



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

STATEMENT OF ACCOUNTS

2018/2019

Table of Contents

TABLE OF CONTENTS	2
NARRATIVE REPORT	3
STATEMENT OF RESPONSIBILITIES	19
ANNUAL GOVERNANCE STATEMENT.....	20
COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT	33
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019 - GROUP	35
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2019 – COMMISSIONER .	36
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018 - GROUP	37
MOVEMENT IN RESERVES STATEMENT FOR THE YEAR ENDED 31 MARCH 2018 - COMMISSIONER ..	38
BALANCE SHEET	39
CASH FLOW STATEMENT	40
EXPENDITURE & FUNDING ANALYSIS.....	41
NOTES TO THE ACCOUNTS	43
POLICE PENSION FUND ACCOUNTING STATEMENT	104
EXTERNAL ADVISERS	106
GLOSSARY OF TERMS	107

Narrative Report

Management Overview

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

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

The Policing Environment

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

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

London Luton Airport (the UK's fifth busiest) handled 16 million passengers in 2017, up 66% over 5 years. The M1 and A1(M) motorways traverse the county. Two principle railway lines connect people with the heart of London in less than an hour.

Bedfordshire has a complex mix of volume crime, serious crimes, drugs, gangs and terrorism threats. Every day police officers meet threat, harm and risk like those in large cities. In the year to March 2018 the Force recorded 47,744 crimes (up 11.2% on the previous year) received 105,040 999 calls (up 13%) and received 384,514 101 calls (up 5.5%). The Force is encouraging reporting of safeguarding related crimes such as domestic abuse, which are frequently more complex to investigate. Since 2016 the Force increased resources for vulnerable children and adults, child exploitation, missing people and domestic abuse, without reducing community policing levels.

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

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

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

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

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

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

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

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

Financial Performance

The revenue budget was set at £105.226M, and the final outturn position for the Force and OPCC is an underspend of £0.419M. This has only been achieved as a result of funding £1.482M non-recurring revenue expenditure from reserves approved as part of the 2018/19 budget setting process, the PCC accessing £0.111M from the Road Safety Reserve and the award of a Special Police Grant of £4.464M supporting the Force's efforts to tackle gang-related serious crime between April 2016 & March 2019.

Revenue Expenditure was as follows:

	£'M
Expenditure	£104.807
Net Expenditure	£104.807

Met from Budgeted Grants:**£'M**

Home Office Grant	39.772
11/12 Council Tax Freeze Grant	0.751
Council Tax Benefit Subsidy Grant	3.886
Formula Funding	23.001
Council Tax	37.817
	105.226

Net (Surplus) or Deficit for the year**(0.419)****The budget variances for the year arose in the following areas:**

	<u>£'M</u>
Police Pay	-0.530
Staff Pay	0.147
Staff Overtime	0.260
Police Overtime	1.311
Non Staff Costs	2.158
Collaboration	0.791
Additional Transfer from Reserves (Unbudgeted)	0.025
Special Police Grant	-4.464
PCC's Community Safety Fund	-0.005
PCC's Road Safety Reserve	-0.111
Total	-0.419

Transfers to/from other useable reserves comprised:

	<u>£'M</u>
Planned Transfer from Earmarked Reserves	1.482
Transfer from Regional Budget Reserves	0.039
Transfer from Road Safety Reserve	0.111
Reported Budget Surplus to Budget Reserve	-0.419
Net transfer from General Fund Reserves	1.213

Capital Expenditure

Capital expenditure made by the PCC for Bedfordshire Group amounted to £5.242M, this includes capital expenditure made on behalf of regional units for which Home Office Grants are provided. The outturn position of £4.785M represents an increase of £1.276M on the original programme of £3.509M, the majority of which was anticipated as the decision was made to invest more heavily in the ICT Strategy.

The financing of Capital Expenditure was as follows:

	£'M
Capital Grants	0.969
Capital Receipts	1.253
Revenue Contributions in Year and from Reserve	0.062
External Borrowing	2.500
Total (as per approved capital programme)	4.785
Home Office CT Grant	0.412
Regional Organised Crime Unit Revenue Contributions	0.046
Total Including Regional Commitments	5.242

Use of Reserves

The reduction in reserves identified above for funding capital and revenue expenditure results in a usable reserves balance of £9.183M.

Treasury Management

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

Planned borrowing of £2.5M was undertaken in March 2019 in order to finance capital expenditure.

Key Strengths and Resources

In recent years the PCC for Bedfordshire group has faced and dealt with significant change and this trend is set to continue, however the PCC 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 into Project Athena which is a single, integrated ICT solution supporting national policing processes in investigation management, intelligence, custody, case management, missing persons and property. Athena was implemented across BCH in May 2018. The PCC is also investing in the implementation of a single (integrated) set of collaborative solutions to support efficiencies across finance, HR and corporate functions.

The PCC continues to ensure that the Estate remains fit for purpose, with investment into those areas that are to remain, such as Luton custody and disposal of those assets that are surplus to requirements or have gone past their economic useful life. The PCC has already found opportunities to share fire service premises in Bedford, Ampthill and Luton and consolidating emergency services estates further may give opportunity to sell off excess sites, raising further capital receipts.

Non-Financial Performance

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

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

- The additional income secured of £4.464M as well as a financial planning and significant savings process – called Priority Based Budgeting – has meant that 160 police constables can now be recruited, leading to a doubling of the PC's in the Community Hubs. Achieving the Special Grant and leeway to raise the council tax precept to fund this recruitment has been a hard won battle. The Police & Crime Panel recorded their view that no Police & Crime Commissioner could have fought harder to land the funding argument with Central Government at their budget meeting in February 2019.
- As well as the doubling of the Community Hub PC's the force is creating a trouble shooting team of a Sergeant and nine PC's to be directed around the county to deal with issues as they arise. This task force arises directly out of the targeted work of Operation Hilton in Dunstable where combined teams joined forces to gather intelligence to pursue high level suspects and seize drugs, cash and vehicles in order to combat drug dealing in the town. The new Neighbourhood intervention Team of 10 officers is the forces permanent response.
- During the year the existing Hubs have worked ever more closely with their communities – there are quarterly Local Priority Setting Meetings at which councillors agree the matters which are to be concentrated on by their local Community Hub.
- Bedfordshire Police dedicated its Winter Conference in January 2019 to Community Policing to spell out the approach to problem solving and vital connections with local community groups, councillors, businesses, schools, care homes and bail hostels that the Chief Constable and PCC expect to be created and maintained through as much regular contact as is feasibly possible in order to establish what the local crime problems are and to create solutions for them. For example, at the Winter Conference, PCSO Daniel James of the Bedford Hub detailed the intensive project he has driven with partners to take 47 rough sleepers off the streets of the town, driving down street drinking and aggressive begging. This work - as part of Op Highgate - also included two Community Protection Orders against beggars and multiple Community Protection Notices this year.

2. To re-build public confidence in Bedfordshire Police.

- The PCC along with the Chief Constable makes personal visits and appears across all local and regional media outlets to explain police action in our county, she has given interviews to BBC radio and to Sky as well as continued to address councils and residential meetings arranged in individual wards throughout the year.
- The PCC's office leads the Independent Custody Visitors (ICV) scheme, whereby volunteers visit custody suites in both Luton and Bedford unannounced, at any time of the day and night, to check on the welfare of those held there and pass their own recommendations back. She has accompanied ICVs herself on spot checks of the custody suite in Bedford this year and can, therefore, speak from personal experience. In April 2018, the PCC's office welcomed over 70 volunteers working as ICVs to the Eastern Regional Conference at Police HQ. This was enthusiastically

supported by the Force and included presentations from Det. Chief Supt. Mark Lay on drug use by those in custody, from Tom Milson of the Independent Office of Police Conduct (IOPC) on recent changes to the police complaints procedure, the Home Office and Dr Sabrina Valentino on access to healthcare for those who are detained who are, of course, yet to go before the courts to face any charge, let alone to be found guilty of it. Volunteer Deputy Police and Crime Commissioner, Justine Currell, of the charity Unseen which works to combat modern slavery, also highlighted the signs for ICVs to look for to spot evidence of Human Trafficking, when speaking with those who are detained in custody.

- Bedfordshire Police had been subject to a number of critical reports from the police watchdog, Her Majesty's Inspectorate of Constabularies & Fire and Rescue Services (HMICFRS), and had been placed into a process of continuous extra scrutiny by its former inspector prior to the arrival of the current PCC. Given the substantial progress of Bedfordshire Police (whose grading's for "Efficiency" were the most improved of any of the 43 forces at last year's HMICFRS inspection), in a key meeting on 24 May 2018, Bedfordshire Police was removed from this scrutiny process. This gives another boost of confidence in the force for the public and partners as well as morale to staff and officers.
- A key event to build confidence in the Force was held during the year, the Bedfordshire Police Family Fun Day. Over 2,000 people of all ages attended Police HQ, to see forensics' staff, police dogs with their handlers and the visiting National Police Air Support (NPAS) helicopter give demonstrations, supported by our partners from Bedfordshire's watch schemes, who were actively recruiting new members and the Bedfordshire Fire and Rescue Service. The day also raised more than £1,200 for the charity Child Victims of Crime (CVOC).
- The PCC has been proud to continue to support documentary makers, Garden productions, in their filming of Bedfordshire Police in action on an access all areas basis, while making the Channel 4 series 24 Hours in police Custody.
- The PCC has considered applications for funding from the Commissioners Grant Fund by evaluating bids on the basis that each must prove ways in which it will both reduce demand and increase confidence in the force to build the strongest possible relationships with our many communities moving forward.

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

- Another 128 Police Constables have been recruited in the PCC's third year in office, in addition to the 100 recruited in her second year and 96 recruited in her first year.
- The PCC has been working with partners to help reduce demands on police officers, to this end, Bedfordshire Police commissioned a report from the respected policing consultancy, Crest to produce a study of the changing picture of demand across the whole public sector in the county. Lengthy abstractions from 999 response duties were occurring when officers were held at A & E waiting to hand over patients to mental health professionals. This year the PCC handed over funding responsibility for the Mental Health Street Triage to the Luton and Bedford Clinical Commissioning groups within Health, having established beyond all doubt the effectiveness of placing a police officer, mental health nurse and paramedic together to respond to those in mental health crisis in providing a better pathway to care and also

driving down demand on all the services involved: with police alone no longer responsible for assessing whether someone should be admitted to hospital under Section 136 of the Mental Health Act.

- Another joint problem solving initiative which has continued to go from strength to strength in 2018/19 to drive down demand on our services and release police officers from the need to deal over and over again with the same individuals is the Vulnerable Adult Risk Assessment Conference (VARAC) which has been funded by the PCC from the outset. The VARAC provides multi-agency interventions for those identified as the most vulnerable adults across Bedfordshire. This is co-ordinated through a monthly multi-agency meeting. This conference enables both the police and partner agencies to share information to risk assess individuals appropriately and build a plan to help them. This approach transforms lives for the better, whilst reducing demand on Bedfordshire Police and releases officers back to the frontline to deal with life-threatening emergencies as quickly as possible.
- Operation Night Owl has seen the return of a dedicated weekend night-time economy policing with a focus on the key locations for demand in Luton, Dunstable, Leighton Buzzard and Bedford town centres.

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

- On 1 April 2018 a key priority of the Police and Crime Plan was achieved, with the creation of the Signpost service to support those affected by crime in Bedfordshire. First an online directory of quality support services was created for all key crime types with contact details (at signpostforbedfordshire.com). This website also tells the visitor what the definition of a particular crime is and what will happen next if it is reported to Bedfordshire Police, to increase confidence to report and improve justice for victims. Next, for those who do not want to refer themselves to a service or who want to discuss the best way to proceed and most suitable support for them, a bespoke call centre was created, staffed by trained specialist Victim Care Coordinators.
- It is the feedback from victims and those affected by a crime themselves that, clearly, provides the most reliable assessment of whether the Signpost service is working to support victims. Some 98% of users have provided feedback that they are either 'satisfied' or 'very satisfied' with the service they have received; 96% found Signpost easy to access and 94% reported that they received the advice and wider support they needed. Overall, 93% felt the service had helped them to cope with the impact the crime had on their confidence.
- Signpost also acts as a pathway to the benefits of Restorative Justice, which permits a victim of crime access to the perpetrator, by letter or in person in a secure and safe environment, if they wish to explain the precise impact of the crime upon them in order to move on.

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

- The Force now has the largest Rural Crime Unit - known as Op Sentinel Rural - in the entire Eastern Region; among the seven forces whose territory runs from the northern tip of Norfolk to the southernmost point of Kent. The Op Sentinel Rural team has reached out to the rural communities of Bedfordshire, providing specialist crime prevention advice, by hosting rural crime surgeries at locations such as village halls, village greens and garden centres to address rural issues in targeted areas. To date, 13 surgeries have been held which have provided the opportunity for rural communities to share their concerns, intelligence,

information and suggestions. The team has also attended farming rallies, country shows and village fayres; the success of these engagement events has raised awareness of these crime specialists and increased trust and confidence in Bedfordshire Police when receiving reports and dealing with rural crime.

