county which is now driving joint strategies to deal with the issue well beyond policing.

Bedfordshire Police worked with more than 100 different partners to establish the scale of the drug threat across the county and was able to identify 34,000 drug users; equivalent to nine per cent of the 18 to 59 age group.

Bedfordshire's Assistant Chief Constable, Dr Jaqueline Sebire, is also the national portfolio lead in policing for Serious Violence. A special thanks for her continuous high profile support for the arguments which the PCC has made to Government, brought a further £1.37m to Bedfordshire this year to be spent on an uplift in policing focussed on hotspots for such serious youth violence.

The increased activity over 2019-20 has led to a steadying of the year-on-year increases in Accident and Emergency admissions for knife and gun wounds to our two hospitals and a brake has been put on what had been a doubling of annual gun crime as a trend in previous years.

The Force have also invested in knife wands for every response vehicle. These offer increased protection for officers during stop and search activity to create confidence to engage in such searches and also reduce the invasiveness of the search for suspects.

An £880,000 investment from the Home Office, meant the PCC could create a Violence and Exploitation Reduction Unit with partners, given the severity of our county's exposure to gang, gun and knife crime.

The VERU has been established as a physical unit, co-locating public health, local authority, police and specifically commissioned resources on the police estate, within the former Houghton Regis Police Station.

The VERU have already approved allocation of approximately £350,000 worth of grants for early intervention and diversionary schemes within communities targeting young people at risk, as well as having recruited to roles within the VERU team designed to increase trust and engagement with victims and witnesses of gang-related violence.

4. Putting victims at the centre of the way we police and prosecute.

Nothing could be a more persuasive example of this than the new Sexual Assaults Referral Centre (SARC) which opened in February 2020. A SARC supports victims of the most serious offences and the PCC was determined to move this provision out of a hospital setting and into a less intimidating and more supportive environment.

The OPCC's Chief of Staff, Clare Kelly, and Project Manager, Phil McCarthy, worked tirelessly with the detectives of Bedfordshire Police, the SARC provider, NHS and partners to bring the project to fruition.

Victims of sexual crimes attending a SARC may need to be in situ for several hours during a first examination and to provide initial evidence to officers, if they choose to do so. Such service users also return to a SARC on other occasions for follow-up discussions and healthcare advice and the PCC also wished to create the type of setting in which counselling might be provided.

The SARC liaises closely with the Signpost service for all those affected by crime.

Having promised that Signpost would transform services for those affected by crime in Bedfordshire, the PCC has been delighted that virtually every client has given it a clear vote of confidence, with a total of 33,941 actions by its specialist Victim Care Coordinators in its initial year.

The PCC is the first to have supplied funding (£50,000) to help set up the Family Drug and Alcohol Courts (FDACs) in this county, following an approach from Judge Patrick Perusko. What was particularly persuasive was the academic evaluation of existing FDACs, explaining that those parents who take part in the FDAC process are twice as likely to be free of addiction, with their children remaining in their care, five years on than any other form of intervention within care proceedings.

The PCC's grant funding and funding of a Domestic Abuse worker within the FDAC support organisation is the single biggest financial contribution to the FDAC project in Bedfordshire.

There are now two Family Drug and Alcohol courts in Bedfordshire; one in Bedford, overseen by Judge Perusko, with Judge Spinks running the court in Luton.

The PCC now also funds two mental health nurses to work within Signpost and to support the Force Contact Centre in the cases of mental health patients. They will also liaise with hospitals to drive down the time taken to hand over care of such patients - and that lost to police officers from 999 duties in the process. These nurses form part of the new Mental Health Hub at Bedfordshire Police (MHH).

Moving forward in 2020, and working through the Violence Exploitation Reduction Unit (VERU), Luton University Hospital's Emergency Medicine Specialist (and Operational Medical Director), Dr David Kirby and the PCC are offering further schools interventions over knife use, offering presentations to pupils from them both and Roseann Taylor.

Her chosen charity of the year was the Helipad Appeal with this, the PCC assisted with the £1.5m appeal to build a helipad at the Luton and Dunstable Hospital, where vital time and precious lives will be saved if air ambulances can bring patients to the site and take them straight to the trauma centre, rather than relying on ambulance transfers from a nearby playing field.

The PCC also funded the charity Embrace Child Victims of Crime to deliver a service offering tailored, practical, emotional and specialist support to young victims of all serious crime, with a focus on girls and young women and a specialism in sexual abuse and domestic violence.

As well as many more, the PCC funded Bedford Open Door in a project offering therapeutic support to young people experiencing mental health issues linked to trauma, adverse childhood experiences and complex, chaotic lifestyles, often relating to abuse, violence and addiction within their homes.

In addition the PCC also continued to fund the Vulnerable Adults Risk Assessment Conference.

5. A fair deal on policing wherever you live – in the town or in the country.

Our rural communities are within villages and hamlets where the stretch on our police front line means, inevitably, that the prospect of daily visibility in patrols is an impossibility, in practical terms.

Connecting Bedfordshire Police with parish councils is central to the information sharing which allows the Force now to direct its limited resources appropriately.

At the Annual Parish Council Conference, the PCC wanted to bring all of the Parishes/Councils up to date with news on funding and officer recruitment. The whole tone of the event was of appreciation from parishes and an open offer to link with Bedfordshire Police wherever possible.

We were able to share news of a specific investment made by me into containment of nuisance biking through cameras to identify registration plates. Similarly, together with the Force, the PCC was able to use this year's Parish Councils' Conference to launch a new Rural Crime Handbook, providing those living in the countryside with targeted advice to help protect themselves against common rural criminality.

The handbook gives advice on a range of issues such as fly-tipping, hare coursing and sheep worrying.

The handbook also draws the attention of rural communities to emerging crimes which are less widely understood such as Human Trafficking and Modern Day Slavery which is known to impact on those in the countryside because of the seasonal work associated with crop picking and harvesting.

The aim of the Annual Rural Crime Conference in Bedfordshire, was for farmers and land owners to share knowledge with police and to plan a coordinated strategy for the upcoming year, with commitments from each group over the specific actions they would be taking in 2019-20 and moving forward.

The main focus of the conference was to hear at first hand from the members of Bedfordshire Police's Op Sentinel Rural team - the Force's specialist response to crimes taking place because of the country location.

6. Protecting the police to protect the public with a proper duty of care.

The PCC can demonstrate that she shows proper duty of care to officers and staff at Bedfordshire Police and a focus on improving their health and wellbeing has sat at the heart of the Police and Crime Plan as a genuine priority.

She has continued to support the Police Federation's 'Protect the Protectors' campaign, calling for tougher sentences and penalties for those who assault our officers.

The PCC has had conversations which led to assurances from our leading judge in Bedfordshire that any assault on a police officer which was proven in his Crown Court would lead to an additional, and clearly separate, sentence.

This is also assisted by her requests that the magistrates ask to see the body worn video record to judge the horrific nature of an assault on a police officer for themselves, in advance of sentencing.

The wellbeing of police officers and staff depends not only on the occupational health introductions, such as the Targeted Healthcare Scheme. A genuine concern for wellbeing also requires a Commissioner to create a supportive working environment for officers and staff, in her view.

The first refurbishment project this year was an Enquiries Office kitchen and rest area at Dunstable Police Station. She was particularly pleased to immediately receive a message of thanks from the Enquiries front office staff following the handover.

At Luton Police Station, a budget of £50,000 into a campaign of refurbishment. This included the decoration of the communal areas.

The PCC has completed a new kitchen refit of the Custody, Floor 4 and Response kitchens, through the Estates department. The Enquiries Office kitchen will follow, along with redecoration of the canteen and replacement of completely threadbare sofas in its seating area with new items. Outdated toilet facilities are also being replaced, including those with disabled access. She is overseeing the creation of a social area for the newly combined Community Investigation Unit of detectives, officers and support staff. The kitchen at Biggleswade Police Station and its working areas will also be refitted.

The PCC will deliver refurbished areas known as ABE (Achieving Best Evidence) interview suites to make them a more supportive environment for victims of crime. She also wishes to do the same in the work and rest areas for the CAVAA units in Luton and Bedford.

The PCC created a dedicated relaxation space at Police HQ to give officers, staff and call handlers the opportunity of brief respite following their involvement in particularly traumatic events, as part of her bid to boost wellbeing in the Force. This will be mirrored at Luton Police Station also.

These improvements are evidence of her own contribution to the welfare of our people.

7. Genuinely being a Commissioner for all communities

The PCC has done her best to deliver public engagement equitably throughout the county with the personal responsibility to bring in a balanced budget of £113.5m in 2019-20 (rising to £120.5m in 2020-21) and to hold the Chief Constable to account for

the policing delivered by an organisation of approximately 2,000 officers and police staff.

She is aware of the need to engage with our diverse communities, across faiths and cultures, but not to do so at the expense of other communities living outside the main conurbations of Luton and Bedford.

The PCC has been the main sponsor of the annual Community Cohesion Thankyou Awards, which recognise those members of minority communities who work particularly closely with Bedfordshire Police to promote unity on a multi faith basis and, equally, why she is the creator of the new Community Hub Thankyou Awards, to do likewise where members of other communities countywide are concerned.

The PCC takes part in the vast majority of Stop and Search Scrutiny Panels, involving a representative audience of our residents from across cultures, faiths, age groups and geographic areas who act as a local 'watchdog' evaluating how police officers are using such powers.

The PCC has met regularly over the past four years, with faith, community group and local political leaders, especially in Luton, and have established an open dialogue both in person and via social media.

She funded the Bangladesh Youth League to run a project this year reaching out to young people considered to be at risk of involvement in - or becoming victims of - youth violence. She also funded a Harmful Practises Coordinator for Luton All Women's Centre.

Examination of her public surgeries and town council engagements will show that our smaller town communities have not been forgotten, with the PCC holding events to meet residents and their representatives in Leighton Linlade, Sandy, Shefford, Houghton Regis and Biggleswade, as well as in Luton and Bedford this year.

8. Working with partners to break the cycle of serial offending and to prevent crime wherever possible.

The PCC launched the 'Direction' service, consisting of both a call centre and a supporting website, to provide ex-offenders with the services they need including the funding of a full-time co-ordinator for Direction.

