



# **The Chief Constable for Bedfordshire Police**

## **STATEMENT OF ACCOUNTS**

**2017/2018**

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## **Narrative Report**

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

### The Policing Environment

At 477 square miles and with 644,000 people Bedfordshire is one of England's smallest yet most diverse counties. 23% of residents are from minority ethnic backgrounds. Few towns outside London host greater ethnic diversity than Luton and Bedford. These contrast with market towns and rural parishes. Bedfordshire's population grew by over 8% since 2001.

London Luton Airport (the UK's fifth busiest) handled 14 million passengers in 2016. 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 threats, harm and risks like those in large cities. In the year to December 2016 the Force recorded over 80,000 crimes (up 6%) and answered over 442,000 calls for service (up 15%). The Force is encouraging reporting of safeguarding related crimes such as domestic abuse, which are frequently more complex to investigate. In 2016 the Force increased resources for vulnerable children and adults, child exploitation, missing people and domestic abuse, without reducing community policing levels.

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

Compared to 2010/11 the force has reduced officer numbers by 13%, whilst increasing the proportion in frontline roles to 93%. Among all English police forces, Bedfordshire receives one of the lowest Government grants per head of population. It is in the lowest quartile for budget and police officers per head of population, and for council tax levels. Bedfordshire is addressing its challenges through radical internal change and service-leading collaborations with neighboring and regional police forces.

The force is consistently seeking to make efficiencies by collaborating large area of its business with neighboring Cambridgeshire and Hertfordshire. This includes functions such as Protective Services which encompasses everything from the Beds, Cambs and Herts Major Crime Unit to Roads Policing, Scientific Services and Firearms. Meanwhile Bedfordshire is also proud to be the lead force for the Eastern Region Special Operations Unit (ERSOU) and Eastern Region Counter Terrorism Policing Unit. Despite the collaborations Bedfordshire Police maintains a very localised focus and only recently increased its footprint in the community by creating seven new policing hubs which are fully staffed with specialist community officers and PCSO's. The force also retains its own culture and is often viewed as a 'family force' that is agile, innovative and punches above its own weight, particularly in terms of solving serious crime.

### What We Want To Achieve

The Chief Constable's Five Year Plan sets out what the force wants to achieve by the end of March 2019 and directly supports the delivery of the Commissioner's Police & Crime Plan. It sets out strategic objectives for delivery to enable the force to achieve its vision of becoming a well-respected, high performing, efficiently run police service working together to protect people, fight crime and keep Bedfordshire safe. It is broken down further into the Annual Delivery Plan 2017/18.



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

- If the force fails to deliver robust Health and Safety Management, it may be liable to prosecution and / or civil action.
- If the level of funding over the Medium Term to 2021/22 results in further budget reductions and in particular reductions to frontline police officers there may be a resultant deterioration in the services the force can provide to the public.
- If the Force fails to identify and protect vulnerable people, it may fail to deliver its purpose, compromising public confidence and Force reputation.
- If the force is insufficiently sensitive to Equality, Diversity and Human Rights then it may fail to operate in a fair and ethical manner, and may fail to maintain community cohesion.
- If the force fails to deal with local threats from domestic and international extremism it may fail to protect the vulnerable and deal with emergencies.

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

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

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



## Our Annual Delivery Plan 2017-18

Delivering Year 1 of the 2017-20 Strategic Plan



### Protecting People

- Continue to work with our communities and partners across our towns and countryside to identify and safeguard those who may be vulnerable
- Gather and assess information so the Force can build an Annual Strategic Assessment that will better protect communities
- Use technology to increase our productivity and visibility

### Fighting Crime

- Further embed the THRIVE model Force-wide; THRIVE is a tool used by the Force to assess and evaluate risk and vulnerability to assist decision making
- Continue to inform the direction of our operational and tactical responses using the Control Strategy
- Improve our approach to Organised Crime Groups

### Together

- Continue to increase community confidence by actively recruiting, retaining and progressing individuals from diverse backgrounds
- Ensure our workforce is supported through a revised leadership programme
- Work with partners in reducing demand efficiently, effectively and ethically
- Establish a programme of work to involve the workforce in designing our Policing Style and then ensure we live this style to improve our culture for all
- Demonstrate that we are a lessons learnt organisation

In order to deliver all aspects of our 2017-18 plan our culture and use of technology are the most important aspects to develop further for success



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



Informed by the Chief Constable's Five Year Plan and with input from the Command Team, functional leads, subject matter experts, Community Safety Partnership managers and their analysts we have then determined the priority areas as set out in the Control Strategy.

The Control Strategy informs:

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

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

### Financial Performance

The total 2017/18 Revenue Budget allocated by the PCC for Bedfordshire to the Chief Constable for operational policing and support functions was £100.402M; plus an additional amount of £2.395M agreed from reserves, actual expenditure amounted to £103.574M.