- The Community Policing units based at Leighton Buzzard and Biggleswade cover the surrounding area as do the Community North and South teams, working in countryside neighbouring their urban bases in Bedford and Luton. The PCC received very enthusiastic reports from councillors countywide of the enhanced interaction they now have with Bedfordshire Police through regular Local Area Priority Setting meetings, at which three key issues of importance to communities are established with councillors, members of the 'watches' such as Neighbourhood Watch and other key community representatives.
- The third annual Parish Council's conference took place during the year, 134 Parish Councils were invited to send councillors to attend the meeting at Central Bedfordshire HQ. The PCC was joined by the Chief Constable, along with other senior members of the Force to discuss issues such as Community Policing, traveller issues including illegal encampments and hare coursing.

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

- In July 2018, the PCC launched a free health screening and drop in surgery service for officers and staff to boost the frontline, in conjunction with the University of Bedfordshire in the hope that the launch of the health improvement services demonstrate her genuine commitment to fulfil the pledge made in the Police and Crime Plan to protect the protectors; in recognition of the significant demands of policing and the impact they can have on the wellbeing of employees.
- Since Targeted Health started, 20 officers have applied for the scheme. Out of the 20 applications, 14 officers went on to have their physiotherapy or operations paid for using the targeted health funding. Four people did not meet the criteria and two officers received last minute treatments from the NHS. The scheme offers officers speedier diagnosis and treatment, including payment for minor surgery, if facing a substantial wait on the NHS, to return them to full health and full duties as quickly as possible.
- The PCC has been an outspoken supporter of the Federation's 'Protect the Protectors' campaign against violence towards police officers. The PCC supported the proposed increase in the maximum penalty for an assault on a police officer in the execution of their duty from six months to one year's imprisonment, in the Assaults on Emergency Workers Bill (which became law on 13 September 2018) and urged all six of the county's MPs to do likewise, on a cross party basis. She has also spoken with our regional judges about the need to enforce this penalty, when an offence is proven, in Bedfordshire's courts and intervened publicly in one case speaking to The Telegraph regarding paltry sums awarded as compensation to an officer assaulted on duty.

7. Genuinely being a Commissioner for all communities.

- Last year the Community Cohesion Team's Thankyou Awards and dinner took place in Luton on 1 February 2019. The impact of these awards in terms of building the confidence of local communities in the Force and encouraging them to work with us cannot be overemphasised. Some 350 individuals were invited, guests panned membership of every major faith and cultural group in the county. There was attendance by individuals and organisations from across Bedfordshire including south, central and north areas, covering a broad range

of backgrounds. Each individual or organisation was invited due to the work they personally had delivered in the past year alongside the Cohesion and local policing teams to build unity and trust.

- The PCC has been invited to and delivered keynote addresses at various public events across Bedfordshire and is proud to contribute to these events.
 - In terms of BME recruitment, Bedfordshire Police continues to be rated second only to the vast Metropolitan Police in its recruitment and retention of such officers and that other police forces continue to visit for advice on targeted recruitment and supporting activity to boost their own BME officer recruitment. Last year our Police Officer recruitment campaign was successful yet again in increasing the amount of successful applicants who truly represent the community that we police in Bedfordshire. We had 19% of applicants who were from black or minority ethnic groups.
8. Working with partners to break the cycle of serial offending and to prevent crime wherever possible.
- A key area of focus in this respect this year has been to increase awareness of serious youth violence, often as part of gangs, against the backdrop of an unprecedented rise in knife crime, both locally and nationally. A number of knife arch operations have taken place within school communities. These operations allow the Force the opportunity to educate the students on which tactics police may lawfully use to disrupt individuals carrying knives. Every student taking part in the sessions walks through a live knife arch before leaving the assembly hall. These inputs have received positive feedback from young people who have commented that this has made them feel safer in their school community.
 - In terms of partnership working, the Force takes part in a daily panel known as Magpan (the Multi Agency Gang Panel), with local authority safeguarding leads and the Youth Offender Service, to respond in quick time by sharing information about young people thought to be in imminent danger due to gang or knife issues, to agree a joint plan around them and to monitor this both operationally and strategically.
 - On the subject of helping ex-offenders to break the cycle of crime, the PCC held an Offenders' Event in October 2018 for partners, setting out her ambition to develop a one stop shop to guide offenders to relevant services. The reason for this is that few have need for support in a single area alone and it seemed sensible to join up partners seeking to help in different ways for a more holistic approach to the individual. There was considerable enthusiasm in the room from partners as diverse as the Department of Work and Pensions (now dedicating a member of staff in every Jobcentre in Bedfordshire to help ex-offenders emerging from the Criminal Justice system on the day of their first visit) to services such as the National Probation Service and local Community Rehabilitation Company.
 - In addition to a website creating an online directory of support services - at directionforbedfordshire.co.uk – the PCC has launched a supportive call centre team. The Direction advisory team builds on previous OPCC funding of the charity You Turn Futures, which handles Bedfordshire Police's Integrated Offender Management Team; who are already working with habitual ex-offenders who wish to reform.

Corporate Reporting Structure

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

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

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

Medium Term Financial Plan

The PCC was successful in securing a special police grant for Bedfordshire equating to £4.571M of which £4.464M was claimed. The detailed business case was submitted following campaigning by the PCC supported by the Chief Constable arguing that the nature of gang, gun & knife issues faced by Bedfordshire represents an extraordinary challenge for a Force of our size. While this is a one off payment it has transformed our finances in the short term as we had expected to overspend in 2018/19. The grant has also assisted in the longer term financial position, which alongside the increase in funding through council tax increases will mean that the Force can plan to recruit 160 police officers in 2019/20 and a further 120 in each of the financial years 2020/21 and 2021/22.

The Police Grant for 2019/20 and the council tax increase restrictions were announced on 13 December. As a result of some intrusive engagement by the Commissioner with the Policing Minister and with support from local MPs, the total increase in funding between 2018/19 and 2019/20 is an additional £8M as the maximum Council Tax increase of £24 is taken. The Police grant element equated to £64.1M, an increase of £1.3M compared to the previous year. An additional pension's grant of £1.1M was also given. This element of the £8M i.e. £2.4M is therefore purely provided to offset the majority of the increased police pension pressure of £2.5M, leaving us with a net pressure of £0.1M. The remaining £5.5M is achieved through the PCC increasing council tax by up to £24 per annum per band D property, instead of the expected £12. This has allowed the PCC to make material changes to her original plans.

Clearly, to achieve an additional £5.5M, recognising that the PCC has continued to express that the Force is underfunded, to the sum of £10M and approximately 300 officers and 80 detectives, is a significant achievement for the PCC, however it does mean that inflationary pressures such as pay awards, as an example, are being funded from an increase in Council Tax whereas the Commissioner would prefer to be able to utilise all of these funds to further increase officer numbers within the Force.

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.

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

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

<i>Bids and Grants</i>	The Bedfordshire PCC can, individually or alongside regional PCCs, bid for funds to enable Police and Crime Plan outcomes, and objectives in the Chief Constable's Long-Term and Annual Delivery plans. Grants come mainly from government sources, for example the Police Transformation Fund. Such funds are becoming scarcer and more prescriptive in their outcome requirements.
<i>Sponsorship and donations</i>	As at March 2019 sponsorship amounts to £10,000 per annum, to fund <i>Community Cohesion Awards</i> , which recognise community contributors enabling policing and community outcomes. Donations normally amount to small amounts of up to £5,000 per annum.
<i>Trading</i>	In favourable circumstances income can be generated by offering spare places on training courses, at a suitable charge, to members of other police forces or suitable organisations. No income is currently expected from such trading activities.
<i>Special Police Services</i>	The provision of Special Police Services (SPS) at the request of any person under Section 25 of the Police Act 1996 (as amended) makes such services subject to payment of charges as determined by the PCC. SPS generally relate to policing a one off event (for example a pop concert) or a series of events (for example football matches).

	<p>The outcome from <i>Ipswich Town Football Club Company Limited and The English Football League v The Chief Constable of Suffolk Constabulary</i> [2017] EWCA 1484 judgment, reduced the ability of police force to supply SPS on public land, thus reducing income from SPS. Accompanied by a natural movement by customers away from engaging SPS from police forces, this will tend drive towards zero income over the long term.</p>
Infrastructure development expenditure	<p>The PCC has secured an agreement to receive revenue from the Central Bedfordshire District Council Supplementary Planning Document linked to progression of new housing developments. As at March 2019 this generates around £50,000 per annum, available for claiming against Bedfordshire Police infrastructure expenditure.</p> <p>The housing and infrastructure development agreements in Luton Borough and Bedford Borough have been established without PCC involvement, and thus there is no provision for claims against police infrastructure expenditure.</p>

Background Information to the Statement of Accounts & Significant Transactions

This set of accounts sets out the income and expenditure and the financial position of the PCC for Bedfordshire Group and the PCC for Bedfordshire for the year ending 31 March 2019.

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

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

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

During 2014/15 Bedfordshire became the lead force for the Counter Terrorism Policing Unit (CTP), covering Bedfordshire, Hertfordshire, Cambridgeshire, Essex, Norfolk and

Suffolk. Police Officers and Staff working in the unit are shown in the PCC's group accounts, in 2018/19 the costs of running the unit were £16.411M (including £0.379M capital costs) which are fully grant funded by a government grant payable to the PCC. Assets utilised by the unit are shown on the balance sheet for the PCC for Bedfordshire.

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

The Accounts of the Police & Crime Commissioner (PCC) for 2018/19 will be the basis for the Audit Opinion. They consist of:

- (i) **Statement of Responsibilities** – this includes the financial responsibilities of the Police & Crime Commissioner and the Chief Finance Officer to the PCC.
- (ii) **Annual Governance Statement** – this statement is a statutory document which sets out how the PCC has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.
- (iii) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (iv) **Expenditure & Funding Analysis** - The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources in comparison with those resources consumed or earned by in accordance with the CIPFA code.
- (v) **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount to be funded from taxation. Police & Crime Commissioners raise taxation to cover expenditure in accordance with regulations which will be very different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.
- (vi) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the PCC and the Group, analysed into usable reserves and other reserves. The surplus or deficit on the Provision of Services line shows the accounting cost of providing the services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amount required to be charged to the General Fund Balance. The Net Increase / Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves are undertaken.
- (vii) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the PCC and the Group. The net assets (assets less liabilities) are matched by the reserves held by the Police & Crime Commissioner Group. Reserves are reported in two categories:
 - Usable reserves - reserves that the PCC for Bedfordshire may use to provide services subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the

capital receipts reserve that may only be used to fund capital expenditure or repay debt).

- Unusable reserves - This category includes reserves that hold unrealised gains and losses, for example the revaluation reserve, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

(viii) **Cash Flow Statement** – the Cash Flow Statement shows the changes in cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which operations of the PCC are funded by way of taxation and grant income or from the recipients of services provided by the PCC for Bedfordshire. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital.

(ix) **Notes to the Accounts** – This sets out the accounting policies adopted by the PCC in order for the reader to understand the basis on which the PCC's transactions are presented. The notes also provide a detailed analysis of the summarised financial information in the financial statements.

Pension Reserves

The balance sheet includes a liability of £1,299M which is the commitment that the PCC for Bedfordshire Group has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the PCC for Bedfordshire Group as recorded in the balance sheet, resulting in a negative overall balance of £1,255M. However, statutory arrangements for funding the deficit mean that the year-end financial position of the PCC for Bedfordshire remains sound as the deficit of the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the PCC for Bedfordshire must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the PCC for Bedfordshire who in turn must then repay the amount to central government.

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

Changes compared to 2017/18

The Group balance sheet for 2018/19 shows a £113M increase in pension liabilities due to changes in financial assumptions outlined below, in addition Exception Items shown on the face of the Comprehensive Income and Expenditure Statement shows a significant pension scheme past service cost of £51.3M. This is 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.

The sale of Ampthill Police Station is reflected by the changes shown on assets held for sale.

Investment balances have reduced whilst a greater cash balance is held in order to meet many of the short term creditors which become due soon after the end of the financial year.

The Comprehensive Income and Expenditure Statement shows a gross income increase of £4.760M which is due to a one off Special Grant provided by the Home Office some of which was provided to fund expenditure in previous accounting years. This increased income is countered by increased expenditure in the Policing heading as officer numbers increase. The net expenditure before accounting adjustments has increased by £1.370M to £106.4M in 2018/19, this was a budgeted increase in costs in order to meet levels of demand and is detailed in the Financial Information section of this report.

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 LPGS valuation but those losses have been countered by a gain due to changing demographic assumptions.

The revised assumptions and a sensitivity analysis are shown at Note 44. A full explanation of the pension adjustments included in the Other Comprehensive Income and Expenditure Statement are also shown at Note 47.

Further information

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

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

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

Statement of Responsibilities

The Police and Crime Commissioner Chief Finance Officer's Responsibilities

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police & Crime Commissioner for Bedfordshire Group as at the 31 March 2019 and its income and expenditure for the year then ended.