The success of the website meant that it has now extended from the original content to provide advice concerning services for women, youth support services and cybercrime advice.

The OPCC also brokered an arrangement with the Department of Work and Pensions to provide same day benefits and employment advice to any ex-offender attending any one of the Jobcentres in Bedfordshire (and over the border in Hertfordshire) to assist with re-settlement, so that ex-prisoners are set up to succeed, not to fail, with access to the funds without which they are significantly more likely to revert to crime, to support themselves.

HMP Bedford has also continued to work with the PCC's grant-funded projects to help to change prisoners attitudes towards themselves and what they might be able to achieve in life, with such training being delivered on both sides of the prison gates.

This year the PCC continued to engage the inspirational Reactive8, who have run a series of grant-funded workshops throughout the last 12 months, called "Looking for a Way Out", for prisoners who have been identified as at risk of violence. Reactive8 then support prisoners after release with a further series of workshops.

The PCC funds YoS workers to provide triage taking place at the point when a young person enters police custody following arrest, whether at Luton or Kempston HQ custody suites.

Triage and diversion led by YoS is aimed at reducing the length of time children and young people remain in detention. The service also provides earlier intervention to ensure that victims of crimes committed by children and young people have an opportunity for input, satisfaction and closure in all diverted cases, as an essential part of the Restorative Justice process.

The OPCC funded The Change Portfolio's "Change Plus" programme. This project aimed to educate perpetrators of Domestic Abuse, following their first arrest, to increase understanding of what Domestic Abuse is and its impact, to reduce the risk of re-offending.

Corporate Reporting Structure

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

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

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

Medium Term Financial Plan

The PCC was successful in securing a special police grant for Bedfordshire equating to £2.975M following the £4.571M awarded the previous year. The business case continued the theme of the previous year which established the principal that the nature of gang, gun & knife issues faced by Bedfordshire represents an extraordinary challenge for a Force of our size. While this would normally be considered a one-off payment, a similar bid has been submitted for the third consecutive in 2020/21. These payments have transformed our finances in the short term as we would have otherwise overspent in both 2018/19 and 2019/20. The grant has also assisted in the longer-term financial position, which alongside the increase in funding through council tax increases and uplift grant will mean that the Force can plan to recruit 156 police officers in 2020/21 and will aim to continue to grow in each of the next two financial years.

The Finance settlement received recognises the pledge towards policing made by the Government. The Police Grant for 2020/21 and the council tax guidelines were announced on 22 January 2020. The total increase in funding between 2019/20 and 2020/21 was an additional £9.7M as the maximum Council Tax increase of £10 was taken. The Police grant element equated to £68.9M, an increase of £4.8M compared to the previous year and incorporated some of the uplift funding. The legacy council tax and pension grant remained unchanged. An uplift grant of up to £1.5M was awarded and the remaining £3.4M is achieved through the PCC increasing council tax by £10 per annum per band D property.

While the announcement has been very positive for Policing generally, Bedfordshire Police continues to be treated in exactly the same way as all other Forces, despite the recognition that the demand it faces is greater than the funding it receives. Therefore, by comparison the Chief Constable and the PCC feel we still require funding for a further 336 officers as a result of the circumstances that allowed us to bid for the special grant over the past two years.

The Commissioner has to continue to make savings alongside the increase in funding and requires the Force to review the level of service it can afford to provide to the public. This is continuing to be achieved through the significant exercise started in 2019/20 known as Priority Based Budgeting (PBB).

At the time of setting the budget and based upon the following assumptions and expectations it is projected that the Commissioner will face a funding gap over the medium term (i.e. 2020/21 to 2023/24) of some £10.7M:

- Central Grant will remain at a standstill position including the £4.8M granted in this Finance Settlement;
- The Police Pension Grant of £1.1M will remain
- The Police Uplift Grant will remain consistent with the number of officers recruited
- Inflation and Pay Awards totalling an estimated £10.0M
- Growth totalling £14.9M (excluding those officers funded by uplift grant from 2021/22 onwards)
- The PCC will increase Council Tax by the maximum allowed without invoking a referendum;
- Council Tax increases will be capped at 2% from 2021/22;
- Budget Reserve will be fully utilised in 2022/23.

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

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

These savings plans, whilst sufficient at this stage to provide balanced budgets through to 2022/23 may need to be developed further, especially in the latter part of the medium-term plan, but these should be met through a further round of Priority Based Budgeting activity.

The Commissioner had previously managed to build a level of reserves, both general and earmarked, that can be used to fund any exceptional costs, one-off costs associated with change programmes or capital investment and to smooth any budgetary pressures over the medium term.

Medium Term Financial Forecast 2020/21 to 2023/24

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

Based on the maximum increase in Council Tax of £10 in 2020/21 aligned with the award of the Special Police Grant in 2019/20 and the aspiration of increasing officer numbers by 56 in the next financial year the PCC's projected reserve balances are £3M in general reserves (which the PCC is advised to keep as a minimum level of reserves), plus insurance and capital reserves of £1.132M and £0.694M respectively at the end of this Medium Term Plan period. Any decision regarding the use of reserves will be made by the PCC after taking advice from her Chief Financial Officer which at this stage is that any year end underspends achieved over the medium term should be used to rebuild the budget reserve while the general reserve should remain constant at £3M.

The global pandemic Covid19 will have an enormous impact on these plans and revised medium-term financial plans will be drawn up in the summer. The Force will experience loss of income through policing London Luton Airport and from diversionary courses for driver awareness. Spend on personnel protective equipment has been required to keep the Force operating and investment in ICT equipment has enabled much of the Force to work effectively from home. Much needed support from the Government has diverted funds away from ring-fenced uplift grants in order to support Forces, however, the funding will be far less than the cost inflicted on the Force as a result of this pandemic. The diversion of funds away from uplift will also impinge on the Force's ability to finance the planned recruitment of officers set out in the medium-term financial plan.

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

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

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

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

Background Information to the Statement of Accounts & Significant Transactions

This set of accounts sets out the income and expenditure and the financial position of the PCC for Bedfordshire Group and the PCC for Bedfordshire for the year ending 31 March 2020.

The 2019/20 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2019/20 (the Code). The accounts also reflect the following frameworks and regulations:

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

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

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

Bedfordshire is the lead force for the Counter Terrorism Policing Unit (CTP), covering Bedfordshire, Hertfordshire, Cambridgeshire, Essex, Kent, Norfolk and Suffolk. Police Officers and Staff working in the unit are shown in the PCC's group accounts, in 2019/20 the costs of running the unit were £16.613M which are fully grant funded by a government grant payable to the PCC. Assets utilised by the unit are shown on the balance sheet for the PCC for Bedfordshire.

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

The Accounts of the Police & Crime Commissioner (PCC) for 2019/20 will be the basis for the Audit Opinion. They consist of:

- (i) **Statement of Responsibilities** – this includes the financial responsibilities of the Police & Crime Commissioner and the Chief Finance Officer to the PCC.
- (ii) **Annual Governance Statement** – this statement is a statutory document which sets out how the PCC has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.
- (iii) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (iv) **Expenditure & Funding Analysis** - The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by in accordance with the CIPFA code.

- (v) **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount to be funded from taxation. Police & Crime Commissioners raise taxation to cover expenditure in accordance with regulations which will be very different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- (vi) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the PCC and the Group, analysed into usable reserves and other reserves. The surplus or deficit on the Provision of Services line shows the accounting cost of providing the services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amount required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken.
- (vii) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC and the Group. The net assets (assets less liabilities) are matched by the reserves held by the Police & Crime Commissioner Group. Reserves are reported in two categories:
- Usable reserves - reserves that the PCC for Bedfordshire may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt).
 - Unusable reserves - This category includes reserves that hold unrealised gains and losses, for example the revaluation reserve, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.
- (viii) **Cash Flow Statement** – the Cash Flow Statement shows the changes in cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC for Bedfordshire. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital.
- (ix) **Notes to the Accounts** – This sets out the accounting policies adopted by the PCC in order for the reader to understand the basis on which the PCC's transactions are presented. The notes also provide a detailed analysis of the summarised financial information in the financial statements.

Pension Reserves

The balance sheet includes a liability of £1,237M which is the commitment that the PCC for Bedfordshire Group has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the PCC for Bedfordshire Group as recorded in the balance sheet, resulting in a negative overall balance of £1,195M. However, statutory arrangements for funding the deficit mean that the year-end financial position of the PCC for Bedfordshire remains sound as the deficit of the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the PCC for Bedfordshire must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the PCC for Bedfordshire who in turn must then repay the amount to central government.

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

Changes compared to 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 5 Exceptional Items and in Note 44 Pensions.

The Comprehensive Income and Expenditure Statement shows a gross income increase of £3.459M which is due to the one off Special Grant of £2.975M and income of £0.710M provided for future property maintenance on a regional building.

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 and OPCC headings. The current service cost for the police pension scheme and Local Government Scheme combined is £45.471M in 2019/20 and £32.612M in 2018/19. A full explanation is shown at Note 44 Pensions.

The net expenditure before accounting adjustments has increased by £5.404M to £111.8M in 2019/20, this was a budgeted increase in costs in order to meet levels of demand and is detailed in the Financial Information section of this report.

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

Other Comprehensive Income & Expenditure

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.

Further information

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

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

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

Statement of Responsibilities

The Police and Crime Commissioner Chief Finance Officer's Responsibilities

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

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

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

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Police & Crime Commissioner for Bedfordshire Group as at the 31 March 2020 and its income and expenditure for the year then ended.



Philip Wells
Chief Finance Officer to the Police & Crime Commissioner for Bedfordshire
30 June 2020

The Police & Crime Commissioner's Responsibilities

The Police & Crime Commissioner is required:

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

I approve the Statement of Accounts

Police & Crime Commissioner for Bedfordshire
July 2020

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

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. T

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:

Date published by HMICFRS	National / Force Report	Report Types	Report Title
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
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

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 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.