The over spend for the year of £0.777M arose in the following areas:

|  | £'M          |
|--|--------------|
| Policing                                       | 1.130        |
| Collaboration                                  | -0.301       |
| Corporate / Support Services                   | 0.803        |
| Additional Transfer from Reserves (Unbudgeted) | -0.855       |
| <b>Total</b>                                   | <b>0.777</b> |

Funding of the overspend of £0.777M on the Chief Constable's delegated budgets is dealt with by the PCC and shown in the separate accounts of the PCC for Bedfordshire and the PCC for Bedfordshire Group where it is added to the underspend on PCC budgets of £0.213M to form the group position.

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

| Area                       | £'000      | Description   |
|----------------------------|------------|---|
| Police Pay                 | -521       | While we have set ourselves challenging recruitment targets in 2018/19 the Force carried a number of vacancies throughout the last financial year.  |
| Police Overtime            | 1,376      | The overtime budget was more overspent than we originally envisaged as we had expected this to come down as new recruits joined. With the prospect of more recruits during 2018/19 this budget will be monitored extremely closely with controls put in place if required as traditionally this budget has been funded from underspends within police pay.  |
| Staff Pay                  | 380        | This overspend has been planned and is being funded from the use of reserves. We have increased staffing levels in the control room and within the Emerald team along with a number of temporary posts funded from last year's underspend.  |
| Staff Overtime             | 198        | The overtime spend was expected to overspend primarily as a result of increased demand in the control room and preparedness for Athena.   |
| Non Staff Costs            | 500        | This overspend has also been anticipated during the year as a result of legal spend on hearings, additional estates costs and redundancy costs, some of which are funded from reserves.   |
| Collaboration              | -301       | This underspend is wholly made up of the Bedfordshire share of the Joint Protective Services reported underspend including the Camera, Tickets & Collisions unit.   |
| Contribution from Reserves | -855       | No contribution to reserves will be made as originally budgeted for, this money will be used to fund the additional resources within the Emerald Team (see decision number PCC/D/062 of the OPCC decision log). It is assumed that the collaboration team and set up costs will be funded from reserves as will all initiatives approved by the PCC at the close of the 2016/17 financial year. The use of reserves is broken down in table three later in this report. |
| <b>Total</b>               | <b>777</b> |   |

### Key Strengths & Resources

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

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

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

### **Non Financial Performance**

Each section below shows performance in each of the five gold and silver Control Strategy priorities:

### Exploitation of children and adults

The PCC and Chief Constable continue their aim to increase recorded rapes and serious sexual offences, as an indicator of victims' increased confidence to report under-reported crimes. Recorded rapes, sexual assaults and other serious sexual offences have increased since February 2017, in line with the aim. While the Force has seen some increase, recorded crimes are low compared to Bedfordshire's group of most similar forces<sup>1</sup> and to other forces nationally. The increase in reporting is potentially indicative of increased victim confidence to report, though it is creating a substantial additional demand on investigative resources.

Arrests have remained stable for rape (184 in 2017/18 and 183 in 2016/17) and overall sexual offences (453 in 2017/18 and 477 in 2016/17).

According to available comparative data (for the twelve months to February 2018) the solved crime rate for rape and for serious sexual offences was similar to Bedfordshire's group of most similar forces, but lower than the national average.

The PCC and Chief Constable aim to increase reporting and recording of Child Sexual Exploitation (CSE). 85 CSE offences were recorded in 2017/18, up from 23 in 2016/17. 26% were solved. Around half of CSE crimes remain under investigation.

32 modern slavery offences were recorded in 2017/18, up from 17 in 2016/17. 18 offences were recorded in February and March 2018.

No offences were solved in 2017/18, down from the two solved in 2016/17.

The majority of offences were recorded as labour exploitation.

37 child neglect offences were recorded in 2017/18, down from 46 in 2016/17. 16 offences were solved down from 24.

All frontline officers and staff receive child neglect training within their wider child protection training programme. Local authority partners have given *Graded Care Profile* training to Public Protection officers. Force Intranet resources include dedicated child neglect guidance and an escalation Policy. Body worn video evidence is used effectively to support child neglect referrals.