Philip Wells

Chief Finance Officer to the Police & Crime Commissioner for Bedfordshire
31 July 2019

The Police & Crime Commissioner's Responsibilities

The Police & Crime Commissioner is required:

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

I approve the Statement of Accounts



Kathryn Holloway

Police & Crime Commissioner for Bedfordshire
31 July 2019

Annual Governance Statement

1. INTRODUCTION

This annual governance statement explains how the Police and Crime Commissioner (PCC) has complied with their published corporate governance framework for the year ended 31 March 2019. The PCC has based her governance framework on the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*" which sets out six core principles on which effective governance should be built.

2. SCOPE OF RESPONSIBILITIES

The PCC and Chief Constable were established on 22 November 2012 as separate legal entities ('corporations sole') which means they are both entitled to own assets and employ staff. The PCC is responsible for ensuring business is conducted in accordance with the law and proper standards and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. Both the PCC and Chief Constable are required to, and have, appointed chief financial officers who each have a fiduciary duty to the local taxpayer for securing the efficient use of public funds. Under the Local Government Act 1999 the PCC makes arrangements to secure continuous improvement in the way her functions are exercised, having regard to a combination of economy, efficiency and effectiveness. In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of her affairs and facilitating the exercise of her functions, which includes ensuring a sound system of internal control is maintained and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes. The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force.

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

3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The governance framework comprises the systems and processes, culture and values, by which the Commissioner and her office are directed and controlled and its activities through which the Commissioner and her office account to and engage with the community. It enables the Commissioner to monitor the achievement of her strategic objectives and consider whether those objectives have led to the appropriate and cost effective delivery of the Police and Crime Plan achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve

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

A three Force (Bedfordshire, Cambridgeshire and Hertfordshire) Scheme of Governance was jointly agreed in April 2014 for future years. This can be found on the Commissioners website and reflects the Strategic alliance of the three Forces.

4. THE GOVERNANCE FRAMEWORK

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

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

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

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

Defined processes are in place to ensure that the PCC and her Office are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the Anti-Fraud and Corruption Policy and guidance on the acceptance of gifts, loans and hospitality.

The PCC has transparent and accessible arrangements for dealing with complaints received from the public.

Whilst the Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of the Force and the administration of complaints by members of the public against police staff and police officers below the rank of Chief Constable. All complaints against the Chief Constable are dealt with by the PCC and are discussed at the PCC's Strategic Governance Board. The independent Bedfordshire Police and Crime Panel (PCP) handles formal complaints made against the PCC.

The PCC creates the conditions for all members of her Office to be able to discharge their responsibilities in accordance with best practice. Guidance originating from best practice for PCCs is obtained via the Association of Police and Crime Commissioners, Association of Policing and Crime Chief Executives and Police and Crime Commissioners' Treasurers Society and is disseminated amongst her Office.

The Commissioner's website enables members of the public to make a complaint and dependent on the type of complaint this can then be handled by the most appropriate organisation and department. This removes the need for the public to understand the complexity of the internal complaints process that underpins the police service. This simplified process is also applied to the complaints for which the Office of the Commissioner is responsible. The Commissioner's complaints policy and procedure can be found on the Commissioner website.

B. Ensuring openness and comprehensive stakeholder engagement

The PCC's Police and Crime Plan sets out her strategic policing and crime objectives and priorities, and how these will be delivered. Her Plan is supported by the Forces' Vision, Three Year plan and Annual Delivery Plan, the PCC's Delivery Plan and the Financial Strategy. The Police and Crime Plan has due regard to the Strategic Policing Requirement as issued by the Home Secretary and was developed in consultation with the Chief Constable, the local community and other key stakeholders.

The priorities and objectives of the PCC, as informed by the consultation responses, are clearly articulated and disseminated in the Police and Crime Plan. The Plan is formally reviewed on an annual basis to ensure it remains relevant and fit for purpose. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public.

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

Arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements, including a schedule of formal meetings for which the reports and agendas are published on the PCC's website. These are supplemented by regular private liaison meetings between the PCC and Chief Constable.

The Framework of Corporate Governance defines the parameters for decision making, including delegations, financial regulations and contract regulations. The PCC has published her policy statement on decision making. All formal and significant PCC decisions taken in accordance with this policy are published on the website.

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

The PCC publishes her Annual Reports on her website. These explain her main achievements during that financial year and also provided information on operational and financial performance during the respective financial year.

The PCC and Chief Constable regularly attend local authority council meetings across Bedfordshire and provide formal briefings to constituency MPs to brief them on policing and crime issues in their local areas. In addition, the PCP acts as a two-way mechanism to enable Panel representatives to inform the PCC of local policing and crime matters

of importance to their respective local authorities, and to brief their authorities of the activities and initiatives of the PCC (and the Panel).

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

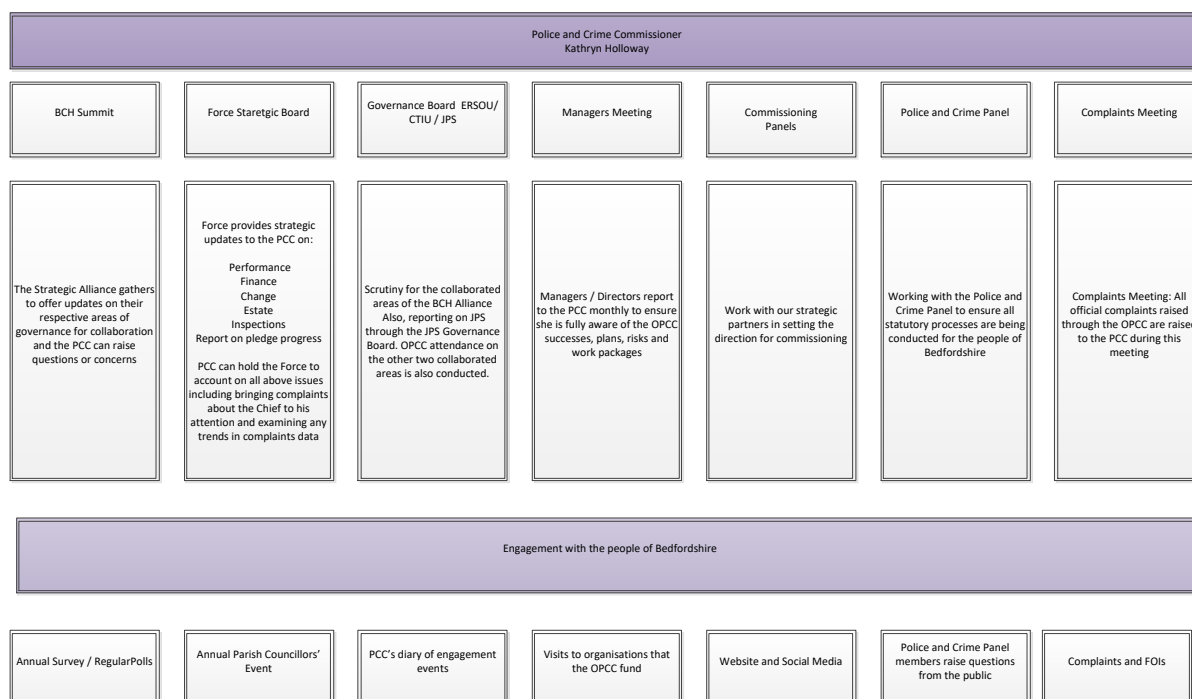
The PCC is a member of the Bedfordshire Local Criminal Justice Board which meets regularly to consider and discuss the performance of the local criminal justice system and any issues or initiatives being addressed individually and collectively by the criminal justice agencies. The PCC was elected as Chair of the Board.

The PCC developed her Police and Crime Plan in consultation with the Chief Constable, and after having obtained the views of the public and having regard for the priorities of stakeholders and partners.

The PCC's communication and engagement strategy explains how local people can interact with the PCC to ensure that their views inform decision making, accountability and future direction. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. Furthermore, the decisions and actions of the PCC are subject to regular review and scrutiny by the PCP.

The PCC demonstrates the routes for public engagement in the governance diagram below:

Police and Crime Commissioner Governance
5/18/2018



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

The PCC's Police and Crime Plan sets out her strategic policing and crime objectives and priorities, and how these will be delivered.

The PCC is committed to the identification and consideration of collaboration opportunities with regards systems, processes and resourcing to sustain service delivery and increase the capacity of the organisation without diminishing capability and access to specialist services.

Major collaborations and consortia involving the Force and the PCC are governed by formal collaboration agreements under Section 22A of the Police Act 1996, or by Memoranda of Understanding, as appropriate. Joint collaboration oversight boards provide strategic oversight, an approval process and intended service outcomes to be delivered for collaboration activity. These collaboration boards comprise Chief Officers and the PCC from each Force.

The Medium Term Financial Plan and Capital Programme ensure that planned activities to support the objectives of the PCC are financially sustainable in the longer term. The PCC has a duty to consider the impact on equality of proposed changes to her policies, procedures and practices and ensures that appropriate Equality Impact Assessments are routinely undertaken.

D. Determining the actions necessary to achieve the intended outcomes

The Police and Crime Plan contains eight police and crime priorities. Each priority is supported by actions that the Force, OPCC and/or partners will undertake which will

contribute to successful outcomes. These actions are being underpinned by force performance measures which are regularly used to assess progress.

The Commissioner's Grant Funding for victims' services for Bedfordshire continues to be widely advertised and applications continue to exceed the amount available. All applications were assessed by the PCC's Office and shortlisted applicants are invited to present to the PCC and a panel of experts.

The PCC and Force governance and on-going productivity management is deliberately aligned to the HMIC PEEL framework. Progress against planned activity is subject to monitoring, oversight and scrutiny via the monthly Performance Board, PEEL Review Board, and forms part of the PCC's agenda at her Strategic Board.

Policing practice standards are informed by primary legislation and statutory guidance, College of Policing authorised professional practice and training standards, and local and nationally generated evidence of effective practice.

Local service-level agreements, standards and processes are agreed via a range of multiagency protocols with our local statutory and non-statutory partners (e.g., Local Children's and Adults Safeguarding Boards, unitary authorities, criminal justice agencies, and blue light services).

Performance management is driven by the Force PEEL Review Board and Performance Board. The PEEL Review Board is the governance and oversight platform for the organisation. It is not just for delivery against the HMIC PEEL diagnostics and judgements. The Board is responsible for monitoring and delivering objectives and priorities within the Commissioner's Police and Crime Plan, Three-Year Plan, Annual Delivery Plan and Control Strategy. In addition, the Board specifically oversees monitoring and tracking actions and recommendations from internal and external inspections, reviews and audits.

The Performance Board drives the delivery of Force priorities generated via the following key analytical documents:

- 2018 MoRiLE (Management of Risk in Law Enforcement) assessment
- 2018 Strategic Demand Assessment
- 2018 Strategic Assessment
- 2018 Serious & Organised Crime Local Profile.

The understanding of demand generated through this process enables the identification of:

- intelligence priorities – strategic intelligence themes to improve knowledge of key crime issues
- performance priorities – the crime themes and types that are considered to pose the greatest threat, harm and risk to the people of Bedfordshire, and in which the Force will seek to prioritise its performance activities
- business change priorities – the areas of service in which the Force faces the most critical current and future asset gaps to manage demand, and in which the Force will seek to prioritise its business change activities
- strategic crime priorities – these are informed by the Strategic Demand Assessment and are reflected in the Force Control Strategy.

Priorities emanate from the overarching Understanding Demand Report are documented and communicated to the wider force via the Force Control Strategy.

The Commissioner also established Strategic Alliance arrangements, with Cambridgeshire and Hertfordshire, to scrutinise performance in collaborated areas and to hold the Chief Constable(s) to account. The Commissioner holds a lead force Commissioner role on behalf of the tri-force for Protective Services and a regional responsibility Eastern Region Special Operations Unit incorporating counter terrorism and organised crime.

The Commissioner's and Force's Strategic Risk Register are reviewed at the Joint Audit Committee.

The Medium Term Financial Plan (MTFP) for 2018/19 to 2021/22 has been drawn up in line with the Commissioner's priorities.

The Medium Term Plan and the associated savings will continue to be monitored closely by the Strategic Board and Joint Audit Committee. The position will be monitored on a day-to-day basis by the Commissioner's Chief Finance Officer.

The Commissioner and Chief Constable carried out a large number of internal inspections in the year. These were undertaken by either the Force itself or through the joint programme of linked audits undertaken by the Internal Auditors. There are also a number of external inspections undertaken of the Force, in the main by Her Majesty's Inspectorate of Constabulary (HMIC) but also including the external auditors. Reports from the external inspections and auditors are considered by the Commissioner via the Joint Audit Committee, PEEL Board and Strategy Board (by exception). Where actions are required the necessary improvements are monitored by the Commissioner by consideration of progress against action plans. Any matters of concern are recorded upon the Commissioner's Risk Register.

Overall therefore there are robust and effective arrangements for ensuring that policing services are delivered in accordance with the Commissioner's priorities and to a high standard and further for ensuring that they represent the best use of available resources.