Kathryn Holloway
PCC for Bedfordshire
31 July 2020

Philip Wells
Chief Finance Officer
31 July 2020

Comprehensive Income and Expenditure Statement

The Police and Crime Commissioner for Bedfordshire Group

2018/19 Re-stated				2019/20			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
64,619	-608	64,011	Policing	67,308	-587	66,721	
47,017	-18,984	28,033	Collaborated Units	49,666	-19,829	29,837	
44,091	-13,450	30,640	Corporate / Support Services	64,999	-16,074	48,925	
2,607	-832	1,775	Office of the Police & Crime Commissioner	2,525	-843	1,682	
51,349	0	51,349	Exceptional Items – Pension Past Service Cost	0	0	0	
209,684	-33,874	175,810	Cost of Services	184,498	-37,333	147,165	
		-15,760	Other Operating Income & Expenditure			-12,521	12
		30,470	Financing & Investment Income & Expenditure			32,097	13
		-106,471	Taxation & Non-Specific Grant Income			-114,529	14
		84,049	(Surplus) or Deficit on Provision of Services			52,212	
		-190	(Surplus) or deficit on revaluation of non-current assets			332	
		32,140	Re-measurements of the net defined benefit liability			-111,798	
		31,950	Other Comprehensive Income & Expenditure			-111,466	
		115,999	Total Comprehensive Income & Expenditure			-59,254	

The Police and Crime Commissioner for Bedfordshire

2018/19 Re-stated				2019/20					
Chief Constable Net Expenditure	The Police & Crime Commissioner				Chief Constable Net Expenditure	The Police & Crime Commissioner			Notes
	Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure	
	£'000	£'000	£'000			£'000	£'000	£'000	
63,166	0	-7	-7	Policing	66,721	0	0	0	
45,400	0	-17,367	-17,367	Collaborated Units	47,957	0	-18,117	-18,117	
35,313	2,648	-6,967	-4,319	Corporate & Support Services	50,971	6,893	-8,940	-2,047	
0	2,607	-832	1,775	Office of the Police & Crime Commissioner	0	2,525	-843	1,682	
51,349	0	0	0	Exceptional Items	0	0	0	0	
195,728	5,255	-25,173	-19,918	Cost of Services	165,649	9,418	-27,900	-18,482	
			-15,760	Other Operating Income & Expenditure				-12,521	12
			262	Financing & Investment Income & Expenditure				288	13
			-106,471	Taxation & Non-Specific Grant Income				-114,529	14
			144,258	PCC Funding for Financial Resources Consumed				148,718	7
			2,371	(Surplus) or Deficit on Provision of Services				3,474	
			-190	(Surplus) or Deficit on revaluation of non-current assets				332	
			43	Re-measurements of the net defined benefit liability				44	
			-147	Other Comprehensive Income & Expenditure				376	
			2,224	Total Comprehensive Income & Expenditure				3,850	

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

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2019	-8,332	-846	-6	-9,184	1,263,756	1,254,573
<u>Movement In Reserves during 2019/20</u>						
Total Comprehensive Income & Expenditure	52,212	0	0	52,212	-111,466	-59,254
Adjustments between accounting basis & funding basis under regulations (Note 10)	-53,793	817	0	-52,976	52,976	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-1,581	817	0	-764	-58,490	-59,254
(Increase) / Decrease in Year	-1,581	817	0	-764	-58,490	-59,254
Balance as at 31 st March 2020	-9,913	-29	-6	-9,948	1,205,266	1,195,319

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

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2019	-8,331	-846	-6	-9,184	-38,982	-48,166
<u>Movement In Reserves during 2019/20</u>						
Total Comprehensive Income & Expenditure	3,473	0	0	3,473	376	3,849
Adjustments between accounting basis & funding basis under regulations (Note 10)	-5,051	817	0	-4,234	4,234	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	-1,578	817	0	-761	4,610	3,849
(Increase) / Decrease in Year	-1,578	817	0	-761	4,610	3,849
Balance as at 31 st March 2020	-9,908	-29	-6	-9,945	-34,373	-44,318

Movement in Reserves Statement for the Year Ended 31 March 2019 – Group

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2018	-9,544	0	0	-9,544	1,148,117	1,138,574
<u>Movement In Reserves during 2018/19</u>						
Total Comprehensive Income & Expenditure	84,049	0	0	84,049	31,950	115,999
Adjustments between accounting basis & funding basis under regulations (Note 10)	-82,837	-846	-6	-83,689	83,689	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,212	-846	-6	360	115,639	115,999
(Increase) / Decrease in Year	1,212	-846	-6	360	115,639	115,999
Balance as at 31 st March 2019	-8,332	-846	-6	-9,184	1,263,756	1,254,573

Movement in Reserves Statement for the Year Ended 31 March 2019 – Commissioner

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2018	-9,544	0	0	-9,544	-40,845	-50,389
<u>Movement In Reserves during 2018/19</u>						
Total Comprehensive Income & Expenditure	2,371	0	0	2,371	-147	2,224
Adjustments between accounting basis & funding basis under regulations (Note 10)	-1,159	-846	-6	-2,011	2,011	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	1,212	-846	-6	360	1,864	2,224
(Increase) / Decrease in Year	1,212	-846	-6	360	1,864	2,224
Balance as at 31 st March 2019	-8,331	-846	-6	-9,184	-38,982	-48,166

Balance Sheet

The PCC for Bedfordshire and Group

The Commissioner	The Group		The Commissioner	The Group	
As at 31 st March 2019	As at 31 st March 2019		As at 31 st March 2020	As at 31 st March 2020	
£'000	£'000		£'000	£'000	Notes
		Property Plant & Equipment			
33,951	33,951	- Land and Buildings	33,750	33,750	15
4,170	4,170	- Vehicles	4,645	4,645	15
7,938	7,938	- Furniture & Equipment	8,496	8,496	15
1,198	1,198	Intangible Assets	889	889	16
335	335	Investment Property	315	315	15
1,778	1,778	Surplus Assets	970	970	15
128	128	Long Term Debtors	109	109	33
49,498	49,498	Total Long Term Assets	49,174	49,174	
2,000	2,000	Short Term Investments	5,000	5,000	17
0	131	Inventories	0	60	
13,737	24,009	Short Term Debtors	15,663	24,335	19
9,837	9,837	Cash & Cash Equivalents	9,101	9,101	20
285	285	Assets Held for Sale	0	0	15
25,859	36,263	Current Assets	29,765	38,496	
-5,649	-29,840	Short Term Creditors	-4,737	-34,376	24
-10,677	-	Intra-group Creditor*	-18,083	-	7
-16,326	-29,840	Current Liabilities	-22,820	-34,376	
0	-792	Provisions	0	-941	
-10,220	-10,220	Long Term Borrowing	-11,020	-11,020	17
-645	-1,299,481	Liability relating to Defined Benefit Pension Schemes	-777	-1,236,648	44
-10,865	-1,310,493	Long Term Liabilities	-11,797	-1,248,609	
48,166	-1,254,571	Net Assets	44,322	-1,195,315	
-9,184	-9,184	Usable Reserves	-9,947	-9,945	11
-38,982	1,263,755	Unusable Reserves	-34,374	1,205,262	25
-48,166	1,254,571	Total Reserves	-44,322	1,195,315	

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

These financial statements are unaudited and subject to change.



Philip Wells

Chief Finance Officer

30 June 2020

Cash Flow Statement

As at 31 st March 2019			As at 31 st March 2020		
The Commissioner	The Group		The Commissioner	The Group	
£'000	£'000		£'000	£'000	Notes
-2,371	-84,049	Net surplus or (deficit) on the provision of services	-3,473	-52,212	26
4,055	85,733	Adjust net surplus or deficit on the provision of services for noncash movements	10,621	59,360	26
-2,068	-2,068	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0	0	26
-384	-384	Net cash flows from Operating Activities	7,148	7,148	
1,214	1,214	Investing Activities	-8,687	-8,687	27
2,500	2,500	Financing Activities	800	800	28
3,330	3,330	Net increase or (decrease) in cash and cash equivalents	-739	-739	
6,507	6,507	Cash and cash equivalents at the beginning of the reporting period	9,837	9,837	20
9,837	9,837	Cash and cash equivalents at the end of the reporting period	9,101	9,101	20

Notes to the Accounts

Note 1 Expenditure & Funding Analysis

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

The Police and Crime Commissioner for Bedfordshire Group

2018/19 – Re-stated				2019/20			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
64,011	0	64,011	Policing	66,720	0	66,720	
28,062	-28	28,034	Collaborated Units	29,893	-54	29,839	
12,616	18,024	30,640	Corporate & Support Services	13,422	35,503	48,925	
1,750	25	1,775	Office of the Police & Crime Commissioner	1,808	-126	1,682	
0	51,349	51,349	Exceptional Items – Pension Past Service Cost	0	0	0	
106,439	69,371	175,810	Cost of Services	111,843	35,323	147,166	
-105,226	13,465	-91,761	Other Income & Expenditure	-113,421	18,467	-94,954	
1,212	82,836	84,049	(Surplus) or Deficit	-1,579	53,790	52,212	
9,544			Opening General Fund Balance	8,332			
-1,212			Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.	1,579			
8,332			Closing General Fund Balance as at 31 March	9,911			

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

2018/19 - Restated				2019/20			
The Police & Crime Commissioner				The Police & Crime Commissioner			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
-8	0	-8	Policing	-	-	-	
-17,367	0	-17,367	Collaborated Units	-18,118	-	-18,118	
-6,718	2,399	-4,319	Corporate & Support Services	-8,663	6,617	-2,046	
1,750	25	1,775	Office of the Police & Crime Commissioner	1,808	-126	1,682	
-22,342	2,424	-19,918	Cost of Services	-24,973	6,491	-18,482	
23,554	-1,265	22,289	Other Income & Expenditure	23,395	-1,440	21,955	
1,212	1,159	2,371	(Surplus) or Deficit on Provision of Services	-1,578	5,051	3,473	
9,544			Opening General Fund Balance	8,332			
-1,212			Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.	1,578			
8,332			Closing General Fund Balance as at 31 March	9,909			

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

The Statement of Accounts summarises the transactions for the 2019/20 financial year and the position of the Group as at 31 March 2020. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice. The Income and Expenditure Statement is presented as per the Service Reporting Code of Practice published annually by CIPFA.

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

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

B. Cost Recognition and Intra-Group Adjustment

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

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

C. Recognition of Non-Current Assets

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

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

D. Measurement of Non-Current Assets

Assets are initially measured at cost, comprising:

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

The PCC for Bedfordshire does not capitalise borrowing costs incurred.