A formal service agreement is in place with social care to manage prolific offenders. The Force and local partners have worked together to form the Pan Beds Child Neglect Strategy, and are now preparing the Pan Beds Adolescent Neglect Campaign.

|                   | Apr 16 to Mar<br>17 | Apr 17 to Mar<br>18 | Change  |
|-------------------|---------------------|---------------------|---------|
| Total offences    | 369                 | 450                 | +81     |
| Offences per day  | 1.01                | 1.23                | +22.0%  |
| Solved crime rate | 6.5%                | 5.6%                | -0.9pp  |
| Total offences    | 353                 | 460                 | +107    |
| Offences per day  | 0.97                | 1.26                | +30.3%  |
| Solved crime rate | 21.0%               | 8.3%                | -12.7pp |
| Total offences    | 43                  | 83                  | +40     |
| Offences per day  | 0.12                | 0.23                | +93.0%  |
| Solved crime rate | 13.9%               | 7.7%                | -6.2pp  |



### Domestic Abuse

|                       |                           | Apr 16 to Mar 17 | Apr 17 to Mar 18 | Change |
|-----------------------|---------------------------|------------------|------------------|--------|
| Domestic Abuse Crimes | Total offences            | 4507             | 5604             | +1097  |
|                       | Offences per day          | 12.35            | 15.35            | +24.3% |
|                       | Solved crime rate         | 25.0%            | 20.4%            | -5.5pp |
| Non-crime incidents   | Non-crime incidents       | 6521             | 6643             | +122   |
|                       | Non-crime incidents / day | 17.87            | 18.20            | +1.9%  |

The PCC and Chief Constable continue their aim to increase recorded Domestic Abuse, as an indicator of victims' increased confidence to report under-reported crimes. The increase in recorded offences is linked to improved compliance with National Crime Recording Standards, officer training and improved conversion from incidents to crimes. More domestic abuse incidents are being crimed (46%, up from 41%).

Reflecting higher demands, the arrest rate for domestic abuse crimes fell from 57% in 2016/17 to 47% in 2017/18, though a higher proportion of arrests (now 80%) were carried out within one day of the crime being recorded.

Over time the solved crime rate has slowly deteriorated (standing at 20.4% in 2017/18). Apart from March 2018, when only 69 domestic abuse crimes were solved, the actual number of solved crimes has remained stable at around 100 per month. The solved crime rate, charge rate and caution rate have all fallen steadily in 2017/18. The use of restorative justice has increased from 1.2% in 2016/17 to 1.9% in 2017/18).

The repeat DA incident rate has averaged around 35% since April 2016. Repeat levels in October and November 2017 were the highest in the period, at around 37.5%, though levels in the fourth quarter (January to March) returned to the average.

Overall nearly 85% of domestic abuse victims were satisfied with the service they received<sup>2</sup>. Most satisfaction measures are improved, and are higher than satisfaction among victims of violent crime.

### Terrorism & Domestic Extremism

Eastern Region CT Policing officers continue to assist in various SO15 arrests. There were eleven such arrests between April 2016 and March 2017, effectively doubling the number of arrests by CT policing in the East Region. During 2017/18 there were 27 arrests by CTP officers (seven for CT offences and 20 for non-CT offences) plus 10 assisted arrests.

Six TACT offenders have been successfully managed back into the community within Bedfordshire; all of whom received strict licence conditions on their release. Robust measures are in place to receive a further four TACT offenders into Bedfordshire before the end of 2018 which will continue to have a significant impact on CTP resources.

Following the 2017 terrorist attacks, crowded places have remained the main focus of all CTsAs and CTAAAs. Engagement with local authorities across the region has continued, with a view to mitigating the threat of a vehicle being used as a weapon in open crowded spaces.

The Regional CTP Command commenced operation on 1 July 2017, bringing together all the existing Force Special Branch and CTIU resources to create a single unit. The Business Support requirements of the new Regional CTP Command have been reviewed and a consultation process concluded. Support Services across both commands is now provided by a single team consisting of a manager, supervisor and six staff together with dedicated embedded HR and finance. The result is a streamlined efficient and effective function. Additionally the manager has overseen the construction, in partnership with the Manchester Airport Group, of the new £2.2M dedicated CTP building at Stansted Airport.

