



The Chief Constable for Bedfordshire Police STATEMENT OF ACCOUNTS 2018/2019

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Narrative Report

This Narrative Report covers information about the Chief Constable 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 grew by over 8% since 2001.

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

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

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

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

What We Want To Achieve

The Chief Constable's Three Year Plan sets out what the force wants to achieve by the end of March 2020 and directly supports the delivery of the Commissioner's Police & Crime Plan. It sets out strategic objectives for delivery to enable the force to achieve its vision of becoming a well-respected, high performing, efficiently run police service working together to protect people, fight crime and keep Bedfordshire safe. It is broken down further into the Annual Delivery Plan 2018/19.



Our Three Year Plan 2017-20



Protecting People

Already achieved and we will continue to:

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

To progress further we will:

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

Fighting Crime

Already achieved and we will continue to:

- deliver against our agreed strategic and operational priorities

To progress further we will:

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

Together

Already achieved and we will continue to:

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

To progress further we will:

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

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

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

- If the force fails to deliver robust Health and Safety Management, it may be liable to prosecution and / or civil action.
- If the UK leaves the EU in a disorderly manner (regarding the future UK/EU trading, legal and social relationships), demand for Force and partner services may increase in unpredictable ways and capacity to service demand may decrease.
- If the level of funding over the Medium Term to 2021/22 results in further budget reductions and in particular reductions to frontline police officers there may be a resultant deterioration in the services the force can provide to the public.
- If the Force fails to identify and protect vulnerable people, it may fail to deliver its purpose, compromising public confidence and Force reputation.
- If the force fails to adequately manage changes to demand it may fail to adequately protect people and fight crime.
- If the force is insufficiently sensitive to Equality, Diversity and Human Rights then it may fail to operate in a fair and ethical manner, and may fail to maintain community cohesion.
- If the force fails to deal with local threats from domestic and international extremism it may fail to protect the vulnerable and deal with emergencies.

The risk register is regularly reviewed at senior officer level, the force Executive Board acts as the Strategic Risk Management Board, the Strategic Risk Register is also reviewed quarterly by the Joint Audit Committee. It is a standing agenda item on the

Business Change & Continuous Improvement Board and the Force Performance Board, where it helps to frame discussions around key change and performance issues.

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

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

Annual Delivery Plan 2018/19

Delivering Year 2 of the 2017-20 Strategic Plan



Protecting People

1. Continue working with communities and partners, to identify and safeguard vulnerable people, breaking the cycle of offending and preventing potential crime.
2. Better understand our key demand areas, identifying hidden demand with partners and targeting offending.
3. Use technology to increase our productivity and visibility, by implementing Athena, the new ERP system (Finance, HR and duties), mobile data and using social platforms to interact with the public.
4. Tackling root causes of problems, to target issues which may lead to future crimes, for example using technology to detect more online child abuse as part of cyber enabled crime, and Operation SCEPTRE for knife enabled crime.
5. Continue to develop effective strategies to support the health & safety, morale and wellbeing of officers and staff at work.

Fighting Crime

6. Officers using professional judgement based on Victim Care, THRIVE, the National Decision Making Model and the Code of Ethics daily, to ensure decisions are made appropriately and consider the greatest harm and risk.
7. Allocate resources to areas with highest demand, in line with the force's control strategy, priorities, and demand assessment, including Child Sexual Exploitation, Domestic Abuse, Terrorism, Cyber Enabled Crime and Serious Crime Investigations, working alongside key partners and stakeholders.
8. Continue to adopt the national 'Four Ps' framework: PURSUE, PREVENT, PROTECT and PREPARE.

Together

9. Recruit, retain and develop individuals from diverse backgrounds and appropriately represent our communities.
10. Empower the workforce to make the right decisions through effective training and processes.
11. Continue to work with other emergency services to deliver efficient and resilient services.
12. Working with partners to develop crime prevention through training and resources, reducing opportunities for crime, the integrated offender management programme, removing profit from crime and tackling drivers such as drugs and alcohol.
13. Continue to engage with all our communities using all methods of communication and social media, to understand their needs and increase involvement in local lower level problem solving.
14. Ensure we continuously improve and become a learning organisation, by constantly encouraging innovation and challenging ourselves to provide a better service to the public.

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

Control Strategy 2018/19



Priority Themes

High harm issues informing resourcing:

- Exploitation of children and adults
- Rape and Domestic Abuse
- Terrorism and Domestic Extremism
- Serious and Organised Crime
- Gangs/ Serious Youth Violence
- Domestic Burglary

Intelligence Themes

Information gaps to assist long-term intelligence development:

- Grooming/exploitation of young and vulnerable people.
- Knives and Firearms
- Stolen goods
- Those providing specific skills/services to criminals
- Serious violence involving young people
- Criminals and victims travelling into Bedfordshire
- Gangs and Organised Crime Groups
- Human Trafficking and Modern Day Slavery

Cross Cutting Themes

Key enablers to crime to aid prevention and intervention:

- Drug and Substance enabled crime and disorder
- Crime and disorder related to individuals vulnerability
- Cyber enabled crime and disorder
- Hate enabled crime and disorder
- Knife enabled crime and disorder

Decision Making

Professional judgement and decision making tools:

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



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

The Control Strategy informs:

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

A review of the forces achievements in these areas of priority is given in the Non-Financial Performance section.

Financial Performance

The total 2018/19 Revenue Budget allocated by the PCC for Bedfordshire to the Chief Constable for operational policing and support functions was £103.497M; plus an additional amount of £1.482M agreed from reserves, actual expenditure amounted to £104.650M.

The under spend for the year of £0.329M arose in the following areas:

	£'M
Police Pay	-0.530
Staff Pay	0.147
Staff Overtime	0.261
Police Overtime	1.311
Non Staff Costs	2.018
Collaboration	0.791
Special Police Grant	-4.464
Total	-0.329

The medium term financial plan is reliant on the use of reserves from 2020/21 onwards so with this in mind it is appropriate that the underspend of £0.329M is transferred back to the PCC and placed into the budget reserve set aside to support the budget in the medium term. This decision will mean that no additional funding will be carried forward into 2019/20.

A breakdown of the Chief Constable's variances is shown below:

Area	£'000	Description
Police Pay	-531	While we have set ourselves challenging recruitment targets in 2019/20 the Force carried a number of vacancies during the last financial year but was up to establishment by year end.
Police Overtime	1,311	The overtime budget has overspent as forecast. The number of new recruits does put additional pressure on this budget and with the prospect of more recruits during 2019/20 this budget will be monitored extremely closely with controls put in place if required. In recognition of this the budget has been increased by £0.740M in 2019/20.
Staff Pay	261	This overspend has reduced since our previous forecast as we start to see benefits of the priority based budgeting (PBB) process. The Intern programme was not budgeted for and we have put additional resources into Citizens in Policing and the Review & Inspections Team.
Staff Overtime	260	The overtime spend was expected to overspend primarily as a result of additional work being undertaken in Cybercrime, the Force Control Room, Public Protection and Serious & Complex Crime.
Non Staff Costs	2,018	This overspend has also been anticipated during the year as a result of the investment in the PBB programme, the level of agency staff employed (this has been reduced following the PBB process), redundancy costs, rent for the temporary custody facility (now purchased), increased insurance costs and training expenses not met by the collaborated unit.
Collaboration	791	The overspend primarily comes from the business support function with Bedfordshire share of the HR function sitting at £0.440M, support for Athena also contributed £0.224M along with £0.140M set up costs during the year as a result of restructures. Joint Protective Services reported an under-spend including unbudgeted income from the Camera, Tickets & Collisions unit.

Contribution from Reserves	25	Contribution from Reserves was built into the base budget but the final figure used was £25K lower than originally planned as the balance on Performance & Change Reserve was lower than anticipated when the 2018/19 budget was set. This reserve that was originally set up to fund the cost of performance & change initiatives has now been exhausted, The movement of reserves is broken down in table three later in this report.
Special Police Grant	-4,464	Special Grant awarded during the year in recognition of the Force's efforts to tackle gang-related serious crime.
Total	-329	

Key Strengths & Resources

In recent years the force has faced and dealt with significant change and this trend is set to continue, however the Chief Constable is supported by a significant number of experienced staff and officers who have provided innovative solutions and effective project management in order to progress collaborative projects and this expertise is considered a key strength.

Investment continues to be made in electronic equipment for front line officers, with uniform mounted camera's and tablet devices increasing the efficiency of officers with these key resources.

The Chief Constable receives numerous messages of appreciation regarding the service provided by officers to the public. The local knowledge, policing experience and bravery of officers is considered a key strength of the organisation.

Non Financial Performance

The Managing Demand report is the key reporting tool used to help the Police & Crime Commissioner hold the force to account for its performance against the Control Strategy. The latest Managing Demand Report is provided below:

Introduction: Managing priority demands in Bedfordshire

This *Managing Demand report* presents data and information to help the Police and Crime Commissioner hold the Force to account for its performance in managing priority demands.

The report focusses on the priority themes in the 2018/19 **Bedfordshire Police Control Strategy**. The Control Strategy defines how the Force focuses its energy, resources, intelligence, policing operations and improvement initiatives, to effectively deliver the Force's **Purpose** of **protecting people and fighting crime together**. The Control Strategy reflects the challenges faced by the Force and the themes where specific improvements are sought. Each Control Strategy section in this report indicates how the Force's performance in managing priority demands is meeting the priorities in the PCC's Police and Crime Plan.

Control Strategy Priority Themes

High harm issues informing resourcing:

- Exploitation of children and adults
- Rape and Domestic Abuse
- Terrorism and Dom
- Crime
- Gangs/ Serious Youth Violence
- Domestic Burglary estic Extremism

Priority demands in Bedfordshire are managed through the Force Performance Board, chaired by the Assistant Chief Constable. Monthly boards review key performance data and highlights across all Control Strategy areas. Each board receives an in depth spotlight report and two to three briefer update reports giving further information on management of specific Control Strategy priorities. Each Control Strategy priority is subject to a spotlight report at least once per year and an update report every three to six months, with the schedule informed by risk.

1. Exploitation of Children and Adults

Police and Crime Plan priorities

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

1.1 Child Protection

Child protection services are provided by a number of Force teams. The Child and Vulnerable Adult Abuse team (CAVAA) deals with all under 13 and most under 16 child rapes, which have increased by 75% and 80% respectively in the year to September 2018. The number crimes assigned to CAVAA has increased by 42% since January 2018. Due to the levels of actual and potential harm all cases tasked to CAVAA require an active investigation. CAVAA is coping with this demand, but at a high cost to officers and the organisation. Available officer resources are regularly insufficient to manage cases during shifts, resulting in individuals incurring regular and significant overtime.

Demand around child related offences and rape has been increasing nationally and in Bedfordshire for the last five years. Further substantial rises are expected both nationally and locally.

1.2 Internet child abuse investigation

The Bedfordshire Police Internet Child Abuse Investigation Team (ICAIT) is part of the Force's Cyber Hub. As at 15th October 2018 the team held 169 live investigations (up 27% from Oct 2017) and ten outstanding warrants plus eleven waiting to be served (similar to the previous period). Recorded crimes nationally are likely to seriously understate true levels. ICAIT investigators carry high workloads of complex and high harm cases. Digital investigations tend to generate demands for additional investigations. Further demands are generated by the public activities of anti-

paedophile vigilantes. Suspects can be under investigation for up to 18 months before resolution, creating a disproportionately high risk of suspect suicide.