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

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

The PCCs senior managers have clearly defined leadership roles and are responsible for implementing strategy and managing the delivery of services within their respective portfolios.

The PCC has also implemented a staffing structure to ensure it has the necessary capability and capacity to support delivery of her statutory functions, such as commissioning services for victims and witnesses. The PCC reviews the workload and

capacity of her office via her Delivery Plan, which allows her to identify workload priorities and staffing needs in accordance with the delivery of her strategic objectives.

The PCC is a member of the national Association of Police and Crime Commissioners.

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

The PCC holds her own strategic risk register which is reviewed on an ongoing basis and scrutinised at the Joint Audit Committee. The risk register has been developed in accordance with the Risk Management Policy, which is consistent with that of the Force.

The PCC has a duty to hold the Chief Constable to account for the performance of the Force generally. The PCC has therefore implemented an effective scrutiny and oversight function. She holds regular Strategic Boards at which the Chief Constable is required to demonstrate that the Force is performing against the objectives in the PCC's Police and Crime Plan, the Home Secretary's Strategic Policing Requirement and the Force's own Delivery Plan. Similarly, the PCC meets regularly with the Chief Constable on a private basis to review and discuss more regularly the general performance of the Force against topical national, regional and local issues. The PCC is fully sighted on the HMIC tracker to follow up upon any risks to the performance of the Force that have been highlighted by HMIC inspections. The Chief of Staff for the PCC provides an update against its Delivery Plan on a regular basis. The PCC therefore receives regular reports on service delivery plans and on progress towards outcome achievement.

Effective counter fraud and anti-corruption arrangements are in place and are monitored, in the main, by the PSD. The Anti-Fraud and Corruption Policy is updated every two years and is considered and endorsed by the Joint Audit Committee (JAC) before formal publication.

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

A Joint Audit Committee (JAC) has been established in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Financial Management Code of Practice. The JAC's main role is to provide assurance to the PCC and Chief Constable that the internal control and governance framework, including risk management is operating effectively. It does this by providing feedback to the PCC and Chief Constable both informally and formally through its minutes. The JAC meets in public and reports and minutes are placed on the PCC's website.

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

The Internal Audit function for both the PCC and Chief Constable is provided by an external organisation. The Chief Internal Auditor reports jointly to the PCC's Chief Finance Officer and the Chief Constable's CFO. The Chief Internal Auditor provides a regular update to the JAC and also provides an independent opinion on the adequacy and effectiveness of the risk management, control and governance processes.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the PCC and the Chief Financial Officer of the Chief Constable, albeit both roles are fulfilled through the same individual in Bedfordshire.

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

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

The PCC's decisions and actions are scrutinised by the PCP, which includes reviews of significant documentation produced by the OPCC for the benefit of the public. Decisions made by the PCC are published in accordance with a template that ensures they are easy to access and interrogate. Similarly, public reports are compiled in accordance with best practice and scrutinised by the JAC.

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

The OPCC shares its Communications department with the Chief Constable and provides communications to the public and the Force in a way that is designed to ensure communications are issued in an understandable style appropriate to the intended audience.

The PCC reports regularly on her performance to the Police and Crime Panel with reports being focused on specific priorities from her Police and Crime Plan at each meeting of the PCP, as well as presenting the annual survey results and Annual Report.

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

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

The PCC ensures that all accepted recommendations for corrective action made by external audit are acted upon.

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

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

HMIC is charged with promoting the effectiveness and efficiency of policing, improving performance and sharing best practice nationally. The PCC is required to publish a response to formal reports issued by HMIC. The PCC makes best use of peer challenge,

reviews and inspections from regulatory bodies (e.g. HMIC) and implement agreed recommendations.

Before delivering key services through third party suppliers the PCC gains assurance on risks associated with service delivery and subject these arrangements to regular review.

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

5. REVIEW OF EFFECTIVENESS

The PCC is responsible for reviewing the effectiveness of the governance framework on at least an annual basis. This includes:

a) The Police and Crime Commissioner

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

- produce and publish a five-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- set the annual policing precept;
- secure the maintenance of an efficient and effective police force;
- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the area;
- commission victims services;
- produce and publish an annual report.

The following key governance activities took place during 2018/19 and demonstrate how the PCC has discharged these powers and duties during that year:

- The PCC submitted her 2018/19 budget and council tax precept proposals to the meeting of the PCP held on 6th February 2018. The Panel endorsed the PCC's proposed increase of £12 per Band D equivalent in Council Tax for 2018/19;
- The PCC allocated £0.834M from her Community Safety Fund in 2018/19 to help improve community safety and crime prevention across Bedfordshire
- The PCC published her 2017/18 Annual Report
- The PCC published her Delivery Plan for 2017-20. This is an internal management action plan that supports the PCC to monitor the delivery of both policing and non-policing activities, targets and measures within the Police and Crime Plan.
- During the autumn the PCC worked closely with the Chief Constable to update the MTFP (2019/20 to 2022/23);
- The PCC is actively engaged in the oversight and scrutiny of key collaboration activities;
- The PCC continued as chair of the Local Criminal Justice Board;
- The PCC held regular Strategic Boards throughout the Financial year holding the Chief Constable to account;

b) The Joint Audit Committee

During 2018/19 the JAC met four times to consider the external audit and internal audit plans for 2018/19, as well as receiving timely updates in terms of risk management and business continuity. The JAC also received regular briefings, including appropriate written reports, during the year from the PCC, Chief Constable and relevant senior officers. This included specific updates on its financial plans, HMIC reports and internal audit action progress. JAC members also attended informal training/upskilling days to ensure they were sighted on all activities within the organisation that could have a bearing on the system of internal control.

c) Internal audit

The annual report of the Chief Internal Auditor for 2018/19 was presented to the JAC on 24 May 2019. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

“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 it remains adequate and effective.

Three Bedfordshire specific audits were undertaken during the year that received a partial assurance grading (Drugs, Ammunitions & Firearms; HR Attendance Management & Business Continuity). Each of these have agreed action plans to improve the control framework.

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 at the draft stage. This grading is being reconsidered as further evidence of good practice has been provided by BCH.

d) External audit

On 31 July 2018 Ernst and Young issued unqualified audit opinions in respect of the 2017/18 accounts of the PCC as well as giving an unqualified value for money conclusion. The Auditor was satisfied that the system of internal control put in place by the PCC was adequate and effective in practice.

e) Her Majesty's Inspectorate of Constabulary and Fire and Rescue Service

During 2018/19 HMICFRS published a number of reports which were considered by the PCC. All reports are available on the HMICFRS website:

Inspection	Inspection date	Publication of final report
Crime Data Integrity	April 2018	August 2018
Child Protection	November 2018	April 2019
CT3 (national Counter-Terrorism inspection)	March 2018	April 2019

Where appropriate, the PCC (or OPCC) is invited to attend a debriefing provided by HMICFRS following each inspection. Alternatively, the Chief Constable may provide the PCC with a briefing following an HMICFRS inspection.

Depending on the nature of the report, HMICFRS may also require the PCC to publish a response on her website – within 30 working days – to each relevant HMICFRS inspection report. Responses to all relevant HMIC inspection reports have been published (please see table above).

f) Risk management and business continuity

High level strategic risk issues, for the PCC, are reported to every JAC meeting and are reviewed regularly by the Chief of Staff for the PCC.

g) Ethics and Integrity

During 2018/19 all complaints raised against the Chief Constable were discussed at the PCC's strategic board and a log of all complaints maintained. The OPCC look for trends within these complaints and if trends are found they are raised through Strategic Board.

h) Bedfordshire Police and Crime Panel

During 2018/19 the independent PCP met on five occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2017/18 year; holding a confirmation hearing to consider the PCC's proposed candidate to be appointed to the position of Deputy PCC and Chief of Staff; scrutiny and consideration of the PCC's 2019/20 budget and council tax precept proposals, and considering and making recommendations on the development of the PCC's new Police and Crime Plan for the period 2017-2020. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the Police and Crime Plan objectives, including the contribution made by other partner agencies, and on matters of topical interest to the Panel.

i) Collaboration and partnership working

The Strategic Alliance Summit met two times during 2018/19. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Joint Protective Services, Organisational Support and Operational Support) as well as an overview of the national developments and their impact on Bedfordshire, Cambridgeshire and Hertfordshire.

With Bedfordshire having lead force status for Joint Protective Services the Chief of Staff attends, on behalf of the PCC, the JPS Governance Board which is chaired by the Bedfordshire DCC and this Board met 4 times during 2018/19

Governance of collaboration between forces across the Eastern region is undertaken at the Regional Governance Board. 4 meetings were held during 2018/19. The Eastern Region Special Operations Unit (ERSOU), hosted by Bedfordshire, brings together the current regional organised crime units under one structure. It is operationally aligned with the Eastern Region Counter Terrorism Investigation Unit (CTIU). A joint ACC, who reports directly to the Chief Constable of Bedfordshire, exercises overall command of the regional crime and counter terrorism functions. The joint ACC also represents serious organised crime at the Eastern Region Governance Board and nationally with the National Crime Agency and other key stakeholders.

6. PROGRESS AGAINST 2017/18 SIGNIFICANT GOVERNANCE ISSUES

The PCC raised the issue of demand versus finance as a governance issue from 2017/18. In this vein the PCC has increased Council Tax by the maximum amount allowed, without invoking a referendum, in both 2018/19 and 2019/20. The PCC was also successful in delivering to the Force a Special Grant claim of £4.571M. The PCC has overseen, via her Strategic Board, the outcomes of the in year HMICFRS inspections which have shown improvement in the majority of areas and has also overseen the work the Force have undertaken around Demand and Priority Based Budgeting, both of which provide the PCC with an improved understanding in these areas. However, 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.

7. SIGNIFICANT GOVERNANCE ISSUES 2018/19

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.



Kathryn Holloway
PCC for Bedfordshire
31 July 2019



Philip Wells
Chief Finance Officer
31 July 2019

Comprehensive Income and Expenditure Statement

The Police and Crime Commissioner for Bedfordshire Group

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	-633	73,437	Policing	77,776	-628	77,148	
51,362	-18,971	32,392	Collaborated Units	52,333	-18,984	33,349	
24,784	-8,745	16,038	Corporate / Support Services	25,619	-13,430	12,189	
2,409	-765	1,644	Office of the Police & Crime Commissioner	2,607	-832	1,775	
0	0	0	Exceptional Items – Pension Past Service Cost	51,349	0	51,349	
152,625	-29,114	123,511	Cost of Services	209,684	-33,874	175,810	
		-14,366	Other Operating Income & Expenditure			-15,760	12
		30,751	Financing & Investment Income & Expenditure			30,470	13
		-103,739	Taxation & Non-Specific Grant Income			-106,471	14
		36,157	(Surplus) or Deficit on Provision of Services			84,049	
		-1,253	(Surplus) or deficit on revaluation of non-current assets			-190	
		1,680	Re-measurements of the net defined benefit liability			32,140	
		427	Other Comprehensive Income & Expenditure			31,950	
		36,584	Total Comprehensive Income & Expenditure			115,999	

The Police and Crime Commissioner for Bedfordshire

2017/18 Restated					2018/19				
Chief Constable Net Expenditure	The Police & Crime Commissioner				Chief Constable Net Expenditure	The Police & Crime Commissioner			Notes
	Gross Expenditure	Gross Income	Net Expenditure	Gross Expenditure		Gross Income	Net Expenditure		
	£'000	£'000	£'000	£'000		£'000	£'000		
73,497	0	-60	-60	Policing	77,155	0	-7	-7	
49,110	0	-16,718	-16,718	Collaborated Units	50,716	0	-17,367	-17,367	
16,373	2,562	-2,897	-335	Corporate & Support Services	16,508	2,648	-6,967	-4,319	
0	2,409	-764	1,645	Office of the Police & Crime Commissioner	0	2,607	-832	1,775	
0	0	0	0	Exceptional Items	51,349	0	0	0	
138,980	4,971	-20,439	-15,468	Cost of Services	195,728	5,255	-25,173	-19,918	
			-14,366	Other Operating Income & Expenditure				-15,760	12
			260	Financing & Investment Income & Expenditure				262	13
			-103,739	Taxation & Non-Specific Grant Income				-106,471	14
			137,624	PCC Funding for Financial Resources Consumed				144,258	7
			4,311	(Surplus) or Deficit on Provision of Services				2,371	
			-1,253	(Surplus) or Deficit on revaluation of non-current assets				-190	
			-20	Re-measurements of the net defined benefit liability				43	
			-1,273	Other Comprehensive Income & Expenditure				-147	
			3,038	Total Comprehensive Income & Expenditure				2,224	

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

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

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

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

Movement in Reserves Statement for the Year Ended 31 March 2018 - Group

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2017	-13,157	0	-629	-13,785	1,115,776	1,101,991
<u>Movement In Reserves during 2017/18</u>						
Total Comprehensive Income & Expenditure	36,157	0	0	36,157	426	36,583
Adjustments between accounting basis & funding basis under regulations (Note 10)	-32,544	0	629	-31,915	31,915	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,613	0	629	4,242	32,341	36,583
(Increase) / Decrease in Year	3,613	0	629	4,242	32,341	36,583
Balance as at 31 st March 2018	-9,544	0	0	-9,544	1,148,117	1,138,574