### Serious & Organised Crime

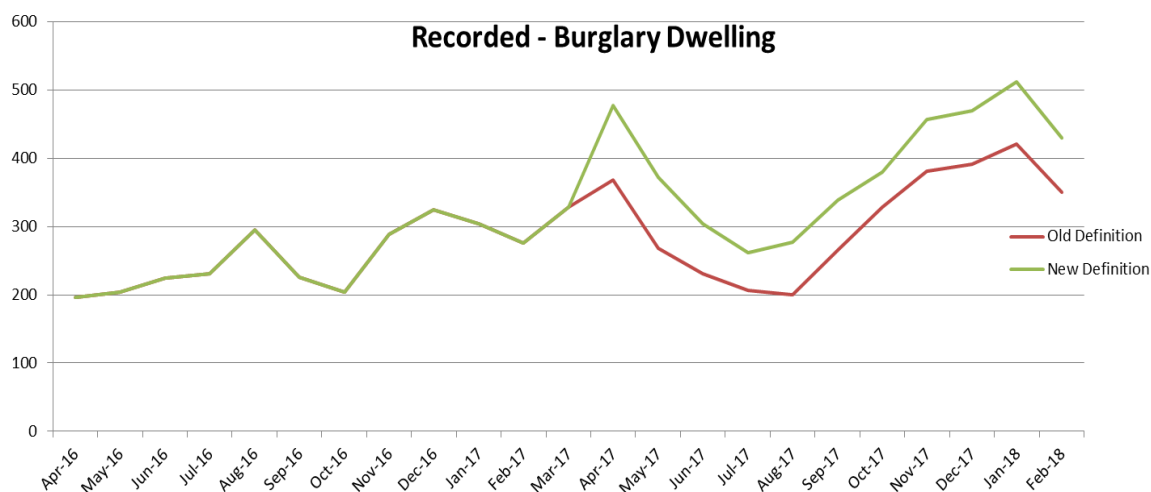
|  |   |
|--|---|
| <i>Local and regional SOC governance</i>               | <p>Bedfordshire operates a tiered response to Organised Crime, in line with national guidance, using regional resources, the Force's own Serious and Organised Crime Unit, partnership resources and local management. This enables Force and regional resources to be focused in line with the threat posed by different groups.</p> <p>The <b>Serious and Organised Crime Operational Delivery Plan</b> is owned by the Detective Superintendent Head of Intelligence, with strategic oversight by the Assistant Chief Constable. The initial action plan, delivered in 2017, focused on meeting areas for improvement from HMICFRS's 2016 Effectiveness inspection.</p>  |
| <i>HMICFRS 2017 Effectiveness inspection</i>           | <p>HMICFRS published their 2017 Effectiveness inspection report in March 2018. Bedfordshire Police received a judgement of good for the inspection question: <i>How effective is the force at tackling serious and organised crime?</i></p>   |
| <i>Serious and Organised Crime (SOC) Local Profile</i> | <p>The Force's Serious and Organised Crime Local Profile, written and circulated in spring 2017, was refreshed in November and December 2017. Changes to the threat and impacts in Bedfordshire from serious and organised criminality were fed into the SOC Improvement Plan and the Forcewide Strategic Demand Assessment, and are now informing the Force's first Force Management Statement. A full refresh is planned for summer 2018.</p>   |
| <i>OCG Partnership Board</i>                           | <p>The local OCG Partnership Board, chaired by the Detective Superintendent Director of Intelligence, was established in May 2017 to provide partnership governance to tackle SOC. The Board has been a huge success for Bedfordshire, generating internal and external buy-in. Both Regional and Home Office serious and organised crime representatives have told the Force that it is the best example of such a board they have seen.</p>   |
| <i>Mapping Organised Crime Groups</i>                  | <p>Bedfordshire Police and ERSOU regularly review the activity of OCGs impacting on both Bedfordshire and the Eastern Region. At the end of March 2018 Bedfordshire Police was proactively managing 22 OCGs assessed as active in Bedfordshire, an increase since HMICFRS's 2016 Effectiveness inspection. Bedfordshire was the first police force to formally recognise football hooligans as an OCG. OCGs assessed as inactive are archived and subject to on-going monitoring. ERSOU has mapped a further 58 active OCGs, some of which impact on Bedfordshire.</p> <p>From April 2018 ERSOU has taken on responsibility for mapping all OCGs across the Eastern Region.</p> <p>OCG mapping processes continue to identify groups operating across a broad range of criminal activity. Mapped OCGs are predominantly involved in drugs</p> |

|  |  |
|--|--|
|  | activity, violent criminal activity, organised theft, money laundering, sexual offences and commodity crime.   |
| <i>Managing Organised Crime Groups</i>         | <p>Organised Crime Groups are managed through dedicated resources from the Force's Central Intelligence teams.</p> <p>OCG plan-on-a-page, launched in June 2017, has improved OCG management and information sharing. The plans collect all key information on an active OCG on a single page. Plan-on-a-page is available on the Force Intranet and the Force's operational notice boards. The plan-on-a-page templates supplement OCG information in community profiles, helping frontline response and community officers to understand the local impacts and criminality of OCGs in their areas.</p> <p>Bedfordshire Police has a dedicated Force internal website for local delivery of the national <b>Project Genesis</b> (national response to managing OCGs). Genesis is used locally to improve officers' understanding and awareness of OCGs. The Force's Genesis microsite holds information on OCG identity, locations, national guidance documents, national processes and records of all ancillary orders (such as Serious Crime Prevention Orders and Criminal Behaviour Orders).</p> <p>Quarterly performance reports by the Eastern Region Specialist Operations Unit show that Bedfordshire has the highest number of OCG disruptions, arrests and charges across the region.</p> |
| <i>Serious Youth Violence Strategic Review</i> | <p>The Office of the Police and Crime Commissioner is taking part in a Serious Youth Violence Strategic Review with the Home Office and the Institute of Community Safety. A report presented in mid-March 2018 made observations and recommendations around data and intelligence, governance, enforcement and cross-border working, prevention and safeguarding.</p> <p>Headline outcomes reinforce the impacts of <i>County Lines</i>; offending by OCGs from urban areas outside of Bedfordshire affecting local people. Impacts include increased levels of violence, exploitation of adults and children, class A drug use and potential increases in acquisitive crimes including burglary.</p>   |