Land and Buildings are valued as at 31st March 2020 on the basis of current value as required by CIPFA. Investment properties are valued on the basis of fair value. These valuations have been prepared in accordance with the RICS Appraisal and Valuation Standards ('the red book') and undertaken by Gerald Eve LLP. Full revaluations are undertaken at three yearly intervals, with a yearly review of values.

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

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

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

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

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

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

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

E. Impairment of Non-Current Assets

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

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

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

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

F. Disposal of Non-Current Assets

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

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

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

G. Depreciation

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

Depreciation is calculated on the following basis:

- (ii) **Buildings**
In accordance with IAS 16 – Non Current Assets, the usable lives of buildings have been assessed and depreciated on a straight line basis dependent on their useful lives as estimated by the valuers.
- (ii) **Vehicles, Plant, Furniture and Equipment**
Depreciation is charged in full on plant, furniture and equipment commencing the year after acquisition on a straight line basis over 5 years and assuming a nil residual value. This policy is also applied to any enhancement works to properties not owned by the PCC but for which the PCC is responsible for maintaining due to the regional funding arrangements for Counter Terrorism Policing. For vehicles, depreciation is charged on a straight line basis over their useful lives after taking into account their estimated residual values.
- (iii) **Jointly Controlled Assets**

The Comprehensive Income and Expenditure Statement is charged with depreciation on assets held by the Eastern Region Special Operations Unit according to the agreed contribution of each arrangement. Assets are held in each authority's balance sheet at their relevant share of depreciated historical cost or depreciated to existing use value.

(iv) **Intangible Assets**

Intangible assets (purchased software licences) are amortised on a straight line basis over 5 years, commencing the year after acquisition and assuming a nil residual value.

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

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

H. Charges to Revenue for Non-Current Assets

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

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

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

I. Revenue Recognition

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

J. Debtors and Creditors

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

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

- (i) Overtime paid to Police staff which has been claimed after the end of the financial year is not accrued;
- (ii) Electricity and similar quarterly payments are charged so that four payments appear in each year's accounts. Payments are not apportioned between financial years. For monthly accounts, twelve payments are charged during the year;
- (iii) Travel expenses claimed after the end of the financial year have not been accrued.

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

K. Funds Held on behalf of Third Parties

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

L. Provisions and Contingent Liabilities

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

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

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

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

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

M. Reserves

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

N. Police Fund

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

O. Capital Receipts

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

P. Value Added Tax (VAT)

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

Q. Government Grant and Contributions

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

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

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

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

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

When capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

R. Pensions

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

(ii) Police Officers – Police Pension Scheme

This Scheme is 'unfunded'. The charge to the Accounts represents the applicable IAS19 charges as determined by the Actuary. The Code of Practice requires separate statements to be produced which are shown at Note 44.

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

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

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

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

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

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

- The current service cost (the increase in liabilities as a result of years of service earned this year) is 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 and included with the Net Cost of Services
- Interest cost (the expected increase in the present value of liabilities during the year as they move one year closer to being paid) is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Expected return on assets (the annual investment return on the fund assets attributable to the PCC for Bedfordshire) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Interest Income on assets (the annual investment return on the fund assets attributable to the group) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains / losses on settlements (the result of actions to relieve the PCC for Bedfordshire of liabilities or events that reduce the expected long term return) are debited / credited to the Comprehensive Income and Expenditure Statement.
- Re-measurements of the net defined benefit liability / asset are debited / credited to the appropriate reserve. This includes an amount for actuarial gains / losses and estimated returns on plan assets which arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- The employers contributions made in the year are not accounted for as an expense.

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

S. Officers' Emoluments

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

T. Financial Liabilities

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

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

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The

effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Therefore the amount shown in the Balance Sheet is the outstanding principal repayable and interest is charged to the Comprehensive Income and Expenditure Statement.

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

U. Financial Assets

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

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

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

V. Group Accounts

The PCC for Bedfordshire has to determine whether it has interests in subsidiaries, associates or joint arrangements. The PCC for Bedfordshire has interests in joint arrangements and as a result is required to disclose these arrangements. For 2019/20 this applies to:

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

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

W. Cash and Cash Equivalents

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

X. Leases

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

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

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. The PCC for Bedfordshire Group has assessed its leases and the total value of potential finance leases are not of significant value, and therefore all leases are treated as operating leases.

Y. Benefits Payable during Employment

Short-term employee benefits such as wages and salaries, paid annual leave and time owed for current employees are recognised as an expense in the year in which employees render service to the PCC for Bedfordshire Group. An accrual is made against the services in the Surplus / Deficit on Provision of Services for the cost of leave earned by employees but not taken before the year end. The accumulated cost is carried as a liability on the Chief Constable's balance sheet – the Chief Constable's accounts therefore contain a nominal amount relating to staff employed by the Commissioner and the Commissioner's' accounts do not reflect any cost or liability relating to these benefits . The Commissioner's balances are judged not to be material therefore no split is required and this judgement is kept under review.

The accrual made is required to be reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement.

Z. Termination Benefits

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

AA. Events after the Reporting Period

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

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

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

BB. Exceptional Items

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

CC. Prior Period Adjustments

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

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

Changes in accounting estimates are applied prospectively, i.e. in the current and future year affected by the change.

Where material errors are discovered in prior period figures they are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

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 (Group):

	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	66,547	10,600	77,147	-2,536	-10,600	64,011
Collaborated Units	28,062	5,287	33,349	0	-5,315	28,034
Corporate & Support Services	10,080	2,109	12,189	2,536	15,915	30,640
Office of the PCC	1,750	25	1,775	0	0	1,775
Exceptional Items	0	51,349	51,349	0	0	51,349
Net Cost of Services	106,439	69,371	175,810	0	0	175,810

The Comprehensive Income and Expenditure Statement (Group):

	2018/19 - Original Values					2018/19 Re-stated
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Gross Expenditure	Adjustment to Gross Income	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Policing	77,776	-628	77,148	-13,157	20	64,011
Collaborated Units	52,333	-18,984	33,349	-5,315	0	28,034
Corporate & Support Services	25,619	-13,430	12,189	18,472	-20	30,640
Office of the Police & Crime Commissioner	2,607	-832	1,775	0	0	1,775
Exceptional Items	51,349	0	51,349	0	0	51,349
Net Cost of Services	209,684	-33,874	175,810	0	0	175,810

Note 4: Accounting Standards that have been Issued but have not yet been 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 5: 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 6: Events after the Reporting Period

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 31st March 2020.

Note 7: Intra-Group Funding Arrangements between the Commissioner & Chief Constable

The background and principles that underpin the accounting arrangement and create the need for an intra-group adjustment are explained in the Explanatory Foreword.

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

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

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

PCC Funding provided to the Chief Constable for Resources Consumed	2019/2020	2018/2019
	£'000	£'000
Net Cost of Services (Chief Constable)	165,647	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
Total Funding Transfer	148,717	144,258

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.

Intra-group Debtor / Creditor	2019/2020	2018/2019
	£'000	£'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
Total Owing to Commissioner	18,083	10,677

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

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

Intra-group Adjustments	The Chief Constable £'000	The Commissioner £'000	The Group £'000
Comprehensive Income & Expenditure Statement – 2018/19			
PCC Funding for Resources Consumed	-144,258	144,258	0
Comprehensive Income & Expenditure Statement – 2019/20			
PCC Funding for Resources Consumed	-148,717	148,717	0
Balance Sheet – 2018/19			
Intra Group Creditor / Debtor	10,677	-10,677	0
Balance Sheet – 2019/20			
Intra Group Creditor / Debtor	18,083	-18,083	0

Note 8: Note to the Expenditure & Funding Analysis

Adjustments between Accounting and Funding Basis

Group – 2019/20	Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
Policing	0	0	0	0
Collaborated Units	-54	0	0	-54
Corporate & Support Services	6,031	29,837	-364	35,503
Office of the Police & Crime Commissioner	-185	59	0	-126
Cost of Services	5,792	29,896	-364	35,324
Other Income & Expenditure from the Expenditure & Funding Analysis	-934	19,068	332	18,466
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	4,858	48,964	-32	53,790

Group – 2018/19 - Restated	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	-28	0	0	-28
Corporate & Support Services	2,374	15,728	-77	18,025
Office of the Police & Crime Commissioner	-43	68	0	25
Extraordinary Items – Pension Past Service Costs	0	51,349	0	51,349
Cost of Services	2,303	67,146	-77	69,370
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,371	14,433	404	13,465
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	932	81,579	326	82,835

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

PCC – 2018/19 - Restated	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	0	0	0	0
Corporate & Support Services	2,648	0	-249	2,399
Office of the Police & Crime Commissioner	-43	68	0	25
Cost of Services	2,605	68	-249	2,424
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,371	13	94	-1,265
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	1,235	81	-156	1,159

Adjustments for Capital Purposes

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

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

Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee

Benefits pension related expenditure and income.