Movement in Reserves Statement for the Year Ended 31 March 2018 - Commissioner

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 st April 2017	-13,157	0	-629	-13,785	-39,642	-53,427
<u>Movement In Reserves during 2017/18</u>						
Total Comprehensive Income & Expenditure	4,311	0	0	4,311	-1,273	3,038
Adjustments between accounting basis & funding basis under regulations (Note 10)	-699	0	629	-70	70	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,612	0	629	4,241	-1,203	3,046
(Increase) / Decrease in Year	3,612	0	629	4,241	-1,203	3,046
Balance as at 31 st March 2018	-9,544	0	0	-9,544	-40,845	-50,389

Balance Sheet

The PCC for Bedfordshire and Group

The Commissioner	The Group		The Commissioner	The Group	
As at 31 st March 2018 (Restated)	As at 31 st March 2018 (Restated)		As at 31 st March 2019	As at 31 st March 2019	
£'000	£'000		£'000	£'000	Notes
		Property Plant & Equipment			
33,456	33,456	- Land and Buildings	33,951	33,951	15
3,875	3,875	- Vehicles	4,170	4,170	15
6,585	6,585	- Furniture & Equipment	7,938	7,938	15
1,203	1,203	Intangible Assets	1,198	1,198	16
340	340	Investment Property	335	335	15
1,600	1,600	Surplus Assets	1,778	1,778	15
157	157	Long Term Debtors	128	128	33
47,216	47,216	Total Long Term Assets	49,498	49,498	
5,000	5,000	Short Term Investments	2,000	2,000	17
0	127	Inventories	0	131	
11,615	22,939	Short Term Debtors	13,737	24,009	19
6,507	6,507	Cash & Cash Equivalents	9,837	9,837	20
2,000	2,000	Assets Held for Sale	285	285	15
25,122	36,573	Current Assets	25,859	36,263	
-4,218	-27,555	Short Term Creditors	-5,649	-29,840	24
-9,491	-	Intra-group Creditor*	-10,677	-	7
-13,709	-27,555	Current Liabilities	-16,326	-29,840	
0	-1,324	Provisions	0	-792	
-7,720	-7,720	Long Term Borrowing	-10,220	-10,220	17
-519	-1,185,763	Liability relating to Defined Benefit Pension Schemes	-645	-1,299,481	44
-8,239	-1,194,807	Long Term Liabilities	-10,865	-1,310,493	
50,389	-1,138,573	Net Assets	48,166	-1,254,571	
-9,544	-9,544	Usable Reserves	-9,184	-9,184	11
-40,845	1,148,117	Unusable Reserves	-38,982	1,263,755	25
-50,389	1,138,573	Total Reserves	-48,166	1,254,571	

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

These financial statements replace the draft financial statements published on 30 May 2019.



Philip Wells

Chief Finance Officer

31st July 2019

Cash Flow Statement

As at 31 st March 2018 (Restated)			As at 31 st March 2019		
The Commissioner	The Group		The Commissioner	The Group	
£'000	£'000		£'000	£'000	Notes
-4,311	-36,157	Net surplus or (deficit) on the provision of services	-2,371	-84,049	26
5,335	37,180	Adjust net surplus or deficit on the provision of services for noncash movements	4,055	85,733	26
0	0	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	-2,068	-2,068	26
1,023	1,023	Net cash flows from Operating Activities	-384	-384	
66	66	Investing Activities	1,214	1,214	27
0	0	Financing Activities	2,500	2,500	28
1,089	1,089	Net increase or (decrease) in cash and cash equivalents	3,330	3,330	
5,418	5,418	Cash and cash equivalents at the beginning of the reporting period	6,507	6,507	20
6,507	6,507	Cash and cash equivalents at the end of the reporting period	9,837	9,837	20

Notes to the Accounts

Note 1 Expenditure & Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with the generally 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.

The Police and Crime Commissioner for Bedfordshire Group

2017/18 – Restated				2018/19			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
63,940	9,497	73,437	Policing	66,547	10,600	77,147	
26,466	5,926	32,392	Collaborated Units	28,062	5,287	33,349	
13,074	2,963	16,037	Corporate & Support Services	10,080	2,109	12,189	
1,589	56	1,645	Office of the Police & Crime Commissioner	1,750	25	1,775	
0	0	0	Exceptional Items – Pension Past Service Cost	0	51,349	51,349	
105,069	18,442	123,511	Cost of Services	106,439	69,371	175,810	
-101,456	14,102	-87,354	Other Income & Expenditure	-105,226	13,465	-91,761	
3,613	32,544	36,157	(Surplus) or Deficit	1,212	82,836	84,049	
13,156			Opening General Fund Balance	9,544			
-3,613			Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.	-1,212			
9,544			Closing General Fund Balance as at 31 March	8,332			

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

2017/18			2018/19				
The Police & Crime Commissioner				The Police & Crime Commissioner			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
-60	0	-60	Policing	-8	0	-8	
-16,687	-31	-16,718	Collaborated Units	-17,367	0	-17,367	
-2,401	2,066	-335	Corporate & Support Services	-6,718	2,399	-4,319	
1,589	56	1,645	Office of the Police & Crime Commissioner	1,750	25	1,775	
-17,559	2,091	-15,468	Cost of Services	-22,342	2,424	-19,918	
21,172	-1,393	19,779	Other Income & Expenditure	23,554	-1,265	22,289	
3,613	699	4,311	(Surplus) or Deficit on Provision of Services	1,212	1,159	2,371	
13,156			Opening General Fund Balance	9,544			
-3,613			Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.	-1,212			
9,544			Closing General Fund Balance as at 31 March	8,332			

Notes to the Accounts Continued

Note 2 Accounting Policies

A. General

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

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

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

B. Cost Recognition and Intra-Group Adjustment

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

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

C. Recognition of Non-Current Assets

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

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

D. Measurement of Non-Current Assets

Assets are initially measured at cost, comprising:

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

The PCC for Bedfordshire does not capitalise borrowing costs incurred.

Land and Buildings are valued as at 31st March 2019 on the basis of current value as required by CIPFA. Investment properties are valued on the basis of fair value. These valuations have been prepared in accordance with the RICS Appraisal and Valuation Standards ('the red book') and undertaken by Gerald Eve LLP. Subsequent full revaluations are undertaken at three yearly intervals, with a yearly review of values.

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

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

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

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

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

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

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

E. Impairment of Non-Current Assets

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

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

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

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

F. Disposal of Non-Current Assets

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

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

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

G. Depreciation

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

Depreciation is calculated on the following basis:

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

contribution of each arrangement. Assets are held in each authority's balance sheet at their relevant share of depreciated historical cost or depreciated to existing use value.

(iv) **Intangible Assets**

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

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

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

H. Charges to Revenue for Non-Current Assets

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

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

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

I. Revenue Recognition

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

J. Debtors and Creditors

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

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

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

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

K. Funds Held on behalf of Third Parties

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

L. Provisions and Contingent Liabilities

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

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

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

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

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

M. Reserves

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

N. Police Fund

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

O. Capital Receipts

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

P. Value Added Tax (VAT)

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

Q. Government Grant and Contributions

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

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

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

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

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

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

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

R. Pensions

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

(ii) Police Officers – Police Pension Scheme

This Scheme is 'unfunded'. The charge to the Accounts represents the applicable IAS19 charges as determined by the Actuary. The Code of Practice requires separate statements to be produced which are shown at Note 47.

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

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

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

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

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

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

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

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

S. Officers' Emoluments

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

T. Financial Liabilities

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

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

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the

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

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

U. Financial Assets

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

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

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

V. Group Accounts

The PCC for Bedfordshire has to determine whether it has interests in subsidiaries, associates or joint arrangements. The PCC for Bedfordshire has interests in joint arrangements and as a result is required to disclose these arrangements. For 2018/19 this applies to:

- Eastern Region Special Operations Unit
- Bedfordshire, Cambridgeshire and Hertfordshire collaborated units.

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

W. Cash and Cash Equivalents

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

X. Leases

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

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

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

Y. Benefits Payable during Employment

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

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

Z. Termination Benefits

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

AA. Events after the Reporting Period

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

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

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

BB. Exceptional Items

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

CC. Prior Period Adjustments

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

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

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

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

Note 3: Changes in Accounting Policies & Prior Period Adjustments

No changes have been made to accounting policies although the breakdown of figures presented in the management reporting headings in both the Expenditure & Funding Analysis and the Comprehensive Income and Expenditure Statement have been restated. This is in order to present the prior period figures under the same management reporting headings as those used in 2018/19 in order to make meaningful comparisons within these headings.

The Expenditure & Funding Analysis (Group):

	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	56,764	9,497	66,261	7,176	0	73,437
Collaborated Units	26,625	5,926	32,551	-159	0	32,392
Corporate & Support Services	20,091	2,963	23,054	-7017	0	16,037
Office of the PCC	1,589	56	1,645			1,645
Net Cost of Services	105,069	18,442	123,511	0	0	123,511

The Comprehensive Income and Expenditure Statement (Group):

	2017/18 - Original Values					2017/18 Re-stated
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Gross Expenditure	Adjustment to Gross Income	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000	£'000
Policing	66,894	-633	66,261	7,176	0	73,437
Collaborated Units	52,438	-19,887	32,551	-1,076	917	32,392
Corporate & Support Services	30,884	-7,829	23,055	-6,100	-917	16,038
Office of the Police & Crime Commissioner	2,409	-765	1,644	0	0	1,644
Net Cost of Services	152,625	-29,114	123,511	0	0	123,511

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

- Amendments to IAS40 Investment Property: Transfers of Investment Property
- Amendments to IFRS 9 Financial Instruments: Prepayment Features with Negative Compensation
- 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 5: 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 44.

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 6: 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 31st March 2019.

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

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

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

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

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

<i>PCC Funding provided to the Chief Constable for Resources Consumed</i>	2017/2018	2018/2019
	£'000	£'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.

Intra-group Debtor / Creditor	2017/2018	2018/2019
	£'000	£'000
Chief Constable's Creditors & Receipts in Advance	21,862	20,288
Chief Constable's Provisions	1,324	791
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 balances on the Chief Constable's balance sheet which are then supported by the Commissioner.

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

Intra-group Adjustments	The Chief Constable £'000	The Commissioner £'000	The Group £'000
Comprehensive Income & Expenditure Statement – 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 8: Note to the Expenditure & Funding Analysis

Adjustments between Accounting and Funding Basis

Group - 2018/19	Adjustment for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
Policing	-	10,600	-	10,600
Collaborated Units	-28	5,316	-	5,287
Corporate & Support Services	2,374	- 187	- 77	2,109
Office of the Police & Crime Commissioner	-43	68	-	25
Extraordinary Items – Pension Past Service Costs	0	51,349	0	51,349
Cost of Services	2,303	67,146	- 77	69,370
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,371	14,433	404	13,465
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	932	81,579	326	82,835

Group - 2017/18	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	0	5,926
Corporate & Support Services	2,128	721	114	2,963
Office of the Police & Crime Commissioner	0	56	0	56
Cost of Services	2,128	16,200	114	18,442
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,970	15,942	131	14,102
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	158	31,142	245	32,544

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

PCC - 2017/18 - Restated	Adjustments for Capital Purposes	Net Change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Policing	0	0	0	0
Collaborated Units	0	0	-31	- 31
Corporate / Support Services	1,970	95	0	2,066
Office of the Police & Crime Commissioner	0	56	0	56
Cost of Services	1,970	151	-31	2,091
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,970	260	318	-1,392
Difference between General Fund surplus or deficit and Comprehensive Income & Expenditure Statement Surplus or Deficit on the Provision of Services	0	411	287	699

Adjustments for Capital Purposes

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

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

Net Change for the Pension Adjustments

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

Benefits pension related expenditure and income.