### Serious Acquisitive Crime

|                             |                   | April 2017 to March 2018 |
|-----------------------------|-------------------|--------------------------|
|                             | Total offences    | 3730                     |
| Residential Burglary Crimes | Offences per day  | 10.22                    |
|                             | Solved crime rate | 4.8%                     |

National definitions for recording burglaries changed from 1<sup>st</sup> April 2017, making comparison with previous data inappropriate. The previous *dwelling* and *non-dwelling* categories were replaced by *residential* and *commercial* burglary categories. Burglaries of sheds and garages in a domestic situation, previously recorded as *non-dwelling*, are now included in the new *residential* category, with the result that more incidents are recorded as *residential burglaries* than would have been recorded as *dwelling burglaries*. The following chart highlights the trend comparing old and new definitions. The green line for the period up to 31<sup>st</sup> March 2017 shows the old *dwelling burglary* definition. From 1<sup>st</sup> April 2017 the red line represents a continuation of the old definition, showing an increase in recorded levels, though below the level in the new definition.



|                |                   | Apr 16 to Mar 17 | Apr 17 to Mar 18 | Change |
|----------------|-------------------|------------------|------------------|--------|
| Robbery Crimes | Total offences    | 724              | 769              | +45    |
|                | Offences per day  | 1.98             | 2.11             | +6.2%  |
|                | Solved crime rate | 14.0%            | 12.7%            | -1.2pp |

Recorded robberies have been at stable levels since around September 2016. The solved crime rate for robberies has been stable at 13 to 15% since October 2016.

Robbery of business property is infrequent in Bedfordshire. There were 64 business robberies in 2017/18, down from 69 in 2016/17. 20 business robberies were solved in the period.

The Force manages robbery through Operation Fidelity.

Robbery offences remain relatively stable and low in number at around 2 per day. There have been reductions long-term since 2005/06. The Force Tasking meeting monitors potential hotspots and crime series and there have been a number of arrests and charges relating to Robbery offenders.

### Medium Term Financial Plan

The Policing Minister's settlement announcement in autumn 2017 gave PCCs the flexibility to increase council tax by up to £12 per annum per band D property. The PCC of Bedfordshire is using this flexibility to raise the maximum amount of funding available to deliver policing services.

The better than anticipated central grant and the unanticipated income from increased local council tax has improved the funding position compared with previous assumptions and the projected use of budget reserve has diminished. Based on the following assumptions and expectations it is projected that the PCC will face a funding gap over the medium term (2018/19 to 2021/22) of £9.8M:

- Central Grant at a standstill position;
- Inflation and Pay Awards totalling an estimated £8.1M;
- Growth including additional officers totalling £10.9M;
- The PCC will increase council tax by the maximum allowed without invoking a referendum.

The PCC and Chief Constable's Medium Term Savings Plan, to offset this funding gap, includes:

- Savings from further budget challenges;
- Savings through new organisational and operational support collaborations;
- Savings through further efficiencies in areas already collaborated with police 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 need to be developed further, especially in the latter part of the medium term plan, to remove the reliance on reserves in 2020/21 and reduce this reliance in future years.

Medium Term Financial Forecast 2018/19 to 2021/22

|                            | 2018/19      | 2019/20      | 2020/21      | 2021/22      |
|----------------------------|--------------|--------------|--------------|--------------|
|                            | £'000        | £'000        | £'000        | £'000        |
| Estimated draft budget (a) | 107,537      | 110,042      | 112,700      | 114,200      |
| Estimated funding (b)      | 105,191      | 108,170      | 109,801      | 111,498      |
| <b>Shortfall (a-b)</b>     | <b>2,346</b> | <b>1,872</b> | <b>2,899</b> | <b>2,702</b> |
| Savings                    | 2,346        | 1,746        | 2,048        | 1,425        |
| Use of Budget Reserve      | 0            | 126          | 851          | 1,277        |
| <b>Budget Shortfall</b>    | <b>0</b>     | <b>0</b>     | <b>0</b>     | <b>0</b>     |

The table above highlights that over the four year period it is estimated that the level of savings that Bedfordshire Police will need to find to avoid using reserves is approximately £9.8M, on top of the £32.1M of savings it will have realised between 2011/12 and 2017/18.

### Background Information to the Statement of Accounts & Significant Transactions

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

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

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

The Commissioner sets strategic direction through his Police and Crime Plan and exercises control of funding by delegation to the Chief Constable. The Statement of

Accounts reflects this control and in addition reflects the operational direction and control which the Chief Constable has over the majority of staff and officers

The group position reflects the consolidated accounts of the Police and Crime Commissioner for Bedfordshire and its accounting subsidiary the Chief Constable for Bedfordshire Police.