Demand is confidently expected to rise substantially, stimulated by the exponential change in technology. Numbers of crimes, suspects, warrants and arrests have risen continuously in Bedfordshire since the recording began in January 2017 (in line with national trends), while the police investigator workforce has remained static. The National Police Chief's Council and the National Crime Agency's Child Exploitation Online Protection Unit report a 350% rise in offenders for indecent images of children between 2010 and spring 2018.

1.3 Child sexual exploitation (CSE)

The internet continues to be a key enabler for offending. Live-streaming is nationally the most immediate risk to young people. There has been a 700% increase in child abuse images referred to the National Crime Agency in the last five years. National analysis of indecent images of children shows a significant increase in recorded sexting offences.

Proactive CSE investigations in Bedfordshire are managed by the CSE and Missing Investigation Team (CMIT). Proactive capacity is seriously affected by vacancies, long term deployments to other police operations and long term sickness, leading to low assurance that serious issues are being identified and tackled.

Demand is likely to increase significantly due to greater police awareness, increasing referrals by external agencies, increasing technological opportunities, increasing proactive civilian activity (including on-line vigilantes) and continued encouragement for victims to report cases.

1.4 Missing people

High risk missing persons investigation is a major demand on the Serious and Complex Investigation Team, taking priority and abstracting resources from all other ongoing serious crime investigations. Significant mental health issues are often involved. Much demand is driven by processes in partner agencies. For example sectioned people discharged from hospital can remain a serious suicide risk. Some cases have ended with the death of a high risk missing person, raising demands around coroners' files. The Serious and Complex Crime Team is effective in reactively managing missing persons investigations, but has no prevention role. High risk missing persons carry significant expectations for a rapid resolution, and are subject to high scrutiny, with the constant threat of IOPC investigations for any unfavourable outcomes.

The CSE and Missing Investigation Team (CMIT) manages low and medium risk missing persons investigations. Bedfordshire is a high (outlier) demand force, though CMIT is managing that demand effectively. Demand has stabilised following previous increases. Initiatives being developed with local partners may reduce future demand through developing more standardised reporting processes.

1.5 Modern slavery and human trafficking

Between 20th January 2017 and 13th September 2018 98 incidents were reported in Bedfordshire relating to clandestine entries of migrants, totalling 434 migrants (between 1 and 21 per incident). These data are likely to understate true levels.

Demand in Bedfordshire is heightened by the presence of Yarl's Wood Immigration Detention Centre. Trafficking allegations can arise when people are due to be moved, leading to complex investigations as potential victims move to other force areas. Demand is heightened by the Toddington M1 service station, frequently the first stop in the UK for incoming lorries (most clandestine entries in Bedfordshire are recorded around Toddington Services). Slavery and trafficking investigations can be complex, involving various police and partner teams.

The Eastern Region Special Operations Unit (ERSOU) is active in regional, national and international operations, which have become increasingly effective in tracking and identifying traffickers. In January to March 2018 147 potential victims were referred to a police force in the Eastern Region, a 101% increase on the previous year. The Modern Slavery Police Transformation Programme has delivered substantial training and awareness raising activity in the region which is likely to have contributed to the significant increase in referrals seen in the first quarter of 2018.

The number of reported modern slavery victims is expected to rise significantly, with cases increasing in complexity. Reported labour, sexual and domestic exploitation are rising nationally. National awareness and scrutiny are rising rapidly. Changes in upstream events around the world will impact future trends. For example increased numbers of migrants returning to the Calais and Dunkirk areas could increase the number of opportunist attempts on the UK border, potentially increasing migrants arriving at Toddington services. Greater numbers of vulnerable individuals in the UK may lead to a higher level of domestic exploitation.

Brexit may affect demand around false immigration related documents (for example false British passports and biometric residency permits). The sophistication of forgeries is likely to increase. Brexit is likely to lead to the UK leaving Europe-wide criminal justice organisations (Europol, Eurojust and the European Arrest Warrant tool), hindering cross-border investigations.

2. Rape and Domestic Abuse

Police and Crime Plan priorities

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

2.1 Domestic Abuse

The Force recorded 3498 domestic abuse crimes (9.6 per day) in the twelve months to September 2018, up 29.6% from the previous twelve months. Around one quarter of recorded domestic abuse is committed against people who were victims in the previous twelve months. Victim satisfaction remains relatively strong, with 82% of surveyed victims satisfied with the police service (in the twelve months to July 2018). The Force can take reassurance that levels appear unaffected by implementation of the new crime recording and case management system in May 2018. The Signpost Hub has supported 836 victims of domestic abuse since it opened in April 2018.

Clare's Law (The Domestic Violence Disclosure Scheme) gives any member of the public the right to ask the police if their partner or the partner of a close friend or family member may pose a risk to them. The Force has amended its processes to ensure Clare's Law is used effectively. Completed applications increased from 39 for the whole of 2017 to 58 for January to October 2018. Around 70 completed applications are expected for the whole of 2018, and about 120 for the whole of 2019. The opening of the Signpost Hub in April 2018 has contributed to an improving victim service.

Resources in the Force's specialist Emerald Team (managing domestic abuse, rape and serious sexual offences) have fallen, while reported domestic abuse cases have continued to rise. As a result Emerald overtime has increased substantially. Emerald resources are being used well, but are unable to manage all demands as effectively as desired.

Reported domestic abuse crimes and incidents continue to increase significantly. The national media profile and scrutiny are increasing. Victims are being encouraged to report incidents.

2.2 Rape and serious sexual offences

The Force recorded 373 rapes and 353 other serious sexual offences in the twelve months to September 2018, up 73.5% on the previous twelve months. Nationally rapes rose by 21%. Historic cases have contributed to some of the rise. The majority of rapes are domestic offences. Whilst recorded rapes have risen, the percentage of cases resulting in charge has fallen with issues such as fear of giving evidence, victim retractions and reductions in cases being accepted through to court. Investigation of rapes and serious sexual offences has often been hindered by the need to focus limited Emerald resources on domestic abuse cases which, though often less serious over a longer time frame, carry significant short term time pressures. A new team was formed within Emerald in October 2017 to ensure that resources are available to manage rape and serious sexual offences in a more focused way.

Reported rapes are expected to increase (in line with national trends), in part due to improved internal reporting and recording practices and a continuing local aim to encourage reporting. National levels are rising significantly.

3. Terrorism and Domestic Extremism

Police and Crime Plan priorities

1. A return of more visible Community Policing
2. To re-build public confidence in Bedfordshire Police
3. To ensure that the police are available when we need them most.
7. Genuinely being a commissioner for all communities

3.1 Counter-terrorism

All elements of counter-terrorism policing are provided by the Eastern Region Counter-Terrorism Policing Command (CTP), part of the Eastern Region Specialist Operations Unit.

Regional and national threats continue from proscribed groups. Established operations are in place to manage individuals returning to the UK after travelling for extremist purposes.

The threat from Islamist terrorism remains, despite a decrease in the number of Islamist terror attacks across Europe in 2018. The national threat levels remain at SEVERE for international terrorism and for the threat to police personnel, while reducing to MODERATE for Northern Ireland related terrorism. Presentations are being refreshed to reinforce officer awareness of national and local threats. Luton will remain the focus of Islamist activity in the Eastern Region. Risks remain from online extremism and radicalisation.

3.2 Domestic extremism

Extreme right wing groups are fragmented and have a small footprint in the Eastern Region, though they have a disproportionately high impact on the community. All individuals deemed a risk to the public are managed by regional and force teams. Successful disruptions took place in 2018 against groups and individuals displaying an extreme right wing ideology, including refusing entry for speakers and restricting social media.

4. Serious and Organised Crime

Police and Crime Plan priorities	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. 8. Working with partners to break the cycle of serial offending and to prevent crime where possible.
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4.1 National serious and organised crime context

The new national Serious and Organised Crime (SOC) Strategy (November 2018) states that '*SOC is the most deadly national security threat faced by the UK*'. SOC is estimated to cost the UK at least £37 billion each year. SOC remains under high scrutiny by HMICFRS and the Government. HMICFRS published their 2017 Effectiveness inspection reports in March 2018. Bedfordshire Police received a judgement of good for the inspection question: *How effective is the force at tackling serious and organised crime?*

4.2 Serious and organised crime local profile

A new Bedfordshire Serious and Organised Crime Local Profile was completed in November 2018. It identified how changes to the threat and impacts in Bedfordshire from serious and organised criminality are informing the assessment of demands and preparation of the Force's 2019/20 Annual Plan.

4.3 Central intelligence

Intelligence is managed operationally by four intelligence desks, aligned around the Control Strategy priority themes. Overall demand is being managed effectively. Intelligence logs are manageable and backlogs have reduced. Demand is expected to rise, reflecting continuing national increases in violent crimes and general improvements across the Force in identifying vulnerability. The planned co-location of operational intelligence teams is intended to improve efficiency, freeing up capacity to proactively develop the strategic intelligence themes in the Force Control Strategy.

4.4 Criminal use of firearms

Firearms discharges in Bedfordshire have been increasing. Luton is the primary regional hotspot, being a regional hub for both firearms suppliers and customers. In the six months to August 2018 Bedfordshire recorded 71 firearms incidents, 22 seizures and 14 discharges (respectively 26%, 24% and 67% of the 7F¹ force area total). Firearms incidents in Bedfordshire increased 29% compared to the same period in 2017 (the 7F increase was 14%). Despite national increases in discharges since 2013, firearms crime in the UK remains among the lowest in the world.

Serious and organised crime threats are increasingly interlinked. One third of all firearms incidents relate to drugs and gangs. National trends in firearms related demand are expected to increase, due (among other factors) to increasing links with growing drugs supply markets, increasing importation of firearms from Eastern Europe, upward trends in modifying or reactivating deactivated or blank firing firearms, emerging threats from 3D printed weapons and increasing national awareness of gun related, knife related and violent crime.

4.5 Urban gangs and county lines

County lines drug supply networks continue to cause significant harm nationally, including violence, firearms use and exploiting young people. They impact on 88% of

¹ The 7F are Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk police forces.

police forces in England and Wales. Police activity tends to displace rather than stop county lines activity. Earlier in 2018 the county lines network in Bedford Borough was so disrupted that they were unable to operate for several weeks. The threat continues to grow both nationally and regionally and is attracting considerable media attention. Understanding of county lines should improve through appointment to the Eastern Region Specialist Operations Unit (ERSOU) of a new co-ordinator and analyst, funded through the national Police Transformation Fund. Gangs continue to adapt making it difficult to spot signs of exploitation. County lines may diversify into other drugs markets, which may increase the risk of inter-gang violence.

4.6 Mapping organised crime groups

From April 2018 mapping of organised crime groups (OCGs) in the Eastern Region moved from the individual forces to ERSOU. More OCGs have been identified across a wider range of criminality (including economic crime and CSE), indicating a more effective process. ERSOU liaises with partners and other regional units to provide an enhanced picture of OCGs. ERSOU is beginning to identify and assess priority individuals and priority vulnerabilities, improving overall understanding of the threat posed by serious and organised crime.