Other Differences

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

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

Note 9: Expenditure and Income Analysed by Nature

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

Police & Crime Commissioner Group	2019/20	2018/19
Expenditure / Income	£'000	£'000
Expenditure		
Employee benefits expenses	184,751	214,362
Other services expenses	24,693	22,894
Depreciation, amortisation, impairment	6,899	2,653
Loss on disposal of assets	261	12
Interest payments	412	342
TOTAL EXPENDITURE	217,016	240,264
Income		
Fees, charges and other service income	-13,228	-11,354
Government grants and contributions	-107,944	-107,095
Income from council tax	-43,472	-37,673
Interest & Investment income	-160	-93
TOTAL INCOME	-164,804	-156,215
Surplus or Deficit on the Provision of Services	52,212	84,049

Police & Crime Commissioner	2019/20	2018/19
Expenditure / Income	£'000	£'000
Expenditure		
Employee benefits expenses	673	758
Other services expenses	1,881	1,862
Depreciation, amortisation, impairment	6,899	2,653
Loss on disposal of assets	261	12
Interest payments	412	342
Funding made to Chief Constable	148,718	144,258
TOTAL EXPENDITURE	158,844	149,885
Income		
Fees, charges and other service income	-3,796	-2,653
Government grants and contributions	-107,944	-107,095
Income from council tax	-43,471	-37,673
Interest & Investment income	-160	-93
TOTAL INCOME	-155,371	-147,514
Surplus or Deficit on the Provision of Services	3,473	2,371

Note 10: Adjustments between Accounting Basis and Funding Basis under Regulations

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

2019/2020 – Usable Reserves	General Fund	Capital Receipt Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustments Account:				
<u>Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement</u>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,818	0	0	4,818
Revaluation gains / losses on Property, Plant and Equipment	-2081	0	0	2,081
Capital grants & contributions applied to capital financing	1,214	0	0	-1,214
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-261	0	0	261
<u>Insertion of items not debited / credited to the Comprehensive Income & Expenditure Statement</u>				
Statutory Provision for the financing of capital investment	426	0	0	-426
Capital expenditure charged against the Police Fund	662	0	0	-662
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	0	0	0	0
Use of capital receipts reserve to finance new capital expenditure	0	846	0	-846
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash	0	-29	0	29
Adjustments involving the Collection Fund Adjustment Account:				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-106	0	0	106
Adjustments involving the pensions reserves:				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-175	0	0	175
Employer's pension contributions and direct payments to pensioners	86			-86
TOTAL ADJUSTMENTS - COMMISSIONER	-5,053	817	0	4,236
Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	137	0	0	-137
Adjustments involving the pensions reserves for the Chief Constable:				
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
TOTAL ADJUSTMENTS – CHIEF CONSTABLE	-48,740	0	0	48,740
TOTAL ADJUSTMENTS - GROUP	-53,793	817	0	52,976

2018/2019 – Usable Reserves	General Fund	Capital Receipt Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustments Account:				
<i>Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement</i>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,136	0	0	4,136
Revaluation gains / losses on Property, Plant and Equipment	1,482	0	0	-1,482
Capital grants & contributions applied to capital financing	1,388	0	-6	-1,382
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-2,183	0	0	2,183
<i>Insertion of items not debited / credited to the Comprehensive Income & Expenditure Statement</i>				
Statutory Provision for the financing of capital investment	340	0	0	-340
Capital expenditure charged against the Police Fund	107	0	0	-107
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	2,068	-2,068	0	0
Use of capital receipts reserve to finance new capital expenditure	0	1,222	0	-1,222
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash	0	0	0	0
Adjustments involving the Collection Fund Adjustment Account:				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-144	0	0	144
Adjustments involving the pensions reserves:				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-171	0	0	171
Employer's pension contributions and direct payments to pensioners	90	0	0	-90
TOTAL ADJUSTMENTS - COMMISSIONER	-1,159	-846	-6	2,011
Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	-182	0	0	182
Adjustments involving the pensions reserves for the Chief Constable:				
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
TOTAL ADJUSTMENTS – CHIEF CONSTABLE	-81,678	0	0	81,678
TOTAL ADJUSTMENTS - GROUP	-82,837	-846	-6	83,689

Note 11: Transfers to / from Earmarked Reserves

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and any amounts posted back from earmarked reserves to meet General Fund expenditure in 2018/19. All are usable reserves held by the Commissioner.

	Balance at 31 March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 March 2019	Transfers Out 2019/20	Transfers In 2019/20	Balance at 31 March 2020	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Devolved Budget Reserves	0	0	0	0	0	-18	0	This reserve contains under spending which has been earmarked for use in the following year.
Budget Reserve	-1,753	0	-419	-2,172	0	-1,079	-3,251	This reserve contains funds to be used to bridge the anticipated future budget gap.
Insurance Reserve	-1,132	0	0	-1,132	0	0	-1,132	This provides for partial self-funding of insurance for combined liability, motor vehicle and fidelity guarantee.
Capital Expenditure Reserve	-935	0	0	-935	0	0	-935	To hold capital receipts until they are used to finance capital expenditure.
Performance & Change Reserve	-1,482	1,482	0	0	0	0	0	To provide for one-off costs in relation to progressing future collaborations and addressing performance issues.
Regional Organised Crime	-93	39	0	-54	54	0	0	This reserve contains underspending which is for use within the Regional Organised Crime area
Road Safety Reserve	-1,149	111	0	-1,038	175	0	-864	The purpose of this reserve is to hold the balance of income generated in excess of expenditure by the Camera, Tickets and Collisions Unit which is ring fenced for re-investment in road safety activities.
Sixhills Sink Fund	0	0	0	0	0	-710	-710	
Earmarked Reserves	-6,544	1,632	-419	-5,331	229	-1,807	-6,892	
Police Fund	-3,000	0	0	-3,000	0	0	-3,000	
General Fund Balance	-9,544	1,632	-419	-8,331	229	-1,807	-9,892	
Capital Grants Unapplied	0	-6	0	-6	0	0	-6	
Capital Receipts Reserve	0	1,252	-2,098	-846	846	-30	-30	
Total Usable Reserves	-9,544	2,878	-2,517	-9,183	1,075	-1,837	-9,945	

Note 12: Other Operating Income and Expenditure

The PCC for Bedfordshire 2018/19	The Group 2018/19		The PCC for Bedfordshire 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
80	80	Loss on Disposal of Non-Current Assets – Vehicles	260	269
-63	-63	Gain / Loss on Disposal / Reclassification of Non-Current Assets – Buildings	-0	-0
-15,777	-15,777	Pension Top Up Grant Received from Home Office	-12,782	-12,782
-15,760	-15,760	Total	-12,521	-12,521

Note 13: Financing and Investment Income and Expenditure

The PCC for Bedfordshire 2018/19	The Group 2018/19		The PCC for Bedfordshire 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
342	342	Interest Payable	412	412
0	11	Impairment Allowance	0	-25
0	0	(Gain) / Loss on Investment Property	20	20
0	27,900	Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions	0	29,580
0	0	Income from Investment Property	-24	-24
13	2,310	Pensions Interest Cost and Expected Return on Pension Assets – LGPS	15	2,270
-93	-93	Interest Receivable	-136	-136
262	30,470	Total	288	32,097

Note 14: Taxation and Non-Specific Grant Income

The PCC for Bedfordshire 2018/19	The Group 2018/19		The PCC for Bedfordshire 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-37,673	-37,673	Council Tax Income	-43,993	-43,993
-23,001	-23,001	Formula Funding	-23,453	-23,453
-3,886	-3,886	Council Tax Subsidy	-3,886	-3,886
-751	-751	Council Tax Freeze Grant	-751	-751
-39,772	-39,772	Non Ring-fenced Government Grants	-41,753	-41,753
-1,388	-1,388	Capital Grants and Contributions	-1,214	-1,214
-106,471	-106,471	Total	-115,051	-115,051

Note 15: Property, Plant and Equipment

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

*(i) Movements on Balances***2019/20**

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
Book Value as at 1st April 2019	36,675	8,076	12,792	57,543
Revaluation In Year	-4,181	0	0	-4,181
Impairment Losses recognised in Revaluation Reserve	-332	0	0	-332
Impairment Losses reversed in Surplus / Deficit on Provision of Service	-1,146	0	0	1,146
Additions	2,555	1,432	2,836	6,823
Disposals	0	-865	0	-865
Written Out	0	0	-927	-927
Reclassification of Asset	178	0	0	178
Gross Book Value as at 31st March 2020	33,750	8,643	14,701	57,093
Depreciation and Impairment as at 1st April 2019	-2,724	-3,906	-4,854	-11,484
Depreciation for year	-1,457	-695	-2,278	-4,430
Disposals	0	604	0	604
Written Out on Reval / Disposal	4,181	0	927	5,108
Depreciation and Impairment as at 31st March 2020	0	-3,997	-6,205	-10,202
Net Book Value as at 31st March 2019	33,951	4,170	7,938	46,059
Net Book Value as at 31st March 2020	33,750	4,645	8,496	46,891

Comparative Movements in 2018/19

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
Book Value as at 1st April 2018	34,912	7,674	11,439	54,025
Revaluation In Year	268	0	0	268
Impairment Losses recognised in Revaluation Reserve	-78	0	0	-78
Impairment Losses reversed in Surplus / Deficit on Provision of Service	1,487	0	0	1,487
Additions	636	1,194	2,990	4,820
Disposals	0	-792	0	-792
Written Out	0	0	-1,637	-1,637
Reclassification of Asset	-550	0	0	-550
Gross Book Value as at 31st March 2019	36,675	8,076	12,792	57,543
Depreciation and Impairment as at 1st April 2018	-1,456	-3,799	-4,854	-10,109
Depreciation for year	-1,355	-716	-1,637	-3,708
Disposals	0	609	0	609
Written Out on Reclassification	87	0	1,637	1,724
Depreciation and Impairment as at 31st March 2019	-2,724	-3,906	-4,854	-11,484
Net Book Value as at 31st March 2018	33,456	3,875	6,585	43,916
Net Book Value as at 31st March 2019	33,951	4,170	7,938	46,059

Investment Property

During 2019/20 the Former Leagrave Police Station remained an investment property.

	£'000
Gross Book Value as at 31st March 2019	335
Assets newly classified as Surplus property	
- From Land & Buildings	0
Revaluation Gains / (Losses)	-20
Disposal / Reclassification	0
Additions & Subsequent Expenditure	0
Gross Book Value as at 31st March 2020	315

Surplus Property

During 2019/20 the Greyfriars premises remained surplus property, the Houghton Regis property transferred back to operational property and the one remaining police house became surplus.

	£'000
Gross Book Value as at 31st March 2018	1,778
Assets newly classified as Surplus property	
- From Land & Buildings	285
Revaluation Gains / (Losses)	-915
Disposal / Reclassification	-178
Additions & Subsequent Expenditure	0
Gross Book Value as at 31st March 2019	970

(ii) Capital Commitments

At 31st March 2020 the PCC for Bedfordshire has authorised expenditure in 2020/21 and in future years of £38.597M under its Capital Programme, of which £1.650M has been contractually committed on the following projects:

	£M
HQ Site Redevelopment	1.650
TOTAL	1.650

(iii) Revaluation Assumptions

The PCC for Bedfordshire's operational freehold properties were valued at 31st March 2020 by external valuers, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the terms of the Valuation – Global Standards 2017 and the national standards and guidance set out in the UK national supplement (November 2018 edition). The valuation of each property was on the basis of fair value, subject to the following assumptions:

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

The valuers' opinion of fair value was primarily derived using the Depreciated Replacement Cost (DRC) approach, because the specialised nature of the assets means that there are no market transactions of this type. For non-specialised assets valuers have had regard to the available evidence derived from transactions of comparable properties in their respective locations or other valuation approaches, to reflect their judgement on the impact of Covid-19 on values they have made an adjustment of 25bpt to notional capitalisation yield for this years valuation.