The 2017/18 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA) Code of Practice on Local Authority Accounting 2017/18 (the Code). The accounts also reflect the following frameworks and regulations:

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

A review of the structure of the accounts was performed after stage two of the Police Reform Act, there has been no legal or structural reforms since therefore the PCC for Bedfordshire retains control of the assets transferred to them by the Police Reform Act and in addition, receives all income and funding and makes all payments for the Group from their Police Fund. The Commissioner has not set up a separate bank account for the Chief Constable and instead delegates a budget within which the Chief Constable exercises day to day control. It is recognised that in exercising day-to-day direction and control the Chief Constable will undertake activities and incur expenditure to allow the police force to operate effectively. It is therefore appropriate for the income and expenditure associated with the day to day direction and control to be shown in the Chief Constable's Comprehensive Income and Expenditure Statement, with the resources consumed by the Chief Constable being offset by an intra-group transfer of resources from the Commissioner. In turn the assets and liabilities associated with this income and expenditure are recognised in the Chief Constable's balance sheet with the net balance shown as owing to the Chief Constable by the Commissioner.

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

The accounts for the Chief Constable for Bedfordshire Police for 2017/18, which will be the basis for the Audit Opinion, consist of:

- (i) **Narrative Report and Financial Review** – this outlines revenue expenditure in 2017/18, the major changes to the accounts from 2016/17 and future financial prospects of the Chief Constable.
- (ii) **Statement of Responsibilities** – this includes the financial responsibilities of the Chief Constable and the Chief Constable's Chief Finance Officer (CFO).
- (iii) **Annual Governance Statement** – this statement is a statutory document which sets out how the Chief Constable has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.

- (iv) **Statement of Accounting Policies** – the policies adopted in compiling the accounts.
- (v) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (vi) **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.
- (vii) **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with accounting standards, rather than the amount to be funded from taxation. In order to reflect the operational direction and control which the Chief Constable has over staff and officers in their employment, the income and expenditure associated with providing operational policing is reflected in the Chief Constable's statement of accounts.
- (viii) **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Chief Constable for Bedfordshire.
- (ix) **Balance Sheet** – the balance sheet shows the value as at the balance sheet date of the assets and liabilities recognised by the Chief Constable. All non-current assets remain under the Commissioner's control however employment liabilities associated with the Chief Constable's staff are recognised along with an element of working capital supported by an intra-group debtor between the Chief Constable and Commissioner.
- (x) **Cash Flow Statement** – the Cash Flow Statement shows the changes in cash and cash equivalents by classifying cash flows as operating, investing and financing activities. However during 2017/18 all cash is held by the PCC for Bedfordshire so the cash flow statement for the Chief Constable balances to nil.

#### Pension Reserves

The balance sheet includes a liability of £1,185M which is the commitment that the Chief Constable for Bedfordshire has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the Chief Constable as recorded in the balance sheet, resulting in a negative overall balance of £1,188M.

The revised assumptions and a sensitivity analysis are shown at [Note 30](#). A full explanation of the pension adjustments included in the Other Comprehensive Income and Expenditure Statement are also shown at [Note 30](#). Statutory arrangements for funding the deficit mean that the financial position remains healthy as the deficit of the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year are less than amounts payable, then an annual transfer is required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant.

#### Bedfordshire Police Partnership Trust

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

#### Changes compared to 2016/17

The Group balance sheet for 2017/18 shows a significant increase in the level of creditors and debtors balances at year end. This is mainly in relation to amounts owing between forces in relation to collaborative and regional arrangements which are increasing annually. The settle up of these costs between forces is expected to take place at a similar time in order to minimise the impact on cash-flows.

The Comprehensive Income and Expenditure Statement shows an increase of £15M in cost of services. The net expenditure before accounting adjustments has increased by £3.3M to £122.6M in 2017/18, with the exception of £0.8M 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. In addition the actuaries determined that the current and past service pension costs were £12.0M higher – the Current Service cost for 2016/17 was unusually low and is determined by changes in actuarial assumptions in previous financial years.

#### Other Comprehensive Income & Expenditure

The significant actuarial losses recognised in 2016/17 under the heading of Re-measurements of the net defined benefit liability have been replaced by an actuarial loss of £6.237M for the Police Pension Scheme and an actuarial gain of £4.524M in the Local Government Scheme, again determined by changing assumptions.

#### **Further information**

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

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

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



## Statement of Responsibilities

### The Chief Constable's Chief Finance Officer Responsibilities

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

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

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

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as at the 31 March 2018 and its income and expenditure for the year then ended.



**Philip Wells**

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

**31 July 2018**

### The Chief Constable's Responsibilities

The Chief Constable is required:

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

I approve the Statement of Accounts



**Jon Boutcher**

**Chief Constable of Bedfordshire Police**

**31 July 2018**

**Annual Governance Statement****1. SCOPE OF RESPONSIBILITY**

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

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

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

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

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

**2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

This statement has been prepared for the 2017/18 financial year and reports on the effectiveness of the governance arrangements throughout the year and outlines future actions to enhance the governance arrangements.