5. Gangs and Serious Youth Violence

Police and Crime Plan priorities	<ul style="list-style-type: none"> 2. To rebuild 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. 8. Working with partners to break the cycle of serial offending and to prevent crime where possible.
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Community teams have been seriously impacted by the rise across Bedfordshire in serious youth violence, including knife crime (in line with national trends). Increasing regional and national threats from urban gangs are influencing rising demands in other crime types. Youths now routinely carry knives and other weapons in territorial conflicts. Drugs supply is the main catalyst behind violent incidents with the level of threats escalating. Senior gang members can be highly influential over young people on the fringes of gang activity.

Nationally police recorded knife offences increased by 12% in the year to June 2018, to the highest on record². Knife and gun crime has risen in almost all forces since 2014 with a shift towards younger victims and offenders. In Bedfordshire in the six months to September 2018 there were three murders and two attempted murders involving a knife. In the twelve months to March 2018 Bedfordshire ranked 4th of the 43 police forces for knife crime rates (below three much larger forces). 52 of the 191 GBH offences recorded in the six months to September 2018 involved a knife or machete, in 34 of which the victim was stabbed. The Force has seen unprecedented levels of firearms incidents and criminality in the last year. Guns are seen as necessary protection and are used to threaten rivals, enforce drug supply, or in response to direct provocation over social media.

The Force has improved its intelligence and understanding of the increased threat from gangs and serious youth violence. New operations in both North and South combine community, response and intelligence resources, and are starting to tackle serious youth violence demand. The commitment of resources to manage the high scale of serious youth violence is abstracting community resources away from regular community engagement tasks. Community team resources are insufficient to simultaneously and effectively manage serious youth violence and other community

² Office for National Statistics.

demands.

The Force's Community Safety Team has developed a number of community initiatives to increase awareness of the threat from knife crime among schools and young people, including:

- Working with EasyJet in Luton to raise awareness among members of staff who are parents and guardians around child vulnerability and exploitation (approaches are being made to work with other large businesses);
- Working with the Bedfordshire FA to raise awareness in football coaches around knife crime and how they can support young people who attend their clubs;
- Training to 100 nurses and other healthcare professionals in children's wards to help them deliver key knife crime messages to patients;
- Discussions with head teachers and local authorities to help manage students found in schools with a bladed article;
- Three new Junior Police Squad schemes commenced, with a focus on Knife Crime and violence;
- The Bedford Police Student Challenge commenced to design a knife crime social media campaign;
- A pilot is being explored with two schools for staff to use body worn video on school gate duty at the end of the school day.

Early in 2019 the Force Boson Team (set up to manage serious youth violence in Luton) is expanding to provide services Forcewide. The Boson Team manages cases reactively but has insufficient capacity to simultaneously develop effective proactive prevention. A serious youth violence strategy is in place. Effectiveness is impacted by a lack of preventative activity in other police and partner teams (for example in partnership community safety).

Demand is expected to increase further in line with increasing national trends around serious youth violence. As the new operations develop and partnerships involvement deepens they are expected to establish improved problem solving and prevention.

6. Domestic Burglary

Police and Crime Plan priorities	<ol style="list-style-type: none">1. A return of more visible policing across the county2. To rebuild public confidence in Bedfordshire Police3. To ensure that the police are available when we need them most4. Putting victims at the centre of the way we police and prosecute5. A fair deal on policing wherever you live – in the town or county8. Working with partners to break the cycle of serial offending and to prevent crime where possible
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The Force recorded 4680 residential burglaries in the twelve months to September 2018 (12.8 per day), 24.9% higher than in the previous twelve months. The solved crime rate over the same period was 7.7%, up from 6.5%.

Residential burglary has a high personal impact. High demand is influenced by Bedfordshire's economic and sociodemographic issues. Violence related to burglaries has increased. Management of residential burglary in 2018 has improved through provision of experienced dedicated detectives under Operation Maze. The small team is producing good results, though its limited capacity means it is unable to exploit all investigative opportunities.

Burglary has been rising nationally, possibly influenced by rising personal debt and stagnant living standards. Increasing cyber-enabled crime may increase complexity of burglary investigation. Car key burglaries continue to rise. The increasing local

population may influence further rises.

Traveller related burglaries continue to impact on Bedfordshire, and across the wider Eastern Region, often targeting the elderly or vulnerable. Luton is a regional hotspot for family gold burglaries. Arrests in February 2018 coincided with a decrease in offences. The full extent of offences by the travelling community is unknown. ERSOU has mapped new OCGs in Bedfordshire and the Region involved in organised theft (burglary, robbery and car ringing).

Medium Term Financial Plan

The Commissioner has to continue to make savings alongside the increase in funding and also requires the Force to review the level of service it can afford to provide to the public and this is being achieved through a significant exercise, known as Priority Based Budgeting (PBB). However, with the additional increase in Council Tax of £24 the PCC will be ensuring that the Force recruits 160 officers in 2019/20 and a further 120 in each of the following two financial years.

Based upon the following assumptions and expectations it is projected that the Commissioner will face a funding gap over the medium term (i.e. 2019/20 to 2022/23) of some £13.8M:

- Central Grant will remain at a standstill position;
- The Police Pension Grant of £1.1M will remain
- The increased provisional settlement of £1.3M as announced 13 Dec 2018
- Inflation and Pay Awards totalling an estimated £8.7M
- Growth including additional officers totalling £18.4M
- The PCC will increase Council Tax by the maximum allowed without invoking a referendum (£10.9M)
- Council Tax increases will be capped at 2% from 2020/21

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 2021/22 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 2019/20 to 2022/23

	2019/20	2020/21	2021/22	2022/23
	£'000	£'000	£'000	£'000
Estimated draft budget (a)	116,954	118,786	119,979	121,628
Estimated funding (b)	113,421	114,881	116,685	118,562
Shortfall (a-b)	3,533	3,905	3,294	3,066
Savings	3,533	3,355	2,050	1,500
Use of Budget Reserve		550	1,244	1,030
Budget Shortfall				536

Based on the maximum increase in Council Tax of £24 in 2019/20 aligned with the award of the Special Police Grant in 2018/19 and the aspiration of increasing officer numbers by 60 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 £0.060M 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.

Background Information to the Statement of Accounts & Significant Transactions

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

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

As the holding parent, the PCC guarantees any outstanding liability by the Chief Constable who is a 100% subsidiary. This is reflected in accounting terms by the existence of a group relationship between the two corporation soles. Group relationships require the completion of a consolidated group Statement of Accounts in addition to those for the individual entities, this is published separately.

The Commissioner sets strategic direction through his Police and Crime Plan and exercises control of funding by delegation to the Chief Constable. The Statement of Accounts reflects this control and in addition reflects the operational direction and control which the Chief Constable has over the majority of staff and officers

The 2018/19 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2018/19 (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

A review of the structure of the accounts was performed after stage two of the Police Reform Act, there has been no legal or structural reforms since therefore the PCC for Bedfordshire retains control of the 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 and 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 with the net balance shown as owing to the Chief Constable by the Commissioner.

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 for the Chief Constable for Bedfordshire Police for 2018/19, which will be the basis for the Audit Opinion, consist of:

- (i) **Narrative Report and Financial Review** – this outlines revenue expenditure in 2018/19, the major changes to the accounts from 2017/18 and future financial prospects of the Chief Constable.
- (ii) **Annual Governance Statement** – this statement is a statutory document which sets out how the Chief Constable has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.
- (iii) **Statement of Accounting Policies** – the policies adopted in compiling the accounts.
- (iv) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (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. In order to reflect the operational direction and control which the Chief Constable has over staff and officers in their employment, the income and expenditure associated with providing operational policing is reflected in the Chief Constable's statement of accounts.
- (vi) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Chief Constable for Bedfordshire.

- (vii) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Chief Constable. All non-current assets remain under the Commissioner's control however employment liabilities associated with the Chief Constable's staff are recognised along with an element of working capital supported by an intra-group debtor between the Chief Constable and Commissioner.
- (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. However during 2018/19 all cash is held by the PCC for Bedfordshire so the cash flow statement for the Chief Constable balances to nil.

Pension Reserves

The balance sheet includes a liability of £1,299M which is the commitment that the Chief Constable for Bedfordshire has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1,303M.

The revised assumptions and a sensitivity analysis are shown at Note 28. A full explanation of the pension adjustments included in the Other Comprehensive Income and Expenditure Statement are also shown at Note 28. Statutory arrangements for funding the deficit mean that the financial position remains healthy 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 are less than amounts payable, then an annual transfer is 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.

Bedfordshire Police Partnership Trust

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

Changes compared to 2017/18

The balance sheet for 2018/19 shows a significant amount of creditors and debtors at year end. This is mainly in relation to amounts owing between forces in relation to collaborative and regional arrangements which are increasing annually. The settle up of these costs between forces is expected to take place at a similar time in order to minimise the impact on cash-flows.

The net expenditure before accounting adjustments shown in the Expenditure & Funding Analysis Statement has increased by £6.2M to £128.8M in 2018/19, as previously mentioned the PCC obtained a Special Grant of £4.2M for which the Chief Constables accounts shows the expenditure incurred as well as increased police officer numbers as per the PCC's pledges.

A significant pension scheme past service cost of £51.3M has been recognised due to the potential impact of the McCloud/Sargeant ruling. If compensation is payable to

employees who were transferred to the reformed 2015 schemes, it is expected to lead to an increase in pension scheme liabilities, this is discussed further in the notes to the accounts.

Other Comprehensive Income & Expenditure

Significant actuarial losses are recognised in 2018/19 under the heading of Re-measurements of the net defined benefit liability for the police pension scheme, this is largely due to a small change in the discount rate which is used to value the future pension costs and also in part due to a rise in the pension increase rate. Similar changes to financial assumptions has occurred in the Local Government Pension Scheme valuation but those losses have been countered by a gain due to changing demographic assumptions.

Further information

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

Chief Finance Officer, Bedfordshire Police, Police Headquarters, Woburn Road, Kempston, Bedford, MK43 9AX.

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

Statement of Responsibilities

The Chief Constable's Chief Finance Officer Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as at the 31 March 2019 and its income and expenditure for the year then ended.



Philip Wells

Chief Finance Officer to the Chief Constable & Police & Crime Commissioner

31 July 2019

The Chief Constable's Responsibilities

The Chief Constable is required:

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

I approve the Statement of Accounts



Garry Forsyth

Acting Chief Constable of Bedfordshire Police

31 July 2019

Annual Governance Statement

1. Scope of Responsibility

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

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

The Chief Constable is responsible for maintaining the Queen's peace and the direction and control of the Force's police officers, police staff and police volunteers. In discharging their functions the Chief Constable has regard to the Police and Crime Plan which sets out the overarching objectives for the Force. The Police and Crime Plan is produced by the Commissioner in consultation with the Chief Constable and other stakeholders. The Commissioner has made specific delegations to the Chief Constable and these are outlined in such documents as the Scheme of Governance, the Financial Regulations and the Contract Standing Orders.

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

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

2. The Purpose of the Governance Framework

This statement has been prepared for the 2018/19 financial year and reports on the effectiveness of the governance arrangements throughout the year and outlines future actions to enhance the governance arrangements.

The governance framework comprises the systems and processes, and culture and values, by which the Chief Constable is directed and controlled and its activities through which he is accountable.

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

A three Force (Bedfordshire, Cambridgeshire and Hertfordshire) Scheme of Governance is now well established.

3. The Governance Framework

This section describes the key elements of the systems and processes that comprise the governance arrangements that have been put into place for the Chief Constable. It explains the overarching structures that have been put in place to deal with systems and processes and how they are linked to each other. In producing this explanation steps have been taken to ensure that the actions identified in the Code of Corporate Governance are being complied with.