Other significant assumptions applied in estimating fair value are:

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

(iv) Depreciation

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

- Land & Buildings – Between 5 years (capital works to leased building) and 75 years.
- Vehicles – Between 3 and 12 years.

- Plant & Equipment – 5 years.

Note 16: Intangible Assets

The PCC for Bedfordshire accounts for its purchased software licences as intangible assets, to the extent that the software licence was purchased as part of the initial installation and set-up cost of the software. A useful life of 5 years is assigned to all intangible assets and their carrying amount is amortised on a straight-line basis. The amortisation of £0.390M is charged to the Comprehensive Income & Expenditure Statement in 2019/20.

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

	2019/20	2018/19
	£'000	£'000
Historical Cost	2,572	2,335
Accumulated Amortisation	-1,373	-1,132
Net carrying amount at start of year	1,199	1,203
Additions – Purchases	80	422
Assets re-classified	0	0
Amortisation for the period	-390	-427
Net carrying amount at end of year	889	1,198
Comprising:		
Gross carrying amounts	2,003	2,571
Accumulated amortisation	-1,114	-1,373

Assets and depreciation written out in the year amounted to £0.649M.

Note 17: 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	2018/19		2018/19		2019/20		2019/20	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Debtors:</u>								
Amortised Cost	0	6,210	128	1,325	0	5,143	109	1,724
<u>Investments:</u>								
Amortised Cost	0	0	0	2,000	0	0	0	5,000
<u>Cash</u>								
Amortised Cost	0	0	0	9,837	0	0	0	9,101
Total Financial Assets	0	6,210	128	13,162	0	5,143	109	15,825
Non Financial Assets		14,869	0	12,413		21,612	0	13,939
Total	0	21,079	128	25,575	0	26,755	109	29,764
Financial Liabilities	2018/19		2018/19		2019/20		2019/20	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Creditors:</u>								
Amortised Cost	0	17,351	0	2,431	0	21,184	0	1,612
<u>Borrowings:</u>								
Amortised Cost	0	0	10,220	0	0	0	11,020	0
Total Financial Liabilities	0	17,351	10,220	2,431	0	21,184	11,020	1,612
Non Financial liabilities	0	6,839	0	13,896	0	8,455	0	21,208
Total	0	24,190	10,220	16,327	0	29,639	11,020	22,820

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

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

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

The PCC for Bedfordshire has not reclassified any financial instruments during 2019/20 and all remain at amortised cost.

Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.

Notes to the Accounts

	2018/19			2019/20		
	Financial Liabilities measured at amortised cost	Financial assets	Total	Financial Liabilities measured at amortised cost	Financial assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	342	0	342	412	0	412
Fee Expense	0	0	0	0	0	0
Total expense in surplus or deficit on the provision of services	342	0	342	412	0	412
Interest Income	0	-93	-93	0	-136	-136
Total income in surplus or deficit on the provision of services	0	-93	-93	0	-136	-136
Net (gain) / loss for the year	342	-93	249	412	-136	276

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

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

	The Commissioner				The Chief Constable			
	2018/19		2019/20		2018/19		2019/20	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>								
PWLB Borrowing	10,220	12,301	11,020	12,803	0	0	0	0
Creditors & Receipts In Advance	2,431	2,431	1,612	1,612	17,351	17,351	21,184	21,184
<i>Loans and Receivables:</i>								
Short-Term Investments	2,000	2,000	5,000	5,000	0	0	0	0
Debtors and Payments in advance	1,325	1,325	1,724	1,724	6,210	6,210	5,143	5,143
Instant Access Bank Deposit Accounts	9,439	9,439	9,046	9,046	0	0	0	0
Imprest & Cash	398	398	55	55	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 2020. 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.

Note 18: Nature and Extent of Risks Arising from Financial Instruments

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

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

Overall Procedures for Managing Risk

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

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

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

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

Credit Risk

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

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

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

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

The PCC's maximum exposure to credit risk in relation to its investments in individual banks during 2019/20 of £23M cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2020 that this was likely to crystallise. As at 31st March 2020 £5M was held in a fixed term deposit (with a maturity date of 6th April 2020) with other funds placed in instant access accounts.

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

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors. The PCC does not generally allow credit for customers, such that £0.173M of the £1.564 on the Accounts Receivable ledger at 31st March 2020 is past its due date for payment (i.e 30 day payment terms.) The past due amount can be analysed by age as follows:

	31 March 2020	31 March 2019
	£'000	£'000
Less than 30 days	1,392	4,369
30-60 days	127	73
60-90 days	32	249
Over 90 days	13	37
Total	1,564	4,728

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

	Amount as at 31 March 2020	Historical experience of default	Estimated maximum exposure to default and non- collectability
	£'000	%	£'000
Deposits with banks and financial institutions	14,046	-	-
Customers	1,564	0.98	15

The expected credit losses included in the accounts of £0.043M are calculated according to expectations and communications in respect of individual balances owing at 31st March 2020.

Liquidity Risk

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

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

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

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

2017/18	Analysis of PWLB Loans by Maturity	2019/20
£'000		£'000
2,020	Less than 10 years	2,020
1,700	Between 10 and 15 years	1,700
4,000	Between 15 and 20 years	4,000
0	Between 20 and 25 years	2,500
2,500	Over 25 Years	800
10,220	Total	11,020

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

Market Risk

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

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

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

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

Loans and short-term investment balances shown in the balance sheet are at fixed rates and therefore not affected by market fluctuations as at 31 March 2020. A rise in interest rates would reduce the fair value of the loans; however borrowings are not carried at fair value so any notional gain arising from a commitment to pay interest to lenders below current market rates would not impact on the Surplus or Deficit on the Provision of Services.

Re-financing Risk

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

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

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

Note 19: Debtors & Payments In Advance

2018/19			2019/20	
Commissioner £'000	Group £'000		Commissioner £'000	Group £'000
456	4,745	Trade Receivables	747	1,564
0	-43	Less Expected Credit Losses	0	-15
2,819	2,819	Council Tax	3,208	3,208
10,463	13,158	Other Receivables	11,693	16,207
0	3,331	Prepayments	15	3,370
13,738	24,009	Balance at 31st March	15,663	24,335

Note 20: Cash and Cash Equivalents

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

	As at 31st March 2019	As at 31st March 2020	Movement in the year
	£'000	£'000	£'000
Cash in hand	398	55	343
Bank current accounts	9,439	9,046	393
Total Group Cash and Cash Equivalents	9,837	9,101	736

Note 21: Funds Held on Behalf of Third Parties

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

As at 31 March 2020 the balance of these funds was £1.463M (£1.252M at 31 March 2019).

Note 22: Critical Judgements In Applying Accounting Policies

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

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- The PCC for Bedfordshire is involved in various joint arrangements with other forces. These arrangements are judged to be joint operations due to the joint management and decision making structure of the agreement. The PCC for Bedfordshire's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.
- The accounting arrangements for the Counter Terrorism Policing (CTP) are not judged to be a joint arrangement as although it is governed by a management board and decisions made on a unanimous basis, the unit is entirely grant funded therefore decisions regarding the level of funding and hence the service provided are not entirely made by the forces involved.
- Following 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 received 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). The Government's interim solution, originally in place from 2016 to 2018 to ensure a smooth transition to equalisation, has been extended to 2021 and it is not yet clear whether the LGPS (through employers) or Government will fund these additional costs after 2021. An LGPS wide assessment of additional liabilities arising from GMP equalisation for the interim solution between 2016 to 2018, the extension from 2018 to 2021, and potential post 2021 costs falling on the LGPS could increase liabilities by +0.3%. The Group Actuaries, Barnet Waddingham have previously allowed for the impact, assuming the governments 'interim solution' applied indefinitely. Barnet Waddingham have not changed the assumption this year and as such an allowance has been recognised in the LGPS liability figure. GAD have allowed for the full impact of indexation changes (i.e. indexation until 2021) in the 2017/18 Police and Fire liabilities as a past service cost. As such it is not necessary to recognise an impact in the Police Pension liability this year.

Note 23: Assumptions Made about the Future & Other Estimation Uncertainties

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

- Property, Plant & Equipment is depreciated over the useful lives of the assets which are dependent on assumptions regarding the length of time the asset will be in operational use for, these vary for different classes of assets. The property valuation is also based on assumptions around how the buildings will be used in future years and price indexes which are broad estimates and subject to fluctuation.
- The outbreak of the Novel Coronavirus (COVID-19), declared by the World Health Organisation as a "Global Pandemic" on the 11th March 2020, has impacted global financial markets. Market activity is being impacted in many sectors. As at the valuation date, valuers consider that they can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the current response to COVID-19 means that valuers are faced with an unprecedented set of circumstances on which to base a judgement. The property valuation is therefore reported as being subject to 'material valuation uncertainty' as set out in VPS 3 and VPGA 10 of the RICS Valuation – Global Standards. Consequently, less certainty – and a higher degree of caution – should be attached to the valuation than would normally be the case. For the avoidance of doubt, the inclusion of the 'material valuation uncertainty' declaration by the valuers does not mean that the valuation cannot be relied upon. Rather, the declaration has been included to ensure transparency of the fact that – in the current extraordinary circumstances – less certainty can be attached to the valuation than would otherwise be the case. The material uncertainty clause is to serve as a precaution and does not invalidate the valuation.