Other Differences

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

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

Note 9: Expenditure and Income Analysed by Nature

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

Police & Crime Commissioner Group	2017/18	2018/19
Expenditure / Income	£'000	£'000
Expenditure		
Employee benefits expenses	157,338	214,362
Other services expenses	23,192	22,894
Depreciation, amortisation, impairment	2,914	2,653
Loss on disposal of assets	130	12
Interest payments	342	342
TOTAL EXPENDITURE	183,916	240,264
Income		
Fees, charges and other service income	-10,863	-11,354
Government grants and contributions	-102,137	-107,095
Income from council tax	-34,663	-37,673
Interest & Investment income	-95	-93
TOTAL INCOME	-147,758	-156,215
Surplus or Deficit on the Provision of Services	36,158	84,049

Police & Crime Commissioner	2017/18	2018/19
Expenditure / Income	£'000	£'000
Expenditure		
Employee benefits expenses	743	758
Other services expenses	1,643	1,862
Depreciation, amortisation, impairment	2,914	2,653
Loss on disposal of assets	130	12
Interest payments	342	342
Funding made to Chief Constable	137,624	144,258
TOTAL EXPENDITURE	143,396	149,885
Income		
Fees, charges and other service income	-2,189	-2,653
Government grants and contributions	-102,137	-107,095
Income from council tax	-34,663	-37,673
Interest & Investment income	-95	-93
TOTAL INCOME	-139,084	-147,514
Surplus or Deficit on the Provision of Services	4,312	2,371

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

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

2018/2019 – Usable Reserves	General Fund	Capital Receipt Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustments Account:				
<i>Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement</i>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,136	0	0	4,136
Revaluation gains / losses on Property, Plant and Equipment	1,482	0	0	-1,482
Capital grants & contributions applied to capital financing	1,388	0	-6	-1,382
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-2,183	0	0	2,183
<i>Insertion of items not debited / credited to the Comprehensive Income & Expenditure Statement</i>				
Statutory Provision for the financing of capital investment	340	0	0	-340
Capital expenditure charged against the Police Fund	107	0	0	-107
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	2,068	-2,068	0	0
Use of capital receipts reserve to finance new capital expenditure	0	1,222	0	-1,222
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash	0	0	0	0
Adjustments involving the Collection Fund Adjustment Account:				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-144	0	0	144
Adjustments involving the pensions reserves:				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-171	0	0	171
Employer's pension contributions and direct payments to pensioners	90	0	0	-90
TOTAL ADJUSTMENTS - COMMISSIONER	-1,159	-846	-6	2,011
Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	-182	0	0	182
Adjustments involving the pensions reserves for the Chief Constable:				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-114,161	0	0	114,161
Employer's pension contributions and direct payments to pensioners	32,665	0	0	-32,665
TOTAL ADJUSTMENTS – CHIEF CONSTABLE	-81,678	0	0	81,678
TOTAL ADJUSTMENTS - GROUP	-82,837	-846	-6	83,689

2017/2018 – Usable Reserves	General Fund	Capital Receipt Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
Adjustments involving the Capital Adjustments Account:				
<u>Reversal of items debited/credited to the Comprehensive Income & Expenditure Statement</u>				
Charges for depreciation, impairment & amortisation of non- current assets	-3,515	0	0	3,515
Revaluation gains / losses on Property, Plant and Equipment	604	0	0	-604
Capital grants & contributions applied to capital financing	1,667	0	629	-2,296
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-287	0	0	287
<u>Insertion of items not debited / credited to the Comprehensive Income & Expenditure Statement</u>				
Statutory Provision for the financing of capital investment	250	0	0	-250
Capital expenditure charged against the Police Fund	782	0	0	-782
Adjustments involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	0	-0	0	0
Use of capital receipts reserve to finance new capital expenditure	0	25	0	-25
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash	0	-25	0	25
Adjustments involving the Collection Fund Adjustment Account:				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-131	0	0	131
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	-146	0	0	146
Employer's pension contributions and direct payments to pensioners	77	0	0	-77
TOTAL ADJUSTMENTS - COMMISSIONER	-699	0	629	70
Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	-114	0	0	114
Adjustments involving the pensions reserves for the Chief Constable:				
Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement	-62,339	0	0	62,339
Employer's pension contributions and direct payments to pensioners	30,608	0	0	-30,608
TOTAL ADJUSTMENTS – CHIEF CONSTABLE	-31,845	0	0	31,845
TOTAL ADJUSTMENTS - GROUP	-32,544	0	629	31,915

Note 11: Transfers to / from Earmarked Reserves

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

	Balance at 31 March 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 March 2018	Transfers Out 2018/19	Transfers In 2018/19	Balance at 31 March 2019	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Devolved Budget Reserves	-1,603	1,603	0	0	0	0	0	This reserve contains under spending which has been earmarked for use in the following year.
Budget Reserve	-3,086	1,333	0	-1,753	0	-419	-2,172	This reserve contains funds to be used to bridge the anticipated future budget gap.
Insurance Reserve	-1,132	0	0	-1,132	0	0	-1,132	This provides for partial self-funding of insurance for combined liability, motor vehicle and fidelity guarantee.
Capital Expenditure Reserve	-1,467	746	-214	-935	0	0	-935	To hold capital receipts until they are used to finance capital expenditure.
Performance & Change Reserve	-2,485	2,300	-1,297	-1,482	1,482	0	0	To provide for one-off costs in relation to progressing future collaborations and addressing performance issues.
Regional Organised Crime	0	0	-93	-93	39	0	-54	This reserve contains underspending which is for use within the Regional Organised Crime area
Road Safety Reserve	-383	0	-766	-1,149	111	0	-1,038	The purpose of this reserve is to hold the balance of income generated in excess of expenditure by the Camera, Tickets and Collisions Unit which is ring fenced for re-investment in road safety activities.
Earmarked Reserves	-10,156	5,982	-2,370	-6,544	1,632	-419	-5,331	
Police Fund	-3,000	531	-531	-3,000	0	0	-3,000	
General Fund Balance	-13,156	6,513	-2,901	-9,544	1,632	-419	-8,331	
Capital Grants Unapplied	0	0	0	0	-6	0	-6	
Capital Receipts Reserve	0	25	-25	0	1,252	-2,098	-846	
Total Usable Reserves	-13,156	6,538	-2,926	-9,544	2,878	-2,517	-9,183	

Note 12: Other Operating Income and Expenditure

The PCC for Bedfordshire 2017/18	The Group 2017/18		The PCC for Bedfordshire 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
130	130	Loss on Disposal of Non-Current Assets – Vehicles	80	80
314	314	Gain / Loss on Disposal / Reclassification of Non-Current Assets – Buildings	-63	-63
-14,810	-14,810	Pension Top Up Grant Received from Home Office	-15,777	-15,777
-14,366	-14,366	Total	-15,760	-15,760

Note 13: Financing and Investment Income and Expenditure

The PCC for Bedfordshire 2017/18	The Group 2017/18		The PCC for Bedfordshire 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
342	342	Interest Payable	342	342
0	0	Impairment Allowance	0	11
0	0	Interest Cost of Deferred Capital Receipts / (Discount Unwound)	0	0
0	28,220	Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions	0	27,900
13	2,285	Pensions Interest Cost and Expected Return on Pension Assets – LGPS	13	2,310
-95	-95	Interest Receivable	-93	-93
260	30,751	Total	262	30,470

Note 14: Taxation and Non-Specific Grant Income

The PCC for Bedfordshire 2017/18	The Group 2017/18		The PCC for Bedfordshire 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-34,663	-34,663	Council Tax Income	-37,673	-37,673
-23,001	-23,001	Formula Funding	-23,001	-23,001
-3,886	-3,886	Council Tax Subsidy	-3,886	-3,886
-751	-751	Council Tax Freeze Grant	-751	-751
-39,772	-39,772	Non Ring-fenced Government Grants	-39,772	-39,772
-1,667	-1,667	Capital Grants and Contributions	-1,388	-1,388
-103,739	-103,739	Total	-106,471	-106,471

Note 15: Property, Plant and Equipment

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

*(i) Movements on Balances***2018/19**

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

Comparative Movements in 2017/18

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
Book Value as at 1st April 2017	32,415	7,430	11,331	51,176
Revaluation In Year	1,253	0	0	1,253
Impairment Losses recognised in Revaluation Reserve	-314	0	0	-314
Impairment Losses reversed in Surplus / Deficit on Provision of Service	918	0	0	918
Additions	2,580	1,166	1,534	5,280
Disposals	0	-922	0	-922
Written Out	0	0	-1,426	-1,426
Reclassification of Asset	-1,940	0	0	-1,940
Gross Book Value as at 31st March 2018	34,912	7,674	11,439	54,025
Depreciation and Impairment as at 1st April 2017	-526	-3,768	-4,767	-9,061
Depreciation for year	-930	-665	-1,513	-3,108
Disposals	0	634	0	634
Written Out	0	0	1,426	1,426
Depreciation and Impairment as at 31st March 2018	-1,456	-3,799	-4,854	-10,109
Net Book Value as at 31st March 2017	31,889	3,662	6,564	42,115
Net Book Value as at 31st March 2018	33,456	3,875	6,585	43,916

Assets Held for Sale

During 2018/19 the sale of Ampthill Police Station was finalised and the property sold, the last remaining police house is in the process of being sold.

Investment Property

The Leagrave premises was classified as an Investment Property as at 31st March 2019 due to the lease agreement in place and valued at fair value in accordance with IAS40. Valuations are carried out by valuers Gerald Eve LLP annually at the reporting date.

Surplus Property

During 2018/19 the Greyfriars premises remained surplus property and Houghton Regis Police Station ceased to be utilised.

	£'000
Gross Book Value as at 31st March 2018	1,600
Assets newly classified as Surplus property	
- From Land & Buildings	178
Revaluation Gains / Losses	0
Disposal / Reclassification	0
Additions & Subsequent Expenditure	0
Gross Book Value as at 31st March 2019	1,778

(iii) Capital Commitments

At 31st March 2019 the PCC for Bedfordshire has authorised expenditure in 2019/20 and in future years of £37.303M under its Capital Programme, of which £0.421M has been contractually committed on the following projects:

	£M
Finance / HR System	0.250
ICCS	0.145
Luton Police Station Refurbishment	0.026
TOTAL	0.421

(iii) Revaluation Assumptions

The PCC for Bedfordshire's operational freehold properties were valued at 31st March 2019 by external valuers, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the terms of the Valuation – Global Standards 2017 and the national standards and guidance set out in the UK national supplement (November 2018 edition). The valuation of each property was on the basis of fair value, subject to the following assumptions:

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

The valuers' opinion of fair value was primarily derived using the Depreciated Replacement Cost (DRC) approach, because the specialised nature of the assets means that there are no market transactions of this type. For non-specialised assets regard has been made to comparable recent market transactions and / or an estimate of the future potential net income generated by the use of the property. Where properties are held for sale their fair value equates to market value which is estimated based on offers received.

Other significant assumptions applied in estimating fair value are:

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

(iv) Depreciation

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

- Land & Buildings – Between 5 years (capital works to leased building) and 48 years.
- Vehicles – Between 3 and 10 years.
- Plant & Equipment – 5 years.

Note 16: Intangible Assets

The PCC for Bedfordshire accounts for its purchased software licences as intangible assets, to the extent that the software licence was purchased as part of the initial installation and set-up cost of the software. A useful life of 5 years is assigned to all intangible assets and their carrying amount is amortised on a straight-line basis. The amortisation of £0.427M is charged to the Comprehensive Income & Expenditure Statement in 2018/19.

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

	2017/18	2018/19
	£'000	£'000
Historical Cost	2,150	2,335
Accumulated Amortisation	-860	-1,132
Net carrying amount at start of year	1,290	1,203
Additions – Purchases	321	422
Assets re-classified	0	0
Amortisation for the period	-408	-427
Net carrying amount at end of year	1,203	1,198
Comprising:		
Gross carrying amounts	2,335	2,571
Accumulated amortisation	-1,132	-1,373

Assets and depreciation written out in the year amounted to £0.186M.

Note 17: Financial Instruments

Categories of Financial Instruments

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

Financial Assets	2017/18 (Restated)		2017/18 (Restated)		2018/19		2018/19	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Debtors:</u>								
Amortised Cost	0	7,036	157	2,637	0	6,210	128	1,325
<u>Investments:</u>								
Amortised Cost	0	0	0	5,000	0	0	0	2,000
<u>Cash</u>								
Amortised Cost	0	0	0	6,507	0	0	0	9,837
Total Financial Assets	0	7,036	157	14,144	0	6,210	128	13,162
Non Financial Assets	0	13,906	0	8,978		14,869	0	12,413
Total	0	20,943	157	23,122	0	21,079	128	25,575
Financial Liabilities	2017/18 (Restated)		2017/18 (Restated)		2018/19		2018/19	
	The Chief Constable		The Commissioner		The Chief Constable		The Commissioner	
	Non Current	Current	Non Current	Current	Non Current	Current	Non Current	Current
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Creditors:</u>								
Amortised Cost	0	19,122	0	1,906	0	17,351	0	2,431
<u>Borrowings:</u>								
Amortised Cost	0	0	7,720	0	0	0	10,220	0
Total Financial Liabilities	0	19,122	7,720	1,906	0	17,351	10,220	2,431
Non Financial liabilities	0	4,215	0	11,803	0	6,839	0	13,896
Total	0	23,336	7,720	13,709	0	24,190	10,220	16,327

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

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

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

The PCC for Bedfordshire has not reclassified any financial instruments during 2018/19 and all remain at amortised cost.

Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.

	2017/18			2018/19		
	Financial Liabilities measured at amortised cost	Financial assets	Total	Financial Liabilities measured at amortised cost	Financial assets	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	342	0	342	342	0	342
Fee Expense	0	0	0	0	0	0
Total expense in surplus or deficit on the provision of services	342	0	342	342	0	342
Interest Income	0	-95	-95	0	-93	-93
Total income in surplus or deficit on the provision of services	0	-95	-95	0	-93	-93
Net (gain) / loss for the year	342	-95	247	342	-93	249

Fair Value of Assets and Liabilities

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

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

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

	The Commissioner				The Chief Constable			
	2017/18		2018/19		2017/18		2018/19	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>								
PWLB Borrowing	7,720	9,480	10,220	12,301	0	0	0	0
Creditors & Receipts In Advance	1,906	1,906	2,431	2,431	19,122	19,122	17,351	17,351
<i>Loans and Receivables:</i>								
Short-Term Investments	5,000	5,000	2,000	2,000	0	0	0	0
Debtors and Payments in advance	2,637	2,637	1,325	1,325	7,036	7,036	6,210	6,210
Instant Access Bank Deposit Accounts	6,452	6,452	9,439	9,439	0	0	0	0
Imprest & Cash	55	55	398	398	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.