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

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

Focusing on Outcomes for the Local People

The Chief Constable continues to embrace his vision, which is 'protecting people and fighting crime together' this is described in the new three year plan that will take us to 2020 and continue the journey of improvement started by previous plan.

The vision of "protecting people and fighting crime together"

- Puts "people first" in our overall vision;
- This sets out our victim focus
- The emphasis of the Force is based on protecting people;
- And recording that we achieve our purposes together – the Force, the public and our partners;

Moving in the right direction

We continually review our control strategy which continues to focus on vulnerability highlighting the Force key priorities as:

- Exploitation of Children and Adults;
- Domestic Abuse, Rape and Sexual Offences;
- Organised Crime, Gangs, Serious Violence and Knife Crime;
- Cyber Crime;
- Vulnerable People; and
- Domestic Burglary

The Force has engaged the services of an independent organisation, called Crest Advisory Services, to assist in improving the understanding of demand to feed into the Force's Management Statement and Strategic Demand Assessment. During 2018/19 it also adopted an approach known as Priority Based Budgeting to review the level of service of each of the functions undertaken by Bedfordshire Police, which could be provided within the financial envelope of the Force, in order to achieve savings as well as invest into the priority areas identified within the control strategy. The Force continues to engage other Forces and organisations to undertake peer assessments and also visits other Forces to continue to learn from those that appear to be achieving better results than ourselves in areas, as well as to get an independent assessment of our

own activity. We continue the collaboration agenda to further increase efficiency and effectiveness at a tri-force, regional level and with the Fire Service.

Having taken stock and continuing the journey of improvement we are confident that the Force has;

- A clear understanding of where the Force is heading
- A clear understanding of our priorities
- A clear understanding of the constraints we have as we continue to deal with a plethora of different demands, relatively uncommon to most other forces of our size.

These priorities and deliverables are aligned with the Commissioners Police and Crime Plan as well as those priorities with regards to the Strategic Policing Requirement.

The Force operates various senior management led Boards. The PEEL Board, chaired by the Deputy Chief Constable focuses on ensuring that any actions raised by the HMIC, as part of their inspection process, are appropriately considered, actioned and monitored via this Board. The Change and Continuous Improvement Board, also chaired by the Deputy Chief Constable, monitors and actions all of the change and learning activity for the Force and ensures that these are aligned to the Chief Constables 3 year plan. The Assistant Chief Constable chairs a Performance Board whose prime focus is to ensure that demand is understood and the performance aspects of the Force are in line with the Forces' expectations. A People Board, chaired by the Assistant Chief Officer has been developed to ensure that all of the people aspects of the organisation are moving in the right direction. All of these Boards report into the Chief Constable's Executive Board.

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

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

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

The Chief Constable regularly meets with the Commissioner and meets formally as a Strategic Board on a monthly basis, along with the Chief Constable's Senior Management Team, to review activities and take decisions relating to strategy, governance and for the Commissioner to hold the Chief Constable to account.

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

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

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

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

The Force takes the view that conduct issues are not just the domain of the collaborated Professional Standards Department. New codes of conduct and a review of the way police officers are subject to misconduct inquiries are in place and well established following the Taylor Report, directed at making timelier and less bureaucratic interventions. In addition the Force has fully embedded the national code of ethics with developments scrutinised at the Ethics Board.

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

Policy is developed to ensure the Chief Constable has regard to his duty to equality assessment. This ensures that compliance with legislation and the interest of stakeholders is considered prior to producing policy. Policy is managed corporately and individual policies are the responsibility of Heads of Business or the collaborated units.

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

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

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

The Governance arrangements ensure that the key decisions taken by the Chief Constable are made in the light of all necessary information and analysis and where appropriate made public (unless exempt under the Provision of Access to Information rules). Appropriate legal, financial, human resources and other professional advice is considered as part of the decision-making process. The Chief Constable has appropriate oversight and scrutiny of the Force decision-making through the Force Executive Board that is fed by the aforementioned Senior Management led Boards. The Force also operate Performance and Tasking Boards which are chaired by the Assistant Chief Constable and are undertaken on a monthly basis

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

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

The Force Executive review the Strategic Risk Register, which flows from the Organisational Strategic Assessment and Strategic Demand Assessment, on a monthly basis to ensure that all decisions made are made in cognisance of the Strategic Risks for the Force. This is also scrutinised by the Joint Audit Committee at each of their meetings. The JAC also provide scrutiny on the Force's Inspection process, its financial

management and its control framework, through reviews of internal and external auditing.

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

The Force continues to take lead responsibility for the tri-force delivery of Protective Services as well as the regional responsibility for the Eastern Region Special Operations Unit (ERSOU) incorporating counter terrorism and organised crime. The Lead Force arrangement has enabled the Chief Constable to ensure that both tri-force and regional resources are being deployed in a way that delivers better outcomes for our public. The Governance for these operations are through a Joint Force Governance Group, chaired by the PCC.

The Force has further enhanced its capacity within its assurance process by having an enhanced planning and inspection capability which not only prepare and respond to external scrutiny, mainly from the HMIC, but also review areas of internal practices and provides recommendations that allow for continuous improvement thus increasing effectiveness and efficiency.

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

The Chief Constable takes a pro-active approach to staff development and the completion of PDRs, and has developed processes that identify training requirements for individuals. The Chief Constable regularly promotes the benefits of an effective Performance Development Review (PDR) system and in the 2017/18 the completion rate for the PDRs is 66%, the 18/19 deadline for completion is June 2019.

There is a programme in place for the senior officers of the Force who will require continuing professional development and this is now accompanied by the newly developed 'Be You' and 'Further You' programmes for both Inspector and below and Chief Inspector and above.

The Force adopted a programme of training to develop the investigation capability of the Force and it is currently developing a programme to accelerate newly recruited officers to becoming detectives.

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

The Force, through their dedicated Superintendent and Chief Inspector roles regularly meet and discuss local issues with Community Safety Partnership representatives to ensure that local issues are picked up and dealt with. The Chief Constable's Neighbourhood policing capability was fully populated during 2018/19 and continues to include a rural policing team in support of the PCC's Police and Crime Plan.

The force continually reviews and evolves its policing model to both deliver the Control Strategy but also to deal with the ever changing demand pressures faced by his officers and staff. This has seen, during 2018/19 a bolstering of his Emerald Team, Cyber and Community Policing teams.

The Force has undertaken a further internal workforce survey to help understand views of key stakeholders, i.e. staff and officers, in the delivery of their work. The outcome of

this will be regularly reviewed to ensure that the Chief Constable is taken the appropriate actions to mitigate against some of the risks highlighted in the survey, by officers and staff which in turn will help to ensure that service delivery meets the needs of the public. This has been followed by further "Better for Beds" days that saw the whole force come together through a series of workshops where the staff were listened to.

The Force through the Chief Constable, Chief Officers and Senior Managers has increased its visibility in the communities through public held meetings and widened its engagement with all communities to ensure that the service provided is that which meets the public's needs.

Reliable financial reporting and internal financial controls.

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

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

- The Chief Constable as Corporation Sole has a Chief Finance Officer (CFO) with responsibility under Section 151 of the Local Government Act 1972 to ensure that there are arrangements in place for the proper administration of financial affairs. The CFO also has certain statutory obligations under Section 114 of the Local Government Finance Act 1988 which cannot be delegated, namely, reporting any potentially unlawful decisions by the Force on expenditure and where a loss or deficiency may arise. The CFO must also report in the event that spending in the year is likely to exceed available resources. The organisation fully complies with the CIPFA Statement on the Role of the Chief Financial Officer in the Police Service.
- The finance function is governed by the Financial Regulations which are framed under the Home Office Code of Financial Management. The Chief Constable is responsible for adherence to Police Regulations and the Force monitored for additional compliance by HMIC and HM Revenue and Customs.
- Responsibility and accountability for resources rests with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring approval of an annual Treasury Management Strategy including an annual investment strategy which the Force adheres to.
- In accordance with the CIPFA Prudential Code and best accounting practice a four-year medium-term financial plan (MTFP) and a four-year capital programme are produced.
- The revenue budget provides an estimate of the annual income and expenditure requirements for Bedfordshire Police (PCC and Chief Constable) and sets out the financial implications of the Police and Crime Plan. It provides chief officers with the authority to incur expenditure and the basis on which to monitor the financial performance.

- Capital expenditure is an important element in the development the policing business since it represents major investment in new and improved assets. The Commissioner approves the capital programme each year and monitors its implementation and funding closely.

Audit Committee

The Chief Constable and Commissioner have a Joint Audit Committee (JAC) that provides independent scrutiny and assurance on the adequacy of the corporate governance and risk management frameworks and the associated control environments. In addition the JAC gives advice according to good governance principles and proper practices. In particular the Audit Committee:

- Supports the Chief Constable and statutory officers in ensuring that effective governance is in place and functioning effectively, and making recommendations for improvement.
- Monitors the effective development of the internal control environment and risk management processes and making recommendations to the Chief Constable, as appropriate.
- Reviews and endorses the Chief Constables Governance Statements and Statement of Accounts, bringing to the attention of the Chief constable any amendments proposed for consideration.
- Undertakes an annual review of the Chief Constable's system of internal audit
- Monitors and reviews the work and reports of both the external and internal auditors and provides opinions and recommendations where appropriate.
- Produces an Annual Report

4. REVIEW OF EFFECTIVENESS

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

The Chief Constable manages the Force through a series of Boards. The Force Executive Board (FEB), which is responsible for governance and strategic direction, is chaired by the Chief Constable. This is fed through four key strategic Boards, these being Change & Continuous Improvement Board, focusing on change, the People Board, The PEEL Board focusing on HMIC outcomes and, The Performance Board, focusing on operational performance.

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

The Chief Constable has a Joint Audit Committee, with the Commissioner, which fulfils the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities'. The Joint Audit Committee plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approved the external audit plan and received the annual audit letter from the external auditor. The Committee also approved the annual internal audit plan, receives regular internal audit reports and monitored management performance against agreed action plans to address any weaknesses identified. In addition, the Committee oversaw progress on Risk Management and related issues.

The Force is subject to regular external scrutiny of the quality of service by Her Majesty's Inspectorate of Constabulary (HMIC), internal and external auditors. Inspection reports are considered as appropriate and made public where possible.

During 2017/18 the HMIC grades, from their PEEL inspections, improved in all areas of the PEEL programme. For the effectiveness arm of the inspection Bedfordshire were seen to be the most improved force in the country. The next Integrated PEEL assessment for Bedfordshire is July 2019.

Even with these improved grades there are obviously areas for improvement that the Force will proactively consider, action and monitor through the Deputy Chief Constable's PEEL Board.

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

The Head of Internal Audit's Annual Report for the year ended 31 March 2019 has been received and was considered by the Joint Audit Committee on 24 May 2019. The Report includes an opinion on the internal financial control framework.

The opinion is as follows:-

"For the 12 months ended 31 March 2019, the Head of Internal Audit opinion for the Chief Constable of Bedfordshire Police is as follows: 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."

The internal auditors undertake a series of audits during the year both Bedfordshire specific and for collaborative units. Of these audits only three received partial assurance (Drugs, Ammunitions & Firearms; HR Attendance Management; and Business Continuity), with all others achieving a positive assurance. Each of these reports have agreed action plans to improve the control framework.