- Estimation of the net liability to pay pensions depends on a number of complex assumptions relating to the discount rate used, the rate at which salaries increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are used to make these judgements and provide the estimates of pension assets and liabilities, the details of which are detailed at note 44 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 24: Creditors & Receipts in Advance

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
1,053	3,502	Trade Payables	702	4,015
1,754	19,292	Other Payables - Capital & Revenue	1,025	21,593
-	301	Other Payables - Employees	-	281
1,282	1,282	Council Tax	1,658	1,658
1,560	1,560	Receipts In Advance	1,352	3,064
-	3,902	Short Term Accumulating Absences	-	3,765
5,650	29,839	Short Term Creditors 31st March	4,737	34,376
10,677	-	Amount owed to Chief Constable	18,083	-
16,327	29,839	Total Amounts Due within 1 Year	22,820	34,376

Note 25: Unusable Reserves

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-2,724	-2,724	Revaluation Reserve	-2,270	-2,270
-36,256	-36,256	Capital Adjustment Account	-32,366	-32,366
645	97,471	Pensions Reserve – LGPS	777	97,278
0	1,202,010	Pensions Reserve – Police Pensions	0	1,139,370
-521	-521	Collection Fund Adjustment Account	-416	-416
-128	-128	Deferred Capital Receipts Reserve	-99	-99
0	3,902	Accumulated Absences Account	0	3,765
-38,984	1,263,755	Total Unusable Reserves	-34,375	1,205,262

Revaluation Reserve

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

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

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-3,810	-3,810	Balance at 1st April	-2,724	-2,724
-268	-268	Upward revaluation of assets	-129	-129
1,187	1,187	Asset Disposal	0	0
78	78	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services - PPE	480	480
5	5	Downward revaluation of assets and impairment losses on reclassification.	0	0
84	84	Difference between fair value depreciation and historical cost depreciation	101	101
-2,724	-2,724	Balance at 31st March	-2,270	-2,270

Deferred Capital Receipts Reserve

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-157	-157	Balance at 1st April	-128	-128
		Amount credited to reserve		
29	29	Amount released to finance capital	29	29
0	0	Discount Unwound / Revaluation following payments made	0	0
-128	-128	Balance at 31st March	-99	-99

Collection Fund Adjustment Account

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-665	-665	Balance at 1st April	-521	-521
144	144	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	105	105
-521	-521	Balance at 31st March	-416	-416

Capital Adjustment Account

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
-36,733	-36,733	Balance at 1st April	-36,256	-36,256
-108	-108	Contribution applied from Capital Reserve	-662	-662
-1,253	-1,253	Capital Receipts Applied	-846	-846
-1,382	-1,382	Government Grants Released	-1,214	-1,214
0	0	Contribution applied in year	0	0
-340	-340	MRP	-426	-426
2,564	2,564	Depreciation and Impairment	6,777	6,777
995	995	Non-current assets written off on disposal	260	260
-36,256	-36,256	Balance at 31st March	-32,366	-32,366

Accumulated Absences Account

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
0	3,719	Balance at 1st April	0	3,902
0	-3,719	Cancellation of accrual made at the end of the preceding year	0	-3,902
0	3,902	Amounts accrued at the end of the current year	0	3,765
0	3,902	Balance at 31st March	0	3,765

Pensions Reserves

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

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
		Pension Reserve – Local Government Scheme		
521	88,726	Balance at 1st April	645	97,471
43	-353	Actuarial (gains) or losses on pensions assets and liabilities	43	-9,464
171	15,492	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	175	15,624
-90	-6,394	Employer's pension contributions and direct payments to pensioners payable in the year	-86	-6,353
645	97,471	Balance at 31st March	777	97,278

The Commissioner 2018/19	The Group 2018/19		The Commissioner 2019/20	The Group 2019/20
£'000	£'000		£'000	£'000
		Pension Reserve – Police Pension Scheme		
0	1,097,037	Balance at 1st April	0	1,202,010
0	32,494	Actuarial (gains) or losses on pensions assets and liabilities	0	-102,730
0	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	0	66,580
0	-26,361	Employer's pension contributions and direct payments to pensioners payable in the year	0	-26,490
0	1,202,010	Balance at 31st March	0	1,139,370

Note 26: Cash Flow Statement – Operating Activities

2018/19 - Restated			2019/20	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
2,371	84,049	Net (surplus) or deficit on the provision of services	3,473	52,212
0	533	Contributions (to) / from provisions	0	-149
1,388	1,388	Capital Grants	1,214	1,214
-2,653	-2,653	Depreciation & Impairment	-6,899	-6,899
-81	-81,578	IAS 19 pension adjustments	-89	-48,965
-2183	-2,183	Carrying Amount of non-current assets sold	-260	-260
0	4	Increase / (decrease) stock	0	-71
1,409	409	Increase / (decrease) debtors	1,906	306
-1,399	-1,653	(Increase) / decrease creditors	913	-4,536
-536	0	(Increase) / decrease creditors – Inter Company	-7,406	0
-4,055	-85,733	Adjust net surplus or deficit on the provision of services for non-cash movement	-10,621	-59,360
2,068	2,068	Remove proceeds of sale of non-current assets included in investing activities	0	0
384	384	Net cash flows from operating activities	-7,148	-7,148

The cash flows for operating activities include the following items:

2018/19			2019/20	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-93	-93	Interest Received	-136	-136
342	342	Interest Paid	412	412

Note 27: Cash Flow Statement – Investing Activities

2018/19			2019/20	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
5,242	5,242	Purchase of property, plant and equipment, and intangible assets	6,901	6,901
0	0	Purchase of short term investments	3,000	3,000
-2,068	-2,068	Proceeds from the sale of property, plant and equipment, and intangible assets	0	0
-3,000	-3,000	Proceeds from short-term investments	0	0
-1,388	-1,388	Other Receipts from Investing Activities	-1,214	-1,214
-1,214	-1,214	Net cash flows from investing activities	8,687	8,687

Note 28: Cash Flow Statement – Financing Activities

2018/19			2019/20	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-2,500	-2,500	Cash receipts of short and long term borrowing	-800	-800
0	0	Repayments of short and long term borrowing	0	0
-2,500	-2,500	Net cash flows from financing activities	-800	-800

Note 29: Member's Allowances

Allowances relating to the Joint Audit Committee totalled £5K during 2019/20 and in 2018/19 were £8K.

Note 30: Officer's Remuneration

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

The Chief Constable	The Commissioner		The Chief Constable	The Commissioner
2018/19	2018/19	Remuneration Band £	2019/20	2019/20
132	2	50,000 to 54,999	159	0
71	0	55,000 to 59,999	75	0
20	0	60,000 to 64,999	29	0
7	0	65,000 to 69,999	7	0
2	0	70,000 to 74,999	1	0
6	0	75,000 to 79,999	4	0
5	1	80,000 to 84,999	7	1
3	0	85,000 to 89,999	4	0
1	0	90,000 to 94,999	3	0
0	0	95,000 to 99,999	0	0
1	0	100,000 to 104,999	1	0
248	3		290	1

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

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

Exit Packages 2018/19

During 2018/19 17 exit packages were agreed of which 7 were identified as due to new collaborated units and funded as such (as per Note 37). All 17 exit packages were identified as relating to Chief Constable 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
<u>The Chief Constable & The Commissioner</u>				
<£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
Total	15	2	17	£416,000

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
	£	£	£	£	£
The Commissioner					
The Police & Crime Commissioner	71,400	11,924	0	0	83,324
The Chief Finance Officer to Police & Crime Commissioner (note 1)	13,324	2,163	0	0	15,487
The Chief Constable					
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 Commissioner					
The Police & Crime Commissioner	71,283	13,116	534	0	84,933
The Chief Finance Officer to Police & Crime Commissioner (note 1)	14,471	2,588	0	0	17,059
The Chief Constable					
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 Police & Crime Commissioner is estimated.

Note 31: Agency & Contracted Services

Agency and contracted services of £6.704M (£8.878M in 2018/19) include levies totalling £0.426M towards the cost of Home Office developed IT systems (£0.424M in 2018/19).

Note 32: Audit Fees

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

2018/19		2019/20
£'000		£'000
23	Audit Fee Re Police & Crime Commissioner	23
11	Audit Fee Re Chief Constable	11
34	Total Audit Fees	34

Note 33: National Police Air Service

Aircraft owned by the Chiltern Air Support Consortium were transferred to the National Police Air Service on 1st October 2012. Payments are scheduled over the next 5 years for which a Long Term Debtor is recognised on the balance sheet.

Note 34: 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
16,737		18,465

Note 35: Eastern Region Organised Crime Unit

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

Expenditure of £2.384M 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:

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

2018/19	Beds	Cambs	Essex	Herts	Kent	Norfolk	Suffolk	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
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
Surplus / Deficit	1,847	2,362	1,456	3,352	1,736	2,694	2,050	15,497

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

2018/19		2019/20
£'000		£'000
75	Vehicles	112
42	Plant & Equipment	35
102	Land & Buildings	99
218	Net Assets	246
218	Capital Adjustment Account	246
218	Equity	246

In addition there are two buildings purchased jointly by the forces for regional teams, the PCC for Bedfordshire's share of the total value is also included in the balance sheet at £0.952M.

Note 36: Collaborated Units

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

Note 37: Council Tax Income

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

2018/19		2019/20
£'000		£'000
-37,817	Precept received	-43,577
143	Net Adjustment to account for share of surplus/deficits	105
-37,673	Amount included in Comprehensive Income & Expenditure Statement	-43,472

Note 38: Analysis of Government Grants

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

	2019/20	2018/19
	£'000	£'000
Counter Terrorism Policing Grant	16,613	15,984
Special Grant	2,975	4,464
ROCU (Beds Share of Joint Regional Grant)	432	530
ROCU – Non Core Grants	115	0
Criminal Records Bureau Vetting	293	248
Violence Reduction Unit	696	0
Victim Services Grant (Ministry of Justice)	767	777
OPCC SARC Talking Therapies	73	0
Cyber Grant	231	148
Surge Fund	1,339	0
Uplift Grant	229	0
Other	119	181
Proceeds of Crime Grant	223	188
Total Credited to Provision of Services	24,105	22,520
Pension Top Up Grant	12,782	15,777
Total Credited to Other Operating Income	12,782	15,777
Police Revenue Grant	41,753	39,771
Council Tax Freeze Grant	751	751
Non Domestic Rates	23,453	23,001
Council Tax Benefit Subsidy	3,886	3,886
Capital Expenditure Grant	1,214	1,388
Council Tax Precepts	43,472	37,993
Total Credited to Taxation & Non Specific Grant Income	114,530	106,471
Of which were Received In Advance	0	0

Note 39: Related Party Transactions

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

Other Public Bodies Subject to Common Control

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

Material transactions with other public bodies have been disclosed in other notes to the Accounts (see notes 33-37).