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

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

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

### **3. THE GOVERNANCE FRAMEWORK**

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

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

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

#### **Focusing on Outcomes for the Local People**

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

The vision of "protecting people and fighting crime together"

- Puts "people first" in our overall vision;
- This sets out our victim focus
- Whilst recognising that we need to fight crime we turned the emphasis of the Force to protecting people;
- And recording that we achieve our purposes together – the Force, the public and our partners;

#### **Moving in the right direction**

We refined the control strategy, ensuring that people are at the top of our agenda, our primary focus being vulnerability (CSE and Domestic Abuse) and Serious & Organised Crime. We have used independent consultants to review our incident data to assist in determining how best to reconfigure our operating model. We continually use independent bodies to review our processes and practices, for example the College of Policing, Cleveland Police, Avon and Somerset Police, private sector consultants and the HMIC; their positive feedback continues to help the Force focus on its people and shape accordingly to deal with the changing and complex demand faced by the Force. We continue the collaboration agenda to further increase efficiency and effectiveness at a tri-force and regional level and we are delivering further collaboration and much improved partnership working with the Fire Service and our local authority partners. During 2017/18 the collaboration with the Fire Service has meant that we have police and fire staff co-located in community locations.

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

- A clear understanding of where the Force is heading
- A clear understanding of our priorities

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

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

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

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

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

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

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

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

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

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

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

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

code of ethics with developments scrutinised at the Ethics Board as well as the Force's Professional Reference Group.

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

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

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

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

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

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

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

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

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

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

The Force has taken lead responsibility for the tri-force delivery of Protective Services as well as the regional responsibility for the Eastern Region Special Operations Unit (ERSOU) and the Counter Terrorism Investigation Unit (CTIU). The Lead Force arrangement has enabled the Chief Constable to ensure that both tri-force and regional resources are being deployed in a way that delivers better outcomes for our public. The Governance

for these operations are through a Joint Force Governance Group, which includes a Bedfordshire PCC representative. This Board is governed by Local Force and PCC's Board as well as a regional Chief Constables' and Regional PCCs' Board.

The Force has further enhanced its capacity within its assurance process by having an enhanced planning and inspection capability which not only prepare and respond to external scrutiny, mainly from the HMIC, but also review areas of internal practices and provides recommendations that allow for continuous improvement thus increasing effectiveness and efficiency. This function is also under review to ensure that there is alignment with the Continuous Improvement and Corporate Development functions.

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

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

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

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

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

The Force, through their dedicated Superintendent and Chief Inspector roles regularly meet and discuss local issues with Community Safety Partnership representatives to ensure that local issues are picked up and dealt with. The Chief Constable's Neighbourhood policing capability was fully populated during 2017/18 and also includes a rural policing team in support of the PCC's Police and Crime Plan.

The force continually reviews and evolves its policing model to both align with the Control Strategy but also to deal with the ever changing demand pressures faced by his officers and staff. This has seen, during 2017/18 a bolstering of his Emerald Team and his Public Protection resources.

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

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

### **Reliable financial reporting and internal financial controls.**

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

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

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

### **Audit Committee**

The Chief Constable and Commissioner have a Joint Audit Committee (JAC) that provides independent scrutiny and assurance on the adequacy of the corporate governance and risk management frameworks and the associated control

environments. In addition the JAC gives advice according to good governance principles and proper practices. In particular the Audit Committee:

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

#### **4. REVIEW OF EFFECTIVENESS**

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

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

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

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

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

During 2017/18 the HMC grades, from their PEEL inspections, improved in all areas of the PEEL programme. For the effectiveness arm of the inspection Bedfordshire were seen to be the most improved force in the country.

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

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



weaknesses identified. In addition, the Committee oversaw progress on Risk Management and related issues.

The Head of Internal Audit's Annual Report for the year ended 31 March 2018 has been received and was considered by the Joint Audit Committee on 24 May 2018. The Report includes an opinion on the internal financial control framework.

The opinion is as follows:-

"For the 12 months ended 31 March 2018, the Head of Internal Audit opinion for the Chief Constable of Bedfordshire Police is as follows: The organisation has an adequate and effective framework for risk management risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective."

## **5. PROGRESS AGAINST 2016/17 SIGNIFICANT GOVERNANCE ISSUES**

Two areas of governance issues were raised in 2016/17 for which the progress in 2017/18 is shown below:

- **Internal Audit**

The follow up audit report produced by the Internal Auditors showed that good progress was made against the implementation of the agreed recommendations.