Two audits relating to collaborated units also need to be highlighted, Joint Protective Services – Benefits Realisation, contained a number of recommendations that are being implemented following an advisory audit and an audit of Performance Management has received a partial assurance. This grading is being considered as further evidence of good practice has been provided by BCH.

5. PROGRESS AGAINST 2017/18 SIGNIFICANT GOVERNANCE ISSUES

The Force highlighted both issues with performance, with regards to HMIC inspections and its financial position as two areas of governance that continued to require improvement. To date the majority of PEEL inspections have shown an improvement in performance but the full reflection will come from the PEEL assessment in July 2019. With regards to the Force's financial position the Force have benefitted from the PCCs increase in Council Tax and has developed a priority based budgeting programme which will assist in ensuring the right level of service and investment is maintained but a significant level of savings are required over the next four years and the current

demand trends show that demand is both increasing in terms of its quantity but more importantly its complexity, which will require the Force to continue to closely monitor its financial position and levels of service over the coming year.

6. SIGNIFICANT GOVERNANCE ISSUES

As mentioned above the Force will need to continue its understanding of demand, its impact on performance and its ability to fund priority activities over the coming year.



Garry Forsyth

Acting Chief Constable of Bedfordshire
Police

31 July 2019



Philip Wells

Chief Finance Officer

31 July 2019

Comprehensive Income and Expenditure Statement

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

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

2017/18 – Restated				2018/19			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
74,070	-573	73,497	Policing	77,776	-621	77,155	
51,362	-2252	49,110	Collaborated Units	52,333	-1617	50,716	
22,222	-5,849	16,373	Corporate & Support Services	22,971	-6,463	16,508	
0	0	0	Exceptional Items – Pension Past Service Costs	51,349	0	51,349	6
147,654	-8,674	138,980	Cost of Services	204,429	-8,701	195,728	
		0	Other Operating Income & Expenditure			0	
		30,491	Financing & Investment Income & Expenditure			30,208	10
		-137,624	PCC Funding for Financial Resources Consumed			-144,258	4
		31,847	(Surplus) or Deficit on Provision of Services			81,678	
		1,700	Re-measurements of the net defined benefit liability			32,097	
		1,700	Other Comprehensive Income & Expenditure			32,097	
		33,547	Total Comprehensive Income & Expenditure			113,775	

Movement in Reserves Statement

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

	Total Usable Reserves (Police Fund)	Unusable Reserves	Total Reserves
	£'000	£'000	£'000
Balance as at 31st March 2017	0	1,155,416	1,155,416
<u>Movement In Reserves during 2017/18</u>			
(Surplus) or deficit on provision of services	31,847	0	31,847
Other Comprehensive Income & Expenditure	0	1,700	1,700
Total Comprehensive Income & Expenditure	31,847	1,700	33,547
Adjustments between accounting basis & funding basis under regulations (note 9)	-31,847	31,847	0
(Increase) / Decrease in Year	0	33,547	33,547
Balance as at 31st March 2018	0	1,188,963	1,188,963
<u>Movement In Reserves during 2018/19</u>			
(Surplus) or deficit on provision of services	81,678	0	81,678
Other Comprehensive Income & Expenditure	0	32,097	32,097
Total Comprehensive Income & Expenditure	81,678	32,097	113,775
Adjustments between accounting basis & funding basis under regulations (note 9)	-81,678	81,678	0
(Increase) / Decrease in Year	0	113,775	113,775
Balance as at 31st March 2019	0	1,302,738	1,302,738

Balance Sheet

As at 31 st March 2018 (Restated)		As at 31 st March 2019	Note
£'000		£'000	
0	Non-Current Assets	0	
127	Inventories	131	
11,324	Short Term Debtors & Payments in Advance	10,271	15
9,491	Intra –group Debtors	10,677	15
20,942	Current Assets	21,079	
-23,337	Short Term Creditors	-24,190	16
-23,337	Current Liabilities	-24,190	
-1,185,244	Liability Relating to Defined Benefit Pension Schemes	-1,298,836	28
-1,324	Provisions	-792	17
-1,186,568	Non-Current Liabilities	-1,299,628	
-1,188,963	Net Assets	-1,302,738	
1,188,963	Unusable Reserves	1,302,738	18
1,188,963	Total Equity	1,302,738	

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

These accounts replace the draft accounts published on 30 May 2019.



Philip Wells
Chief Finance Officer to the Chief Constable
31 July 2019

Cash Flow Statement

As at 31 st March 2018		As at 31 st March 2019	Note
£'000		£'000	
-31,847	Net surplus or (deficit) on the provision of services	-81,678	19
31,847	Adjust net surplus or deficit on the provision of services for noncash movements	81,678	
0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	0	
0	Net cash flows from Operating Activities	0	
0	Investing Activities	0	
0	Financing Activities	0	
0	Net increase or (decrease) in cash and cash equivalents	0	
0	Cash and cash equivalents at the beginning of the reporting period	0	
0	Cash and cash equivalents at the end of the reporting period	0	

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

Notes to the Accounts

Note 1: Accounting Policies

A. General

The Statement of Accounts summarises the transactions for the 2018/19 financial year and the position of the Chief Constable as at 31st March 2019. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom for 2018/19, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice.

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

B. Cost Recognition and Intra-Group Adjustment

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

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

C. Debtors and Creditors

The Chief Constable for Bedfordshire's accounts are maintained on the basis of receipts and payments converted at the year end to income and expenditure by bringing creditors and debtors of material significance into account. Where consumption of goods and services needs to be recognised in the relevant financial year, but cash has not been paid a creditor or debtor for the relevant amount, is recorded in the group Balance Sheet.

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

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

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

D. Pensions

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

(i) Police Officers – Police Pension Scheme

This Scheme is 'unfunded'. The charge to the Accounts represents the applicable IAS19 charges as determined by the Actuary. The Code of Practice requires separate statements to be produced which are shown at Note 28.

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

Subject to certain qualifying criteria, police staff are eligible to join the Local Government Pension Scheme administered by Bedford Borough Council. The Scheme is 'funded' and the applicable IAS19 charges included in the accounts are determined by two separate Actuarial Reports for the Chief Constable and for the Commissioner's employees.

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

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

- The attributable defined benefit liabilities of each scheme should be measured on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date, based on assumptions about mortality rate, employee turnover rates and projections of projected earnings for current employees.
- Liabilities for the payment of future injury benefits are based on current and projected injury statistics (including an element for serving police officers) as determined by the actuary.
- Liabilities are discounted to their value at current prices using a discount rate of 2.4% for Local Government Pension Scheme and 2.45% for the Police Pension Scheme (based on the indicative rate of return on high quality corporate bonds determined by the actuaries).
- In the case of the local government scheme, which is a funded scheme, the scheme assets are deducted in determining the overall liability.
- Quoted securities held as scheme assets are valued at their bid value at the latest available date.

The change in the net pension liability is analysed into the following components:

- The current service cost (the increase in liabilities as a result of years of service earned this year) is allocated to the relevant service line in the Comprehensive Income and Expenditure Statement
- The past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years) is debited to the Comprehensive Income and Expenditure Statement as part of Corporate Costs.
- Interest cost (the expected increase in the present value of liabilities during the year as they move one year closer to being paid) is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Interest Income on assets (the annual investment return on the fund assets attributable to the group) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains / losses on settlements (the result of actions to relieve the group of liabilities or events that reduce the expected long term return) are debited / credited to the Comprehensive Income and Expenditure Statement as part of Corporate Costs.

- Re-measurements of the net defined benefit liability (asset) are debited / credited to the appropriate reserve. This includes an amount for actuarial gains / losses and estimated returns on plan assets which arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
- The employer's contributions made in the year are not accounted for as an expense.

The above balances and transactions are included in the accounts to provide a more informative picture of the Chief Constable's pension schemes and this liability is matched by an unusable reserve.

E. Officers' Emoluments

Officers' Emoluments are disclosed in Note 20 to the accounts on a cash basis of gross pay as notified in the P60s to the Inland Revenue and including taxable benefits within the P11Ds. The figures contained within the Comprehensive Income and Expenditure Statement, however, are prepared on an accruals basis in accordance with proper accounting practices.

F. VAT

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

G. Leases

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

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards of ownership from the lessor to the lessee. The Chief Constable has assessed its leases and determined that all leases are treated as operating leases.

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

H. Benefits Payable during Employment

Short-term employee benefits such as wages and salaries, paid annual leave and time owed for current employees are recognised as an expense in the year in which employees render service. An accrual is made against the services in the Surplus / Deficit on Provision of Services for the cost of leave earned by employees but not taken before the year end. The accumulated cost is carried as a liability on the Chief Constable's balance sheet and reversed out of the General Fund Balance by a credit to the Accumulating Compensated Absences Adjustment Account in the Movement in Reserves Statement. The accumulated cost is carried entirely as a liability on the Chief Constable's balance sheet which therefore contains a nominal amount relating to staff employed by the Commissioner, this is judged not to be material therefore no split is required and this judgement is kept under review.

I. Termination Benefits

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

J. Events after the Reporting Period

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

- Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.
- Those that indicate conditions that arose after the reporting period. The Statement of Accounts

is not adjusted to reflect such events, but where a category of events would have a material effect disclosure is made in the notes to the accounts of the nature of the events and their estimated financial effect.

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

K. Exceptional Items

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

L. Joint Operations

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

M. Overheads and Support Services

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

N. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

O. Prior Period Adjustments

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the PCC for Bedfordshire's financial position or performance. Where a change is

made it is applied retrospectively by adjusting opening balances and comparative amounts for the prior period as if the new policy had always applied.

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

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

P. Revenue Recognition

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

Note 2 Expenditure and Funding Analysis

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

2017/18 - Restated				2018/19			Notes
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	
£'000	£'000	£'000		£'000	£'000	£'000	
64,000	9,497	73,497	Policing	66,555	10,600	77,155	
43,153	5,957	49,110	Collaborated Units	45,429	5,287	50,716	
15,475	897	16,372	Corporate & Support Services	16,797	-289	16,508	
			Exceptional Items – Pension Past Service Cost	0	51,349	51,349	
122,628	16,351	138,980	Net Cost of Services	128,781	66,947	195,728	
-122,628	15,496	-107,133	Other Income & Expenditure	-128,781	14,731	-114,050	
0	31,847	31,847	(Surplus) or Deficit	0	81,678	81,678	6,7
0			Opening General Fund Balance	0			
0			Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.	0			
0			Closing General Fund Balance as at 31 March	0			

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 2018/19 in order to make meaningful comparisons within these headings.

The Expenditure & Funding Analysis:

	2017/18 - Original Values			2017/18 - Adjustment Values		2017/18 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	56,824	9,497	66,321	7,176	0	73,497
Collaborated Units	43,312	5,957	49,269	-159	0	49,110
Corporate & Support Services	22,493	897	23,390	-7,018	0	16,372
Net Cost of Services	122,628	16,351	138,980	0	0	138,980

The Comprehensive Income and Expenditure Statement:

	2017/18 - Original Values				2017/18 Re-stated
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Net Expenditure	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	
Policing	66,894	-573	66,321	7,176	73,497
Collaborated Units	52,438	-3,169	49,269	-159	49,110
Corporate & Support Services	28,322	-4,932	23,390	-7,018	16,372
Net Cost of Services	147,654	-8,674	138,980	0	138,980

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

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

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

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

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

PCC Funding provided to the Chief Constable for Resources Consumed	2017/2018 £'000	2018/2019 £'000
Net Cost of Services (Chief Constable)	138,980	195,728
Financing & Investment Income & Expenditure	30,491	30,208
Actuarial (gain) / loss on pension assets / liabilities	1,700	32,097
<u>Adjust for Movement in Unusable Reserves:</u>		
Pensions Reserve	-33,433	-113,592
Accumulated Absences Reserve	-114	-183
Total Funding Transfer	137,624	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 in the form of an Intra-group creditor / debtor.