Officers

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

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

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

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

Bedfordshire Police Partnership Trust has 11 trustees, 1 of which is the PCC for Bedfordshire. For this reason the Trust is deemed to be significantly influenced by the PCC for Bedfordshire through its representation on the board of trustees and shares a management structure with the OPCC from January 2020 onwards. The Partnership Trust owed the PCC for Bedfordshire £112K (£111K 2018/19) towards the total cost of staff provided to run the scheme which was outstanding at 31st 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 for the majority of the year. Payments of £111K were received from the Trust in 2019/20 (£141K 2018/19). These accounts are not consolidated with the Commissioners accounts due to immateriality of the assets and transactions.

Note 40: Capital Expenditure & Capital Financing.

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

	2019/20	2018/19
	£'000	£'000
<u>Opening Capital Financing Requirement</u>	10,661	8,502

<u>Capital Investment</u>		
Property, Plant & Equipment	6,821	4,820
Intangible Assets	80	422
<u>Sources of Finance</u>		
Capital Receipts	-846	-1,253
Government Grants & Contributions	-1,214	-1,382
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	-662	-108
Minimum Revenue Provision	-426	-340
<u>Closing Capital Financing Requirement</u>	14,414	10,661
<u>Explanation of Movements in the Year</u>		
Increase (decrease) in underlying need to borrow		
- supported by government assistance	800	2,500
- unsupported by government assistance	3,379	0
Assets acquired under finance leases	0	0
Assets acquired under PFI contracts	0	0
<u>Increase / (decrease) in Capital Financing Requirement</u>	4,179	2,500

Note 41: 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 2020 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 42: Police Property Act 1997

The PCC for Bedfordshire operates a Holding Account for the sale proceeds of unclaimed property under the Police (Property) Act 1997. In accordance with the Act, the net income is distributed to local charities. During 2019/20 £1K was distributed (£31K in 2018/19). The funds available for distribution in 2020/21 now total £115K (£86K at 31 March 2019). This fund is held in the PCC for Bedfordshire's bank account and is therefore included in the bank figure in the balance sheet, however as the monies are to be distributed they are also included in the creditors balance.

Note 43: Contingent Liability

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 is still to be established pending the outcome of test cases and file reviews 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 (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 44: Pensions (Comprising of the Police Pension Fund Accounting Statements)

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

The Chief Constable for Bedfordshire participates in two pension schemes:

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

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

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

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

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

	Local Government Pension Scheme		Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Net Total Cost of Service				
Current Service Costs	12,332	12,721	20,280	32,750
Past Service Costs/Gains	850	633	50,660	4,250
Losses/Gains on Curtailments & Settlements	0	0	0	0
Surplus or Deficit on the Provision of Services				
Interest Costs	5,973	5,852	27,900	29,580
Interest Income on plan assets	-3,663	-3,582	0	0
Other Comprehensive Income & Expenditure				
<u>Re-measurements:</u>				
Actuarial gains and losses arising on changes in demographic assumptions	-11,468	10,179	0	-36,280
Actuarial gains / losses arising on changes in financial assumptions	15,798	-34,966	34,620	-43,040
Other experience gains and losses	161	396	-2,126	-23,410
Return on plan assets (excl amount in net interest expense)*	-4,844	15,323	0	0
Total Charge to the Comprehensive Income and Expenditure Statement	15,138	6,556	131,334	-36,150
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19*	-15,492	-15,624	-98,840	-66,580
Actual Amounts charged against the General Fund Balance for pensions in the year:				
Employers Contributions payable to the pension fund	6,394	6,749	24,907	25,019
Injury Award Benefits	0	0	1,454	1,471

Assets and Liabilities Recognised in the Balance Sheet

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	243,666	237,122	1,202,010	1,139,370
Fair value of plan assets	-146,195	-139,844		
Sub-total	97,471	97,278	1,202,010	1,139,370
Other movements in the liability (asset) (if applicable)				
Net liability arising from the defined benefit obligation	97,471	97,278	1,202,010	1,139,370

Reconciliation of the movements in the fair value of scheme assets

	Local Government Pension Scheme	
	2018/19	2019/20
	£'000	£'000
1st April	132,431	146,195
Expected rate of return / Interest income	3,663	3,582
Re-measurement gains and losses:		
Return on plan assets, excluding the amount included in the net interest expense	4,844	-15,323
Other	0	0
Employer contributions	6,394	6,749
Contributions by scheme participants	2,159	2,200
Benefits paid	-3,296	-3,559
31st March	146,195	138,844

Reconciliation of present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
1st April	221,157	243,666	1,097,037	1,202,010
Current service cost	12,332	12,721	20,280	32,750
Interest cost	5,973	5,852	27,900	29,580
Contributions by scheme participants	2,160	2,200	5,298	5,269
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	-11,468	10,179	0	-36,280
▪ Actuarial gains / losses arising from changes in financial assumptions	15,798	-34,570	34,620	-43,040
Other experience gains / losses	161	15,323	-2,126	-23,410
Benefits paid	-3,296	-3,559	-31,659	-31,750
Past service cost (including curtailments)	850	633	50,660	4,250
Losses / (gains) on settlements	0	0	0	0
31st March	243,666	237,122	1,202,010	1,139,370

Reconciliation of the opening and closing surplus / (deficit)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
	£'000	£'000	£'000	£'000
Opening Surplus (deficit)	-88,726	-97,471	-1,097,037	-1,202,010
Current Service Cost	-12,332	-12,721	-20,280	-32,750
Contributions by employer	6,394	6,749	26,361	26,490
Past Service Costs	-850	-633	-50,660	-4,250
Interest Cost	-5,973	-5,852	-27,900	-29,580
Expected Return on Assets	3,663	3,582	0	0
Curtailment losses and gains	0	0	0	0
Re-measurement Gains / (losses)	353	9,068	-32,494	102,730
31st March	-97,471	-97,278	-1,202,010	-1,139,370

Local Government Pension Scheme assets comprised:

2018/19				2019/20		
CC	PCC	Group		CC	PCC	Group
£'000	£'000	£'000	Asset Type	£'000	£'000	£'000
100,316	585	100,901	Equities	93,241	747	93,988
23,697	138	23,835	Bonds	24,064	193	24,257
14,967	87	15,054	Property	15,816	127	15,943
6,902	40	6,942	Cash	5,611	45	5,656
145,882	850	146,732	Total	138,732	1,112	139,844

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
Fixed Interest Government Securities			
	UK	3.4%	-
	Overseas	-	-
Index Linked Government Securities			
	UK	5.4%	-
	Overseas	-	-
Corporate Bonds			
	UK	8.5%	-
	Overseas	-	-
Equities			
	UK	-	-
	Overseas	-	5.3%
Property			
	All	-	9.8%
Others			
	Absolute return portfolio	19.4%	-
	Private Equity	-	1.4%
	Infrastructure	-	1.6%
	Unit trust	-	41.1%
	Cash/Temporary Investments	-	4.0%
Net Current Assets			
	Debtors	-	-
	Creditors	-	-
Total		36.7%	63.3%

In relation to the LGPS the suitability of various types of investments has been considered as has the need to diversify investments to reduce the risk of being invested in too narrow a range. While bond yields continue to fall a larger proportion of assets have been invested in

property or government securities, however a large proportion of assets relate to equities which have remained at a consistent level.

Basis for estimating Assets and Liabilities

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

The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	2018/19	2019/20	2018/19	2019/20
	%	%	%	%
Long-term expected rate of return on assets in the scheme:				
Mortality Assumptions:				
Longevity at 65 for current pensioners				
- Men	20.7	22.2	22.7	21.9
- Women	23.2	24.3	24.3	23.6
Longevity at 65 for future pensioners				
- Men	21.7	23.4	24.6	23.6
- Women	24.7	26.1	26.2	25.2
Rate of inflation - CPI	2.40	1.65	2.35	2.00
Rate of increase in salaries	2.7	2.65	4.35	4.00
Rate of CARE revaluation			3.60	3.25
Rate of increase in pensions	2.4	1.65	2.35	2.00
Expected return on Assets			-	-
Rate for discounting scheme Liabilities	2.4	2.35	2.45	2.25
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 99.

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

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

Sensitivity Analysis for the Police Scheme:

	Police Pension Scheme	
	Approx. Increase to Employer Liability	
	%	£'000
Change in assumptions at 31 March 2020		
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.

Impact on Cash Flows

The liabilities show the underlying commitments that the PCC for Bedfordshire Group has in the long-term to pay retirement benefits. The liability of £1,237M 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 £1,195M. However, statutory arrangements for funding the deficit mean that the financial position of the PCC for Bedfordshire Group remains healthy:

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

Police Pension Fund Accounting Statement

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

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

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

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

2017/18			2018/19	
£'000	£'000		£'000	£'000
		Contributions receivable		
		- 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
		Transfers in		
	-258	- Individual Transfers in from Other Schemes		-70
		Benefits Payable		
23,536		- Pensions	24,742	
6,650		- Commutations and Lump Sums	5,435	
	30,186			30,177
		Payments to and on Account of Leavers		
	17	- Individual Transfers out to Other Schemes		12
	78	-Pension Refunds		112
	15,777	Sub-Total: Net amount receivable for the year before top-up grant		12,781
	-15,777	Top-Up Grant Receivable from Police Fund		-12,781
	0	(Surplus) / Deficit for the year		0

Police Pension Fund Accounting Statement

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

2017/18			2018/19	
£'000	£'000		£'000	£'000
0		Unpaid Pension Benefits	0	
0		Amount Owing from the general fund	0	
	0	Net Current Assets and Liabilities		0

External Advisers

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

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

(i) **Financial Administration**

Financial services provided to the PCC for Bedfordshire Group during 2019/20 include the following:

- Internal Audit – RSM Risk Assurance Services LLP
- Tax – PSTAX / LAVAT Consulting Ltd
- Payroll - Logica
- Pensions - XPS
- Treasury Management Advice – Link Asset Services

(ii) **Banking**

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBTOR – Money owed to the PCC for Bedfordshire.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SUBJECT TO AUDIT