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

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

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

Overall Procedures for Managing Risk

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

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

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

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

Credit Risk

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

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

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

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

The PCC's maximum exposure to credit risk in relation to its investments in individual banks during 2018/19 of £21m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2019 that this was likely to crystallise. As at 31st March 2019 £2M was held in a fixed term deposit with other funds placed in instant access accounts.

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

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors. The PCC does not generally allow credit for customers, such that £0.359MM of the £4.728M on the Accounts Receivable ledger at 31st March 2019 is past its due date for payment (i.e 30 day payment terms. The past due amount can be analysed by age as follows:

	31 March 2018	31 March 2019
	£'000	£'000
Less than 30 days	1,405	4,369
30-60 days	50	73
60-90 days	51	249
Over 90 days	86	37
Total	1,592	4,728

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

	Amount as at 31 March 2019	Historical experience of default	Estimated maximum exposure to default and non- collectability
	£'000	%	£'000
Deposits with banks and financial institutions	11,837	-	-
Customers	4,728	0.98	46

The expected credit losses included in the accounts of £0.043M are calculated according to expectations and communications in respect of individual balances owing at 31st March 2019.

Liquidity Risk

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

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

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

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

2017/18	Analysis of PWLB Loans by Maturity	2018/19
£'000		£'000
2,020	Less than 10 years	2,020
1,700	Between 10 and 15 years	1,700
4,000	Between 15 and 20 years	4,000
0	Between 20 and 25 years	0
0	Over 25 Years	2,500
7,720	Total	10,220

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

Market Risk

The PCC for Bedfordshire seeks to minimise market risk by maintaining reliable sources of information regarding market conditions to allow for informed assessment of treasury transactions. The PCC for Bedfordshire employs the services of Link Asset Services to advise on Treasury Management issues.

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

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

Loans and short-term investment balances shown in the balance sheet are at fixed rates and therefore not affected by market fluctuations as at 31 March 2019. A rise in interest rates would reduce the fair value of the loans; however borrowings are not carried at fair value so any notional gain arising from a commitment to pay interest to lenders below current market rates would not impact on the Surplus or Deficit on the Provision of Services.

Re-financing Risk

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

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

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

Note 19: Debtors & Payments In Advance

2017/18 (Restated)			2018/19	
Commissioner £'000	Group £'000		Commissioner £'000	Group £'000
-	1,442	Trade Receivables	456	4,745
	-46	Less Expected Credit Losses	0	-43
2,100	2,100	Council Tax	2,819	2,819
9,515	16,711	Other Receivables	10,463	13,158
0	2,733	Prepayments	0	3,331
11,615	22,939	Balance at 31st March	13,738	24,009

Note 20: Cash and Cash Equivalents

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

	As at 31st March 2018	As at 31st March 2019	Movement in the year
	£'000	£'000	£'000
Cash in hand	55	398	343
Bank current accounts	6,452	9,439	2,987
Total Group Cash and Cash Equivalents	6,507	9,837	3,330

Note 21: Funds Held on Behalf of Third Parties

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

As at 31 March 2019 the balance of these funds was £1.252M (£0.408M at 31 March 2018).

Note 22: Critical Judgements In Applying Accounting Policies

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

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- The PCC for Bedfordshire is involved in various joint arrangements with other forces. These arrangements are judged to be joint operations due to the joint management and decision making structure of the agreement. The PCC for Bedfordshire's share of transactions and balances are consolidated into the financial statements in accordance with the CIPFA Code of Practice.
- The accounting arrangements for the Counter Terrorism Policing (CTP) are not judged to be a joint arrangement as although it is governed by a management board and decisions made on a unanimous basis, the unit is entirely grant funded therefore decisions regarding the level of funding and hence the service provided are not entirely made by the forces involved.
- Following the ruling on age discrimination in the McCloud case, where members approaching retirement age received protected benefits moving to the career average relevant earnings scheme from the final salary scheme but employees more than 10 years from retirement did not 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 23: Assumptions Made about the Future & Other Estimation Uncertainties

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

- Property, Plant & Equipment is depreciated over the useful lives of the assets which are dependent on assumptions regarding the length of time the asset will be in operational use for, these vary for different classes of assets. The property valuation is also based on assumptions around how the buildings will be used in future years and price indexes which are broad estimates and subject to fluctuation.
- Estimation of the net liability to pay pensions depends on a number of complex assumptions relating to the discount rate used, the rate at which salaries increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are used to make these judgements and provide the estimates of pension assets and liabilities, the details of which are detailed at note 44 along with a sensitivity analysis of the key assumptions used. There is a high level of uncertainty surrounding the impact Brexit, it is therefore not possible to predict how the financial

markets and therefore the asset values and discount rates, will change as a consequence of Brexit. The assumption has been made that this will not significantly impact the pension scheme liabilities.

- Key estimation uncertainties highlighted by GAD in their calculation of the McCloud impact liability are age profile of membership, salary assumptions and the active proportion of liability. GAD were requested to provide sensitivity analysis for these estimates which are shown in note 44.

Note 24: Creditors & Receipts in Advance

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

The Commissioner 2017/18 (Restated)	The Group 2017/18 (Restated)		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
3	2,105	Trade Payables	1,053	3,502
1,903	19,112	Other Payables - Capital & Revenue	1,754	19,292
-	307	Other Payables - Employees	-	301
785	785	Council Tax	1,282	1,282
1,527	1,527	Receipts In Advance	1,560	1,560
-	3,719	Short Term Accumulating Absences	-	3,902
4,218	27,555	Short Term Creditors 31st March	5,650	29,839
9,491	-	Amount owed to Chief Constable	10,677	-
13,709	27,555	Total Amounts Due within 1 Year	16,327	29,839

Note 25: Unusable Reserves

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-3,810	-3,810	Revaluation Reserve	-2,724	-2,724
-36,733	-36,733	Capital Adjustment Account	-36,256	-36,256
521	88,726	Pensions Reserve – LGPS	645	97,471
0	1,097,037	Pensions Reserve – Police Pensions	0	1,202,010
-665	-665	Collection Fund Adjustment Account	-521	-521
-157	-157	Deferred Capital Receipts Reserve	-128	-128
0	3,719	Accumulated Absences Account	0	3,902
-40,845	1,148,117	Total Unusable Reserves	-38,984	1,263,755

Revaluation Reserve

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

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

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

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-2,914	-2,914	Balance at 1st April	-3,810	-3,810
-1,253	-1,253	Upward revaluation of assets	-268	-268
0	0	Asset Disposal	1,187	1,187
314	314	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services - PPE	78	78
0	0	Downward revaluation of assets and impairment losses on reclassification.	5	5
43	43	Difference between fair value depreciation and historical cost depreciation	84	84
-3,810	-3,810	Balance at 31st March	-2,724	-2,724

Deferred Capital Receipts Reserve

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

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-181	-181	Balance at 1st April	-157	-157
		Amount credited to reserve		
25	25	Amount released to finance capital	29	29
0	0	Discount Unwound / Revaluation following payments made	0	0
-157	-157	Balance at 31st March	-128	-128

Collection Fund Adjustment Account

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

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-796	-796	Balance at 1st April	-665	-665
131	131	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	144	144
-665	-665	Balance at 31st March	-521	-521

Capital Adjustment Account

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

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
-36,222	-36,222	Balance at 1st April	-36,733	-36,733
-783	-783	Contribution applied from Capital Reserve	-108	-108
-25	-25	Capital Receipts Applied	-1,253	-1,253
-1,667	-1,667	Government Grants Released	-1,382	-1,382
-629	-629	Contribution applied in year	0	0
-250	-250	MRP	-340	-340
2,555	2,555	Depreciation and Impairment	2,564	2,564
287	287	Non-current assets written off on disposal	995	995
-36,733	-36,733	Balance at 31st March	-36,256	-36,256

Accumulated Absences Account

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

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
0	3,605	Balance at 1st April	0	3,719
0	-3,605	Cancellation of accrual made at the end of the preceding year	0	-3,719
0	3,719	Amounts accrued at the end of the current year	0	3,902
0	3,719	Balance at 31st March	0	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.

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
		Pension Reserve – Local Government Scheme		
472	84,963	Balance at 1st April	521	88,726
-20	-4,557	Actuarial (gains) or losses on pensions assets and liabilities	43	-353
146	13,625	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	171	15,492
-77	-5,305	Employer's pension contributions and direct payments to pensioners payable in the year	-90	-6,394
521	88,726	Balance at 31st March	645	97,471

The Commissioner 2017/18	The Group 2017/18		The Commissioner 2018/19	The Group 2018/19
£'000	£'000		£'000	£'000
		Pension Reserve – Police Pension Scheme		
0	1,067,320	Balance at 1st April	0	1,097,037
0	6,237	Actuarial (gains) or losses on pensions assets and liabilities	0	32,494
0	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	0	98,840
0	-25,380	Employer's pension contributions and direct payments to pensioners payable in the year	0	-26,361
0	1,097,037	Balance at 31st March	0	1,202,010

Note 26: Cash Flow Statement – Operating Activities

2017/18 (Restated)			2018/19	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
4,311	36,157	Net (surplus) or deficit on the provision of services	2,371	84,049
0	-405	Contributions (to) / from provisions	0	533
1,667	1,667	Capital Grants	1,388	1,388
-2,912	-2,912	Depreciation & Impairment	-2,653	-2,653
-69	-31,800	IAS 19 pension adjustments	-81	-81,578
-288	-288	Carrying Amount of non-current assets sold	-2,183	-2,183
0	18	Increase / (decrease) stock	0	4
-892	-892	(Increase)/ decrease in receipts in advance	-33	-33
2,155	6,534	Increase / (decrease) debtors	1,442	442
0	-171	Increase/ (decrease) payments in advance	0	598
-614	-8,931	(Increase) / decrease creditors	-1,399	-2,251
-4,382	0	(Increase) / decrease creditors – Inter Company	-536	0
-5,335	-37,180	Adjust net surplus or deficit on the provision of services for non-cash movement	-4,055	-85,733
0	0	Remove proceeds of sale of non-current assets included in investing activities	2,068	2,068
-1,023	-1,023	Net cash flows from operating activities	384	384

The cash flows for operating activities include the following items:

2017/18			2018/19	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-95	-95	Interest Received	-93	-93
342	342	Interest Paid	342	342

Note 27: Cash Flow Statement – Investing Activities

2017/18			2018/19	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
5,601	5,601	Purchase of property, plant and equipment, and intangible assets	5,242	5,242
0	0	Purchase of short term investments	0	0
0	0	Proceeds from the sale of property, plant and equipment, and intangible assets	-2,068	-2,068
-4,000	-4,000	Proceeds from short-term investments	-3,000	-3,000
-1,667	-1,667	Other Receipts from Investing Activities	-1,388	-1,388
-66	-66	Net cash flows from investing activities	-1,214	-1,214

Note 28: Cash Flow Statement – Financing Activities

2017/18			2018/19	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
0	0	Cash receipts of short and long term borrowing	-2,500	-2,500
0	0	Repayments of short and long term borrowing	0	0
0	0	Net cash flows from financing activities	-2,500	-2,500

Note 29: Member's Allowances

Allowances relating to the Joint Audit Committee totalled £8K during 2018/19 and in 2017/18 were £8K.

Note 30: Officer's Remuneration

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

The Chief Constable	The Commissioner		The Chief Constable	The Commissioner
2017/18	2017/18	Remuneration Band £	2018/19	2018/19
114	2	50,000 to 54,999	132	2
67	0	55,000 to 59,999	71	0
21	0	60,000 to 64,999	20	0
9	0	65,000 to 69,999	7	0
9	0	70,000 to 74,999	2	0
4	0	75,000 to 79,999	6	0
7	0	80,000 to 84,999	5	1
3	0	85,000 to 89,999	3	0
0	0	90,000 to 94,999	1	0
0	0	95,000 to 99,999	0	0
0	0	100,000 to 104,999	1	0
234	2		248	3

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 17 exit packages were agreed by the organisation of which 7 were identified as relating to collaborated units and funded as such (as per Note 36). All 17 packages are disclosed as the amounts of remuneration paid to the Chief Constable for Bedfordshire's employees.

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

Exit Packages 2017/18

During 2017/18 13 exit packages were agreed of which 4 were identified as due to new collaborated units and funded as such (as per Note 37). 12 exit packages were identified as Chief Constable and 1 exit package was identified as the Commissioner. All 13 packages are disclosed as the amounts of remuneration paid to the Chief Constable or PCC for Bedfordshire's employees.

Cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages in each band	Total cost of exit packages in each band
<u>The Chief Constable & The Commissioner</u>				
<£20,000	6	0	6	£71,900
£20,000-£40,000	1	2	3	£113,100
£40,000-£60,000	4	0	4	£187,000
£60,000-£80,000	0	0	0	0
£80,000-£100,000	0	0	0	0
>£100,000	0	0	0	0
Total	11	2	13	£372,000

Senior Officers and Relevant Police Officers Remuneration 2018/19

	Salary, fees and allowances	Employers Pension Contribution	Reimbursement of Expenses	Compensation for Loss of Office	Total
	£	£	£	£	£
The Commissioner					
The Police & Crime Commissioner	71,283	13,116	534	0	84,933
The Chief Finance Officer to Police & Crime Commissioner (note 1)	14,471	2,588	0	0	17,059
The Chief Constable					
The Chief Constable	161,736	0	468	0	162,204
Deputy Chief Constable – A	126,988	28,248	94	0	155,330
Deputy Chief Constable – B	121,251	28,288	868	0	150,407
Assistant Chief Constable	112,428	26,121	1,555	0	140,104
Chief Constable's Chief Finance Officer (note 1)	115,778	20,709	0	0	136,487

Notes

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

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 Commissioner					
The Police & Crime Commissioner	70,050	12,180	984	0	83,214
The Chief Finance Officer to Police & Crime Commissioner (note 1)	12,825	1,928	13	0	14,766
The Chief Constable					
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 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 4/09/17 – 2/10/17 as an ACC role), DCC was on a secondment role from 3/10/17 to 31/03/18.

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

Note 31: Agency & Contracted Services

Agency and contracted services of £5.878M (£6.414M in 2017/18) include levies totalling £0.424M towards the cost of Home Office developed IT systems (£0.464M in 2017/18).

Note 32: Audit Fees

External audits were provided by Ernst & Young LLP for the financial year 2017/18 and BDO LLP for 2018/19 to both the PCC for Bedfordshire and to the Chief Constable.

2017/18		2018/19
£'000		£'000
29	Audit Fee Re Police & Crime Commissioner	23
15	Audit Fee Re Chief Constable	11
44	Total Audit Fees	34

Note 33: National Police Air Service

Aircraft owned by the Chiltern Air Support Consortium were transferred to the National Police Air Service on 1st October 2012. Payments are scheduled over the next 7 years for which a Long Term Debtor is recognised on the balance sheet.

Note 34: Transport Consortium

The PCC for Bedfordshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Bedfordshire's contribution for 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 Policing 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 35: Eastern Region Organised Crime Unit

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

Expenditure of £2.314M 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 the revenue budget.

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 36: Collaborated Units

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
Bedfordshire	Cambridgeshire	Hertfordshire	Total	Tri-force Operational Support	Bedfordshire	Cambridgeshire	Hertfordshire	Total
224	285	404	913	Criminal Justice & Custody Management 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 (Change 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
-	-	-	0	Pensions Administration (Disbanded during 2016/17)	-	-	-	0
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
-	-	-	0	Information Assurance (included in IMD in 2017/18)	-	-	-	0
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 37: Council Tax Income

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

2017/18		2018/19
£'000		£'000
-34,794	Precept received	-37,817
131	Net Adjustment to account for share of surplus/deficits	143
-34,663	Amount included in Comprehensive Income & Expenditure Statement	-37,673

Note 38: Analysis of Government Grants

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

	2017/18	2018/19
	£'000	£'000
Counter Terrorism Policing Grant	15,570	15,984
Special Grant	0	4,464
ROCU (Beds Share of Joint Regional Grant)	545	530
Criminal Records Bureau Vetting	300	248
Innovation Fund (Cyber Harassment)	647	18
Victim Services Grant (Ministry of Justice)	763	777
OPCC SARC Talking Therapies	0	54
Cyber Grant	0	148
Police Transformation Fund Grant	26	65
Mindfulness Grant	36	0
Other	90	44
POCA HO Grant	231	188
Total Credited to Provision of Services	18,208	22,520
Pension Top Up Grant	14,810	15,777
Total Credited to Other Operating Income	14,810	15,777
Police Revenue Grant	39,771	39,771
Council Tax Freeze Grant	751	751
Non Domestic Rates	23,001	23,001
Council Tax Benefit Subsidy	3,886	3,886
Capital Expenditure Grant	1,667	1,388
Council Tax Precepts	34,663	37,673
Total Credited to Taxation & Non Specific Grant Income	103,739	106,471
Of which were Received In Advance	0	0

Note 39: Related Party Transactions

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

Other Public Bodies Subject to Common Control

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

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

Officers

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

During the year the Assistant Chief Constable was a Trustee for You Turn Futures, the payments made to You Turn Futures during the year were £102K under a partnership project for Integrated Offender Management and £50K given as a grant from the Police & Crime Commissioner.

The Assistant Chief Constable is a Trustee for the charity Embrace Child Victims of Crime (CVOC), the payments made to CVOC during the year was £35K, payments were made by the Office of the PCC in the form of grants from the Victim Services Fund.

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

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

Bedfordshire Police Partnership Trust has 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 were received from the Trust in 2018/19 (£81K 2017/18). These accounts are not consolidated with the Commissioners accounts due to immateriality of the assets and transactions.

Note 40: Capital Expenditure & Capital Financing.

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

financed.

	2017/18	2018/19
	£'000	£'000
<u>Opening Capital Financing Requirement</u>	6,252	8,502
<u>Capital Investment</u>		
Property, Plant & Equipment	5,280	4,820
Intangible Assets	321	422
<u>Sources of Finance</u>		
Capital Receipts	-24	-1,253
Government Grants & Contributions	-2,294	-1,382
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	-783	-108
Minimum Revenue Provision	-250	-340
<u>Closing Capital Financing Requirement</u>	8,502	10,661
<u>Explanation of Movements in the Year</u>		
Increase (decrease) in underlying need to borrow		
- supported by government assistance	0	2,500
- unsupported by government assistance	2,250	0
Assets acquired under finance leases	0	0
Assets acquired under PFI contracts	0	0
<u>Increase / (decrease) in Capital Financing Requirement</u>	2,250	2,500

Note 41: Lease Rentals

The PCC for Bedfordshire has no finance leases, but rents several properties under the terms of operating leases. The costs of the operating leases are included in the Chief Constable's Comprehensive Income & Expenditure Statement to reflect the day-to-day direction and control exercised. The amount paid in 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 42: Police Property Act 1997

The PCC for Bedfordshire operates a Holding Account for the sale proceeds of unclaimed property under the Police (Property) Act 1997. In accordance with the Act, the net income is distributed to local charities. During 2018/19 £31K was distributed (none in 2017/18). The funds available for distribution in 2019/20 now total £86K (£111K at 31 March 2018). This fund is held in the PCC for Bedfordshire's bank account and is therefore included in the bank figure in the balance sheet, however as the monies are to be distributed they are also included in the creditors balance.

Note 43: Contingent Liability

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

Potential quantum 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 44: Pensions (Comprising of the Police Pension Fund Accounting Statements)

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

The Chief Constable for Bedfordshire participates in two pension schemes:

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

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

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

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

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

	Local Government Pension Scheme		Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Net Total Cost of Service				
Current Service Costs*	11,257	12,332	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	5,628	5,973	28,220	27,900
Interest Income on plan assets	-3,343	-3,663	0	0
Other Comprehensive Income & Expenditure				
<u>Re-measurements:</u>				
Actuarial gains and losses arising on changes in demographic assumptions	0	-11,468	-37,430	0
Actuarial gains / losses arising on changes in financial assumptions	-5,231	15,798	34,580	34,620
Other experience gains and losses	10	161	9,087	-2,126
Return on plan assets (excl amount in net interest expense)*	664	-4,844	0	0
Total Charge to the Comprehensive Income and Expenditure Statement	9,068	15,138	55,097	131,334
Movement in Reserves Statement				
Reversal of net charges made for retirement benefits in accordance with IAS19*	-13,625	-15,492	-48,860	-98,840
Actual Amounts charged against the General Fund Balance for pensions in the year:				
Employers Contributions payable to the pension fund	5,305	6,394	23,951	24,907
Injury Award Benefits	0	0	1,429	1,454
*Current service cost includes an allowance for administration expenses of £231,000				

Assets and Liabilities Recognised in the Balance Sheet

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

	Funded Liabilities: Local Government Pension Scheme		Unfunded Liabilities: Police Pension Scheme	
	2017/18	2018/19	2017/18	2018/19
	£'000	£'000	£'000	£'000
Present value of the defined benefit obligation	221,157	243,666	1,097,037	1,202,010
Fair value of plan assets	-132,431	-146,195		
Sub-total	88,726	97,471	1,097,037	1,202,010
Other movements in the liability (asset) (if applicable)				
Net liability arising from the defined benefit obligation	88,726	97,471	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	125,667	132,431
Expected rate of return / Interest income	3,343	3,663
Re-measurement gains and losses:		
Return on plan assets, excluding the amount included in the net interest expense	-664	4,844
Other	0	0
Employer contributions	5,305	6,394
Contributions by scheme participants	1,913	2,159
Benefits paid	-3,133	-3,296
31st March	132,431	146,195

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	210,630	221,157	1,067,320	1,097,037
Current service cost	11,257	12,332	19,970	20,280
Interest cost	5,628	5,973	28,220	27,900
Contributions by scheme participants	1,913	2,160	5,174	5,298
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	-0	-11,468	-37,430	0
▪ Actuarial gains / losses arising from changes in financial assumptions	-5,231	15,798	34,580	34,620
Other experience gains / losses	10	161	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	221,157	243,666	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)	-84,963	-88,726	-1,067,320	-1,097,037
Current Service Cost	-11,257	-12,332	-19,970	-20,280
Contributions by employer	5,305	6,394	25,380	26,361
Past Service Costs	-83	-850	-670	-50,660
Interest Cost	-5,628	-5,973	-28,220	-27,900
Expected Return on Assets	3,343	3,663	0	0
Curtailment losses and gains	0	0	0	0
Re-measurement Gains / (losses)	4,557	353	-6,237	-32,494
31st March	-88,726	-97,471	-1,097,037	-1,202,010

Local Government Pension Scheme assets comprised:

2017/18			Asset Type	2018/19		
CC £'000	PCC £'000	Group £'000		CC £'000	PCC £'000	Group £'000
72,972	376	73,348	Equities	100,316	585	100,901
19,901	102	20,003	Bonds	23,697	138	23,835
13,268	68	13,336	Property	14,967	87	15,054
26,535	137	26,672	Cash	6,902	40	6,942
132,676	683	133,359	Total	145,882	850	146,732

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, an independent firm of actuaries. The Police Pension scheme liabilities have been assessed using the Government Actuary Department's IAS19 spreadsheet (GFS) which has been designed to satisfy the disclosure requirements contained within the CIPFA Code of Practice.

The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	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 94.

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

Sensitivity analysis	£000s	£000s	£000s
Adjustment to discount rate	+0.1%	0.0%	-0.1%
Present value of total obligation	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

Sensitivity Analysis for the Police Scheme:

	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 PCC for Bedfordshire Group has in the long-term to pay retirement benefits. The liability of £1,299M 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 £1,203M. However, statutory arrangements for funding the deficit mean that the financial position of the PCC for Bedfordshire Group remains healthy:

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

Police Pension Fund Accounting Statement

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

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

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

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

2017/18			2018/19	
£'000	£'000		£'000	£'000
		Contributions receivable		
		- From Employer		
-9,141		Normal	-9,130	
0		Early Retirements for Ill-Health	-78	
-5,066		- 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

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

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

External Advisers

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

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

(i) **Financial Administration**

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

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

(ii) **Banking**

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

Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

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

DEBTOR – Money owed to the PCC for Bedfordshire.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for Bedfordshire ("the Police and Crime Commissioner") and the Chief Constable for Bedfordshire Police (together comprising "the group") for the year ended 31 March 2019 which comprise the group and Police and Crime Commissioner Comprehensive Income and Expenditure Statements, Movement in Reserves Statements, Balance Sheets, Cash Flow Statements, Expenditure and Funding Analysis, Pension Fund Account and notes to the financial statements including a summary of significant accounting. 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 Police and Crime Commissioner as at 31 March 2019 and of its expenditure and income for the year then ended;
- give a true and fair view of the financial position of the group as at 31 March 2019 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with 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 Police and Crime Commissioner and group 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 Police and Crime Commissioner'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 Police and Crime Commissioner 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 Police and Crime Commissioner'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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner

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 Police and Crime Commissioner's and group'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 Police and Crime Commissioner intends to cease operations of the Police and Crime Commissioner or group or has no realistic alternative but to do so.

The Police and Crime Commissioner 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 Police and Crime Commissioner's use of resources

We are required under Section 20 of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner 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 Police and Crime Commissioner 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 Police and Crime Commissioner'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 Police and Crime Commissioner for Bedfordshire 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 Police and Crime Commissioner, 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 Police and Crime Commissioner those matters we are required to state to her 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 Police and Crime Commissioner 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).