Intra-group Debtor / Creditor	2017/2018 £'000	2018/2019 £'000
Chief Constable's Creditors & Receipts in Advance	21,862	20,288
Chief Constable's Provisions	1,324	792
Chief Constable's Current assets (excluding PCC Debtor)	-13,695	-10,402
Total Owing to Commissioner	9,491	10,677

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

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

Intra-group Adjustments	The Chief Constable £'000	The Commissioner £'000	The Group £'000
Comprehensive Income & Expenditure Statement – 2017/18			
PCC Funding for Resources Consumed	-137,624	137,624	0
Comprehensive Income & Expenditure Statement – 2018/19			
PCC Funding for Resources Consumed	-144,258	144,258	0
Balance Sheet – 2017/18			
Intra Group Creditor / Debtor	9,491	-9,491	0
Balance Sheet – 2018/19			
Intra Group Creditor / Debtor	10,677	-10,677	0

Note 5: Standards Issued but not yet Adopted

Standards issued but not yet adopted which may relate to these accounts are:

- Amendments to IAS40 Investment Property: Transfers of Investment Property
- Annual Improvements to the IFRS Standards 2014-2016

When these changes come into effect for financial year 2019/20 it is not expected that any will have a material impact on the Statement of Accounts.

Note 6: Exceptional Items

A significant pension scheme past service cost of £51.3M has been recognised in the Chief Constables accounts and therefore the Group Accounts due to the potential impact of the McCloud/Sargeant ruling.

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. It is envisaged that the Court will require steps to be taken to compensate employees who were transferred to the new schemes in both the Police Pension Scheme and the Local Government Pension Scheme, the exact compensatory arrangements are yet to be finalised and a high degree of estimation uncertainty still remains around the past service cost provided by the actuary. The estimates used and their sensitivity is explained in note 28.

The next valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

Note 7: Note to the Expenditure & Funding Analysis.

Adjustments between Accounting and Funding Basis

Chief Constable – 2018/19	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	10,600	0	10,600
Collaborated Units	-28	5,316	0	5,287
Corporate / Support Services	-274	-187	172	-289
Exceptional Items		51,349	0	51,349
Cost of Services	-303	67,077	172	66,947
Other Income & Expenditure from the Expenditure & Funding Analysis	0	14,420	310	14,730
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	-303	81,497	482	81,678

Chief Constable - 2017/18 (Restated)	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	9,497	0	9,497
Collaborated Units	0	5,926	31	5,957
Corporate / Support Services	157	626	114	897
Cost of Services	157	16,049	145	16,352
Other Income & Expenditure from the Expenditure & Funding Analysis	0	15,682	-187	15,495
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	157	31,731	-42	31,847

Note 8: Expenditure & Income Analysed by Nature

Chief Constable	2017/18	2018/19
Expenditure / Income	£'000	£'000
Expenditure		
Employee benefits expenses	156,595	213,605
Other services expenses	21,549	21,032
TOTAL EXPENDITURE	178,144	234,637
Income		
Fees, charges and other service income	-8,674	-8,701
Funding from Police & Crime Commissioner	-137,624	-144,258
TOTAL INCOME	-146,298	-152,959
Surplus or Deficit on the Provision of Services	31,846	81,678

Note 9: Adjustments Between Accounting Basis & Funding Basis

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

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

2017/2018 – Comparative Figures – Usable Reserves				
	Police Fund	Capital Receipts Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Compensated Absences Adjustment Account:				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-114	0	0	114
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	-62,339	0	0	62,339
Employer's pension contributions and direct payments to pensioners	30,608	0	0	-30,608
TOTAL ADJUSTMENTS	-31,845	0	0	31,845

Note 10: Financing & Investment Income & Expenditure

2017/18 £'000		2018/19 £'000
28,220	<i>Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions</i>	27,900
2,272	<i>Pensions Interest Cost and Expected Return on Pension Assets – LGPS</i>	2,297
0	Impairment Allowance – Doubtful Debts	11
30,492	Total	30,208

Note 11: Critical Judgements & Assumptions Made about the Future

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

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- The Chief Constable for Bedfordshire is involved in various joint arrangements with other forces. These arrangements are judged to be joint operations due to the joint management and decision making structure of the agreement. The Chief Constable for Bedfordshire's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.
- The accounting arrangements for the Counter Terrorism Policing (CTP) are not judged to be a joint arrangement as although it is governed by a management board and decisions made on

a unanimous basis, the unit is entirely grant funded therefore decisions regarding the level of funding and hence the service provided are not entirely made by the forces involved.

- Following the ruling on age discrimination in the McCloud case, where members approaching retirement age received protected benefits moving to the career average relevant earnings scheme from the final salary scheme but employees more than 10 years from retirement did not receive this underpin of benefits, Government will have to remedy the discrimination in the LGPS and in Police and Fire Schemes. The form and the extent of the remedy is still unclear and therefore actuaries have had to make assumptions regarding this in order to provide the organisation with the additional past service costs. For the Police Scheme GAD have provided potential impact figures of 4.4% of total liabilities across police forces, which has resulted in an additional past service cost and liability of £50.660M. This approach included all relevant members, including new joiners after the establishment of the 2015 Scheme, although the decision on whether the cut-off date is 2012, 2015 or some other date will be determined by the courts.

The Government Actuary Department has undertaken an LGPS-wide impact assessment and a worse case scenario suggests that the liability could increase by up to 3.2% for active members where the remedy would be for all staff to receive the underpin, and using a model with an average member age of 46 and salaries increasing at +1.5% above CPI. The Force has received an updated valuation of the liability to take account of the impact of this ruling. The impact on the Chief Constable's accounts has been increased liabilities and past service costs of £689,000.

- 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 12: Assumptions Made about the Future & Other Estimation Uncertainties

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

- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are used to make these judgements and provide the estimates of pension assets and liabilities, the details of which are detailed at note 28 along with a sensitivity analysis of the key assumptions used. There is a high level of uncertainty surrounding the impact Brexit, it is therefore not possible to predict how the financial markets and therefore the asset values and discount rates, will change as a consequence of Brexit. The assumption has been made that this will not significantly impact the pension scheme liabilities.

- Key estimation uncertainties highlighted by GAD in their calculation of the McCloud impact liability are age profile of membership, salary assumptions and the active proportion of liability. GAD were requested to provide sensitivity analysis for these estimates which are shown in note 42.

Note 13: Financial Instruments

Categories of Financial Instruments

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

Financial Assets	2017/18 (Restated)		2018/19	
	The Chief Constable		The Chief Constable	
	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000
Debtors:				
Amortised Cost	0	7,036	0	6,210
Investments:				
Amortised Cost	0	0	0	0
Cash				
Amortised Cost	0	0	0	0
Total Financial Assets	0	7,036	0	6,210
Non Financial Assets	0	13,906		14,869
Total	0	20,943	0	21,079
Financial Liabilities	2017/18 (Restated)		2018/19	
	The Chief Constable		The Chief Constable	
	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000
Creditors:				
Amortised Cost	0	19,122	0	17,351
Borrowings:				
Amortised Cost	0	0	0	0
Total Financial Liabilities	0	19,122	0	17,351
Non Financial liabilities	0	4,215	0	6,839
Total	0	23,336	0	24,190

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 2018/19 and all remain at amortised cost.

Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.

Fair Value of Assets and Liabilities

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

- The discount rate used is the applicable market rate on 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 Chief Constable			
	2017/18		2018/19	
	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>				
PWLB Borrowing	0	0	0	0
Creditors & Receipts In Advance	19,122	19,122	17,351	17,351
<i>Loans and Receivables:</i>				
Short-Term Investments	0	0	0	0
Debtors and Payments in advance	7,036	7,036	6,210	6,210
Instant Access Bank Deposit Accounts	0	0	0	0
Imprest & Cash	0	0	0	0

The differences between carrying amount and fair value for PWLB borrowing and short term investments is due to the PCC for Bedfordshire's portfolio of loans and investments being taken out at higher interest rates than those available in the market at 31 March 2019. In arriving at the fair value of PWLB borrowing the current certainty rate for new borrowing from the PWLB is used to calculate the fair value of each loan. However there is no active market for these loans, Code guidance suggests that in these circumstances fair value should be measured from the PWLB perspective, assessing the price that they would be able to secure if they were to sell the loans in an orderly market transaction.

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

No financial instruments have been re-classified during 2018/19.

Fair Value of Assets and Liabilities

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

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

Note 14: Lease Rentals

The PCC for Bedfordshire has no finance leases, but rents several properties under the terms of operating leases. The costs of the operating leases are included in the Chief Constable's Comprehensive Income

& Expenditure Statement to reflect the day-to-day direction and control exercised. The amount paid in 2018/19 was £0.613M (£0.674M for 2017/18).

At 31 March 2019 lease payments due under non-cancellable leases in future years were:

	Less than 1 Year	Later than 1 Year and not Later than 5 Years	Later than 5 Years	Total
	£'000	£'000	£'000	£'000
Land & Buildings	382	776	114	1,272

Note 15: Debtors & Payments In Advance

2017/18 (Restated)		2018/19
£'000		£'000
1,442	Trade Receivables	4,289
- 46	Less Expected Credit Losses	-43
0	Council Tax	0
7,196	Other Receivables	2,694
2,733	Prepayments	3,331
11,324	Short Term Debtors at 31st March	10,271
9,491	Amount Owed by PCC	10,677
20,815	Total Amounts Due within 1 Year	20,948

Note 16: Creditors

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

2017/18 (Restated)		2018/19
£'000		£'000
2,102	Trade Payables	2,449
17,209	Other Payables - Capital & Revenue	17,538
307	Other Payables - Employees	301
3,719	Short Term Accumulating Absences	3,902
23,336	Short Term Creditors 31st March	24,190

Note 17: Provisions

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

	Insurance	Transport Consortium Insurance	Staff Pay Award	Total
	£'000	£'000	£'000	£'000
Balance as at 1st April	617	375	333	1,325
Amounts used in 2017/18	-617	-375	-333	-1,325
Provision made in 2018/19	480	312	0	792
Balance as at 31st March	480	312	0	792

Insurance

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

Transport Consortium Insurance

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

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

Note 18: Unusable Reserves

2017/18 £'000		2018/19 £'000
88,207	Pensions Reserve – LGPS	96,826
1,097,037	Pensions Reserve – Police Pensions	1,202,010
3,719	Accumulated Absences Account	3,902
1,188,963	Total Unusable Reserves	1,302,738

Accumulated Absences Account

Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the account. Although the costs of employment benefits are shown in the Chief Constable's accounts the PCC funds this by way of an intra-group adjustment and maintains this un-usable reserve.

2017/18 £'000		2018/19 £'000
3,605	Balance at 1st April	3,719
-3,605	Cancellation of accrual made at the end of the preceding year	-3,719
3,719	Amounts accrued at the end of the current year	3,902
3,719	Balance at 31st March	3,902

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.

2017/18 £'000	Pension Reserve Local Government Scheme	2018/19 £'000
84,491	Balance at 1st April	88,205
-4,537	Re-measurements of the net defined benefit liability.	-396
13,479	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of services in the Comprehensive Income and Expenditure Statement	15,321
-5,228	Employer's pension contributions and direct payments to pensioners payable in the year	-6,304
88,205	Balance at 31st March	96,826

2017/18 £'000	Pension Reserve Police Pension Scheme	2018/19 £'000
1,067,320	Balance at 1st April	1,097,037
6,237	Re-measurements of the net defined benefit liability	32,494
48,860	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	98,840
-25,380	Employer's pension contributions and direct payments to pensioners payable in the year	-26,361
1,097,037	Balance at 31st March	1,202,010

Note 19: Cash Flow Statement – Operating Activities

2017/18		2018/19
The Chief Constable £'000		The Chief Constable £'000
31,846	Net surplus or deficit on the provision of services	81,678
-405	Contributions (to) / from provisions	533
0	Interest Cost /Unwinding of Discount	0
0	Capital Grants	0
0	Depreciation & Impairment	0
-31,731	IAS 19 pension adjustments	-81,497
18	Increase / (decrease) stock	4
0	(Increase)/ decrease in receipts in advance	0
4,379	Increase / (decrease) debtors	-1,000
4,382	Increase / (decrease) debtors – Inter Company	536
-171	Increase/ (decrease) payments in advance	598
-8,203	(Increase)/ decrease in creditors	-670
-114	(Increase)/ decrease in creditors – Accumulated Absences	-183
-31,845	Adjust net surplus or deficit on the provision of services for non-cash movement	-81,678
-	Remove profit / loss on sale of non-current assets	-
0	Net cash flows from operating activities	0

Note 20: Officers Remuneration

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

2017/18	Remuneration Band £	2018/19
114	50,000 to 54,999	132
67	55,000 to 59,999	71
21	60,000 to 64,999	20
9	65,000 to 69,999	7
9	70,000 to 74,999	2
4	75,000 to 79,999	6
7	80,000 to 84,999	5
3	85,000 to 89,999	3
0	90,000 to 94,999	1
0	100,000 to 104,999	1
234	TOTALS	248

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 2018/19

During 2018/19 the Chief Constable agreed 17 exit packages of which 7 were identified as set up costs of new collaborated units and funded as such, although amounts are disclosed as the gross amounts of remuneration paid to employees.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages in each band	Total cost of exit packages in each band
<£20,000	7	1	8	£66,900
£20,000-£40,000	5	1	6	£191,600
£40,000-£60,000	3	0	3	£157,500
£60,000-£80,000	0	0	0	0
£80,000-£100,000	0	0	0	0
>£100,000	0	0	0	0
Total	15	2	17	£416,000

Exit Packages 2017/18

During 2017/18 the Chief Constable agreed 12 exit packages of which 4 were identified as set up costs of new collaborated units and funded as such, although amounts are disclosed as the gross amounts of remuneration paid to employees.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages in each band	Total cost of exit packages in each band
<u>The Chief Constable</u>				
<£20,000	6	0	6	£71,874
£20,000-£40,000	1	1	2	£77,388
£40,000-£60,000	4	0	4	£187,048
£60,000-£80,000	0	0	0	0
£80,000-£100,000	0	0	0	0
>£100,000	0	0	0	0
Total	11	1	12	£336,310

Senior Officers and Relevant Police Officers Remuneration 2018/19

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

Notes

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

Senior Officers and Relevant Police Officers Remuneration 2017/18

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£
The Chief Constable	160,018	0	700	0	160,718
Deputy Chief Constable – A (note 2)	68,963	16,056	644	0	85,663
Deputy Chief Constable – B (note 3)	120,917	27,726	256	0	148,899
Assistant Chief Constable – A	106,013	21,173	944	0	128,130
Assistant Chief Constable – B (note 4)	24,307	5,844	99	0	30,250
Chief Constable's Chief Finance Officer (note 1)	115,447	17,350	113	0	132,910

Notes

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

Note 2: Role undertaken from 04/09/17 to 31/03/18.

Note 3: DCC role all year except for 4th Sept – 2 Oct as an ACC role, then DCC secondment role from 3rd Oct to 31st March

Note 4: Role undertaken from 15/01/18 – 31/03/18.

Note 21: External Audit Fees

External audits are provided by BDO LLP.

2017/18		2018/19
£'000		£'000
15	Audit Fee Re Chief Constable	11

Note 22: Transport Consortium

The PCC for Bedfordshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Bedfordshire's contribution for 2018/19 was £2.611M (£2.419M in 2017/18). Costs are allocated to the forces in proportion to the size of the fleet, the fleet has increased in recent years, cost of which are largely met from Home Office Funding for vehicles allocated to the Counter Terrorism Intelligence Unit. The total costs of the consortium are shown below:

2017/18		2018/19
£'000		£'000
2,583	Employee Costs	2,602
406	Premises	412
3,620	Running Costs	3,848
3,436	Insurance	3,599
7,520	Vehicles	7,764
-1,442	Income	-1,488
16,123		16,737

Note 23: Eastern Region Organised Crime Unit

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

Expenditure of £2.314M has been consolidated into the Chief Constable's Income and Expenditure statement. The government grant of £0.517M has been consolidated into the Income and Expenditure Statement for the PCC, and the PCC for Bedfordshire's share of the total assets purchased (£0.046M) are included on the PCC's balance sheet financed by a transfer from reserves.

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

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

2017/18	Beds	Cambs	Essex	Herts	Kent	Norfolk	Suffolk	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Home Office Grant	-547	-696	-1213	-986	-740	-801	-607	-5,590
Running Costs	2,195	2,792	2,459	3,956	2,258	3,215	2,435	19,310
Depreciation	46	49	31	89	7	69	59	350
Surplus / Deficit	1,694	2,145	1,277	3,059	1,525	2,483	1,887	14,070

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

2017/18		2018/19
£'000		£'000
84	Vehicles	75
38	Plant & Equipment	42
105	Land & Buildings	102
227	Net Assets	218
227	Capital Adjustment Account	218
227	Equity	218

Note 24: Bedfordshire, Hertfordshire and Cambridgeshire Strategic Alliance

2017/18					2018/19			
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Bedfordshire	Cambridgeshire	Hertfordshire	Total	Joint Protective Services	Bedfordshire	Cambridgeshire	Hertfordshire	Total
2,802	2,437	2,806	8,045	Armed Policing Unit	2,690	2,345	2,700	7,735
-319	-402	-530	-1,251	Camera, Tickets, Collisions	-338	-427	-563	-1,328
189	177	124	490	Counter Terrorism & Domestic Extremism (Pre ERSOU)	0	0	0	0
646	796	1,074	2,516	Dogs	696	860	1,161	2,717
2,344	2,808	3,462	8,614	Major Crime Unit	2,442	2,934	3,616	8,992
247	314	445	1,006	Operational Planning & Public Order	284	363	514	1,161
320	407	576	1,303	Protective Services Command Team	211	269	381	861
87	110	156	353	Resilience / Civil Contingencies Unit	93	119	169	381
2,932	4,207	5,637	12,776	Roads Policing Unit	2,724	3,919	5,249	11,892
1,999	2,423	3,292	7,714	Scientific Services Unit	2,054	2,496	3,390	7,940
11,247	13,277	17,042	41,566	Total Joint Protective Services	10,856	12,878	16,617	40,351

2017/18					2018/19			
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Bedfordshire	Cambridgeshire	Hertfordshire	Total	Tri-force Operational Support	Bedfordshire	Cambridgeshire	Hertfordshire	Total
224	285	404	913	Criminal Justice & Custody Mgmt Team	271	346	489	1,106
537	683	967	2,187	Criminal Justice Phase 1	599	764	1,083	2,446
95	184	150	429	Firearms & Explosives Licensing	101	195	159	455
35	44	62	141	Local Criminal Justice Board	40	51	72	163
302	384	545	1,231	Public Contact SLT	242	309	437	988
1,193	1,580	2,128	4,901	Total Tri-force Operational Support Expenditure	1,253	1,666	2,240	5,159

2017/18				2018/19				
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
Bedfordshire	Cambridgeshire	Hertfordshire	Total	Tri-force Organisational Support	Bedfordshire	Cambridgeshire	Hertfordshire	Total
601	764	1,083	2,448	Collaboration Team	514	656	930	2,100
3,434	4,631	6,915	14,980	HR/ L&D	3,891	5,092	7,408	16,391
3,545	4,996	6,398	14,939	ICT	3,740	4,774	6,761	15,275
545	803	1,089	2,437	Information Management Department	642	820	1,161	2,623
1,021	1,048	1,529	3,598	Professional Standards Department	1,070	1,102	1,607	3,779
183	233	330	746	Procurement	231	294	417	942
9,329	12,475	17,344	39,148	Total Tri-force Organisational Support	10,088	12,738	18,284	41,110
21,769	27,332	36,514	85,615	Total Net Operating Costs	22,198	27,283	37,141	86,622

The tables above show the expenditure incurred on units collaborated with Cambridgeshire and Hertfordshire forces. Each force recognises their share of each units total according to an agreed cost sharing ratio for the financial year.

Note 25: Related Parties

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

Other Public Bodies Subject to Common Control

UK Government exercises some control over the general operations of the Chief Constable for Bedfordshire and it is responsible for the majority of funding from the Police & Crime Commissioner in the form of grants. Details of grants received from government departments are disclosed in the Group Accounts.

Officers

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

The Assistant Chief Constable is a Trustee for You Turn Futures, the payments made to You Turn Futures during the year was £102K, payments were made under a partnership project for Integrated Offender Management.

Entities Controlled by or Significantly Influenced by the Chief Constable for Bedfordshire.

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

Bedfordshire Police Partnership Trust has 12 trustees, 3 of which are employed by the PCC for Bedfordshire or the Chief Constable 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. The Partnership Trust owed the PCC for Bedfordshire £111K (£104K 2017/18) towards the total cost of staff provided to run the scheme which was outstanding at 31st March 2019, no payments were made to the Trust during 2018/19 (nil 2017/18) although a Trust Administrator position was provided to the Partnership Trust during the year. Payments of £141K (£81K 2017/18) were received from the Trust.

Note 26: Contingent Liabilities

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

Potential quantum and responsibility for any costs is yet to be established pending the outcome of test cases, and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2018/19 Statement of Accounts.

Note 27: Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 31 July 2019. Events after the balance sheet date have been considered for inclusion in

the accounts up to the authorised for issue date. No adjusting events have taken place as no events have occurred before this date which provided information about conditions existing at 31 March 2019.

Note 28: Defined Benefit Pension Schemes

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

As part of the terms and conditions of employment of its officers and other employees, the Chief Constable for Bedfordshire offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Chief Constable for Bedfordshire participates in two pension schemes:

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

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

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

	Local Government Pension Scheme		Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Net Total Cost of Service				
Current Service Costs*	11,124	12,174	19,970	20,280
Past Service Costs/Gains	83	850	670	50,660
Losses/Gains on Curtailments & Settlements	0	0	0	0
Surplus or Deficit on the Provision of Services				
Interest Costs	5,598	5,940	28,220	27,900
Interest Income on plan assets	-3,326	-3,643	0	0
Other Comprehensive Income & Expenditure				
<u>Re-measurements:</u>				
Actuarial gains and losses arising on changes in demographic assumptions	-	-11,399	-37,430	0
Actuarial gains / losses arising on changes in financial assumptions	-5,194	15,669	34,580	34,620
Other experience gains and losses	10	151	9,087	-2,126
Return on plan assets (excl amount in net interest expense)*	660	-4,817	0	0
Total Charge to the Comprehensive Income and Expenditure Statement	8,955	14,925	55,097	131,334
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19*	-13,625	-15,311	-48,860	-98,840
Actual Amounts charged against the General Fund Balance for pensions in the year:				
Employers Contributions payable to the pension fund	5,241	6,304	23,951	24,907
Injury Award Benefits	0	0	1,429	1,454
*Current service cost includes an allowance for administration expenses of £230,000				

Assets and Liabilities Recognised in the Balance Sheet

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	220,344	242,322	1,097,037	1,202,010
Fair value of plan assets	-132,139	-145,496		
Sub-total	88,205	96,826	1,097,037	1,202,010
Other movements in the liability (asset) (if applicable)				
Net liability arising from the defined benefit obligation	88,205	96,826	1,097,037	1,202,010

Reconciliation of the movements in the fair value of scheme assets

	Local Government Pension Scheme	
	2017/18	2018/19
	£'000	£'000
1st April	125,497	132,139
Expected rate of return / Interest income	3,326	3,643
Re-measurement gains and losses:		
Return on plan assets, excl the amount included in the net interest expense	-660	4,817
Other	0	-230
Employer contributions	5,228	6,304
Contributions by scheme participants	1,881	2,119
Benefits paid	-3,133	-3,296
31st March	132,139	145,496

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The total returns on scheme assets for the year to 31 March 2019 was estimated to be 6%.

Reconciliation of present value of the scheme liabilities

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
1st April	209,988	220,344	1,067,320	1,097,037
Current service cost	11,124	12,174	19,970	20,280
Interest cost	5,598	5,940	28,220	27,900
Contributions by scheme participants	1,881	2,119	5,174	5,298
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	-	-11,399	-37,430	0
▪ Actuarial gains / losses arising from changes in financial assumptions	-5,197	15,669	34,580	34,620
Other experience gains / losses	-	-79	9,087	-2,126
Benefits paid	-3,133	-3,296	-30,554	-31,659
Past service cost (including curtailments)	83	850	670	50,660
Losses / (gains) on settlements	0	0	0	0
31st March	220,344	242,322	1,097,037	1,202,010

Reconciliation of the opening and closing surplus / (deficit)

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Opening Surplus (deficit)	-84,491	-88,205	-1,067,320	-1,097,037
Current Service Cost	-11,124	-12,174	-19,970	-20,280
Contributions by employer	5,228	6,304	25,380	26,361
Past Service Costs	-83	-850	-670	-50,660
Interest Cost	-5,598	-5,940	-28,220	-27,900
Expected Return on Assets	3,326	3,643	0	0
Curtailment losses and gains	0	0	0	0
Re-measurement Gains / (losses)	4,537	396	-6,237	-32,494
31st March	-88,205	-96,826	-1,097,037	-1,202,010

Local Government Pension Scheme assets comprised:

Asset breakdown	31 Mar 2019		31 Mar 2018	
	£000s	%	£000s	%
Equities	100,316	69%	72,972	55%
Bonds	23,697	16%	19,901	15%
Property	14,967	10%	13,268	10%
Cash	6,902	5%	26,535	20%
Total	145,882	100%	132,676	100%

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	28 Feb 2019	
	% Quoted	% Unquoted
Fixed Interest Government Securities		
UK	2.9%	-
Overseas	-	-
Index Linked Government Securities		
UK	4.9%	-
Overseas	-	-
Corporate Bonds		
UK	8.4%	-
Overseas	-	-
Property		
All	-	9.6%
Others		
Absolute return portfolio	18.7%	-
Private Equity	-	0.6%
Infrastructure	-	0.7%
Unit trust	17.6%	31.8%
Cash/Temporary Investments	-	4.5%
Net Current Assets		
Debtors	-	0.2%
Creditors	-	(0.0%)
Total	52.6%	47.4%

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

Basis for estimating Assets and Liabilities

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

The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	%	%	%	%
Long-term expected rate of return on assets in the scheme:				
Mortality Assumptions:				
Longevity at 65 for current pensioners				
- Men	22.4	20.7	22.6	22.7
- Women	24.5	23.2	24.2	24.3
Longevity at 65 for future pensioners				
- Men	24.0	21.7	24.5	24.6
- Women	26.2	24.7	26.1	26.2
Rate of inflation - CPI	2.30	2.40	2.30	2.35
Rate of increase in salaries	2.7	2.7	4.30	4.35
Rate of CARE revaluation			3.55	3.60
Rate of increase in pensions	2.4	2.4	2.30	2.35
Expected return on Assets			-	-
Rate for discounting scheme Liabilities	2.7	2.4	2.55	2.45
Take-up of option to convert annual pension into retirement lump sum (pre April 08 service)	50	50	-	-
Take-up of option to convert annual pension into retirement lump sum (post April 08 service)	75	75	-	-

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

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

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

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	237,575	242,708	247,957
Projected service cost	11,979	12,287	12,603
Adjustment to long term salary increase	+0.1%	0.0%	-0.1%
Present value of total obligation	243,556	242,708	241,867
Projected service cost	12,293	12,287	12,281
Adjustment to pension increases and deferred revaluation	+0.1%	0.0%	-0.1%
Present value of total obligation	247,104	242,708	238,410
Projected service cost	12,597	12,287	11,985
Adjustment to life expectancy assumptions	+1 Year	None	- 1 Year
Present value of total obligation	251,234	242,708	234,479
Projected service cost	12,679	12,287	11,907

	Police Pension Scheme	
	Approx. Increase to Employer Liability	
	%	£'000
Change in assumptions at 31 March 2019		
0.5% decrease in Real Discount Rate	10.0%	118,000
1 year increase in member life expectancy	2.5%	30,000
0.5% increase in the Salary Increase Rate	1.0%	14,000
0.5% increase in the Pension Increase Rate	8.5%	95,000

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.

In addition, the past service cost in respect of the McCloud / Sargeant judgement is expected to be highly sensitive to the gap between CPI inflation and the assumed rate of salary growth. Under the approach and remedy adopted, if the long term salary growth assumptions were 1.0% pa lower, then the impact on the past service cost is expected to be a change of around -10% on the provision. Alternative forms of remedy may have different levels of sensitivity to these assumptions.

The calculation has been carried out for the Police scheme as a whole and assumed to apply equally to the authority. Any difference in the profile of the authority's membership compared with the scheme as a whole may result in a different impact in

practice, a review of the estimates used has been carried out and Bedfordshire membership is aligned to these estimates. The differences and the sensitivity to these estimates is shown below:

	Average Age of active member	Active proportion of liability
Police average	41	45%
Bedfordshire Police	41	46%

Central McCloud estimate % of total liabilities	Age +1 year	Active proportion +1%
4.4%	4.2% (-0.2%)	4.5% (+0.1%)

Impact on Cash Flows

The liabilities show the underlying commitments that the Chief Constable for Bedfordshire has in the long-term to pay retirement benefits. The liability of £1,247M 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 £1,251M. However, statutory arrangements for funding the deficit mean that the financial position of the PCC for Bedfordshire Group remains healthy:

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

Note 29: Police Pension Fund Account

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

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

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

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

2017/18			2018/19	
£'000	£'000		£'000	£'000
		Contributions receivable		
		- From Employer		
-9141		Normal	-9,130	
0		Early Retirements for Ill-Health	-78	
-5066		- From members of the Pension Scheme	-5,039	
	-14,207			-14,247
		Transfers in		
	-108	- Individual Transfers in from Other Schemes		-258
		Benefits Payable		
22,065		- Pensions	23,536	
6,885		- Commutations and Lump Sums (Including amounts payable following Milne vs. GAD legal case)	6,650	
	28,950			30,186
		Payments to and on Account of Leavers		
	129	- Individual Transfers out to Other Schemes		17
	46	-Pension Refunds		78
	14,810	Sub-Total: Net amount receivable for the year before top-up grant		15,777
	-14,810	Top-Up Grant Receivable from Police Fund		-15,777
	0	(Surplus) / Deficit for the year		0

External Advisors

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

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

(i) **Financial Administration**

Financial services provided to the PCC for Bedfordshire during 2018/19 include the following:

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

(ii) **Banking**

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

Glossary of Terms

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

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

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

FINANCIAL REGULATIONS – A written code of procedures intended to provide a framework for proper financial management.

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

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

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

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

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

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

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

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

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

Opinion on the financial statements

We have audited the financial statements of The Chief Constable for Bedfordshire Police ('the Chief Constable') for the year ended 31 March 2019 which comprise the Chief Constable's Comprehensive Income and Expenditure Statement, Movement in Reserves Statement, Balance Sheet, Cash Flow Statement, Expenditure and Funding Analysis, Pension Fund Account and notes to the financial statements including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of The Chief Constable for Bedfordshire Police as at 31 March 2019 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

Basis for opinion on the financial statements

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), the Code of Audit Practice issued by the National Audit Office in April 2015 ("Code of Audit Practice") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Chief Constable in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Chief Constable's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The Chief Finance Officer is responsible for the other information. The other information comprises the Narrative report together with all other information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matter required by the Code of Audit Practice

In our opinion, based on the work undertaken in the course of the audit of the financial statements, the other information published together with the financial statements in the Statement of Accounts is consistent with the financial statements.

Conclusion on use of resources

On the basis of our work, having regard to the guidance on the specified criterion published by the National Audit Office in November 2017, we are satisfied that, in all significant respects, the Chief Constable put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Basis for conclusion on use of resources

We have undertaken our review of **the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources** in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion, published by the National Audit Office in November 2017, as to whether in all significant respects, the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people.

The National Audit Office has determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Based on our risk assessment, we undertook such work as we considered necessary. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Matters on which we are required to report by exception

We have nothing to report in respect of the following other matters which the Code of Audit Practice (April 2015) requires us to report to you if:

- we have been unable to satisfy ourselves that the Annual Governance Statement is misleading or inconsistent with other information that is forthcoming from the audit;
- we issue a report in the public interest under section 24 of the Act in the course of, or at the conclusion of the audit;

-
- we designate under section 24 of the Local Audit and Accountability Act 2014 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response;
 - we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
 - we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
 - we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

Responsibilities of the Chief Finance Officer and the Chief Constable

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which comprises the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, and for being satisfied that the financial statements give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable intends to cease operations or has no realistic alternative but to do so.

The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

In respect of our audit of the financial statements our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Auditor's responsibilities in respect of the Chief Constable's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criterion specified by the National Audit Office.

We report if significant matters have come to our attention which prevent us from concluding that the Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Certificate of completion of the audit

We certify that we have completed the audit of the accounts of The Chief Constable for Bedfordshire Police in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Chief Constable, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Responsibilities of the Audited Body and Responsibility of the Auditor within Chapter 2 of the Code of Audit Practice published by the National Audit Office in April 2015. Our audit work has been undertaken so that we might state to the Chief Constable those matters we are required to state to him in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable for our audit work, for this report, or for the opinions we have formed.

Aphrodite Lefevre
For and on behalf of BDO LLP, Appointed Auditor
Norwich, UK
31 July 2019

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).