- **HMIC Review of Effectiveness**

The report on effectiveness for Bedfordshire showed greater improvement than any other Force in the Country and whilst there is still room for improvement, provided through the HMICFRS grade of 'Requires Improvement' there was high recognition that Bedfordshire had significantly improved its position from that of 2016/17.

## **6. SIGNIFICANT GOVERNANCE ISSUES**

Whilst not significant the Force will continue to focus on better understanding its demand and the performance in managing the demand and will continue to drive People issues and wellbeing to reduce absence.



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**Jon Boucher**

Chief Constable of Bedfordshire Police  
31 July 2018



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**Philip Wells**

Chief Finance Officer  
31 July 2018

## Expenditure and Funding Analysis

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

| 2016/17 - Restated                             |  |   |  | 2017/18  |  |   | Notes |
|--|--|---|--|--|--|---|-------|
| Net Expenditure Chargeable to the General Fund | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |  | Net Expenditure Chargeable to the General Fund | Adjustments between the Funding and Accounting Basis | Net Expenditure in the Comprehensive Income & Expenditure Statement |       |
| £'000  | £'000  | £'000   |  | £'000  | £'000  | £'000   |       |
| 52,966   | 3,329  | 56,295  | Policing   | 56,824   | 9,497  | 66,321  |       |
| 45,128   | 2,168  | 47,296  | Collaborated Units   | 43,312   | 5,957  | 49,269  |       |
| 21,188   | -1,180   | 20,008  | Corporate & Support Services                                     | 22,493   | 897  | 23,390  |       |
| 119,282  | 4,316  | 123,599   | Net Cost of Services   | 122,628  | 16,351   | 138,980   |       |
|  |  |   |  |  |  |   |       |
| -119,282                                       | 21,697   | -97,585   | Other Income & Expenditure                                       | -122,628                                       | 15,496   | -107,133  |       |
| 0  | 26,014   | 26,014  | (Surplus) or Deficit   | 0  | 31,847   | 31,847  |       |
|  |  |   |  |  |  |   |       |
| 0  |  |   | Opening General Fund Balance                                     | 0  |  |   |       |
|  |  |   |  |  |  |   |       |
| 0  |  |   | Less/ Plus Surplus or (Deficit) on General Fund Balance in Year. | 0  |  |   |       |
|  |  |   |  |  |  |   |       |
| 0  |  |   | Closing General Fund Balance as at 31 March                      | 0  |  |   |       |

6,7

## Comprehensive Income and Expenditure Statement

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

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

| 2016/17 - Restated |               |                 |  | 2017/8            |               |                 | Notes |
|--------------------|---------------|-----------------|--|-------------------|---------------|-----------------|-------|
| Gross Expenditure  | Gross Income  | Net Expenditure |  | Gross Expenditure | Gross Income  | Net Expenditure |       |
| £'000              | £'000         | £'000           |  | £'000             | £'000         | £'000           |       |
| 56,791             | -496          | 56,295          | Policing   | 66,894            | -573          | 66,321          |       |
| 49,562             | -2,266        | 47,296          | Collaborated Units                                   | 52,438            | -3,169        | 49,269          |       |
| 22,778             | -2,770        | 20,008          | Corporate & Support Services                         | 28,322            | -4,932        | 23,390          |       |
| <b>129,131</b>     | <b>-5,532</b> | <b>123,599</b>  | <b>Cost of Services</b>                              | <b>147,654</b>    | <b>-8,674</b> | <b>138,980</b>  |       |
|                    |               | 0               | Other Operating Income & Expenditure                 |                   |               | 0               |       |
|                    |               | 32,488          | Financing & Investment Income & Expenditure          |                   |               | 30,491          | 9     |
|                    |               | -130,073        | PCC Funding for Financial Resources Consumed         |                   |               | -137,624        | 3     |
|                    |               | <b>26,014</b>   | <b>(Surplus) or Deficit on Provision of Services</b> |                   |               | <b>31,847</b>   |       |
|                    |               | 206,270         | Re-measurements of the net defined benefit liability |                   |               | 1,700           | 30    |
|                    |               | <b>206,270</b>  | <b>Other Comprehensive Income &amp; Expenditure</b>  |                   |               | <b>1,700</b>    |       |
|                    |               | <b>232,284</b>  | <b>Total Comprehensive Income &amp; Expenditure</b>  |                   |               | <b>33,547</b>   |       |

## Movement in Reserves Statement

This statement shows the movement in the 2016/17 and 2017/18 financial years on the reserves held by the Chief Constable. The only transactions shown are those that relate to the Pensions Reserve and the Accumulated Absences Reserve (reflecting movements relating to staff and officers under the direction and control of the Chief Constable). All other reserves are held by the Commissioner.

|   | Total Usable Reserves (Police Fund) | Unusable Reserves | Total Reserves   |
|---|-------------------------------------|-------------------|------------------|
|   | £'000                               | £'000             | £'000            |
| <b>Balance as at 31<sup>st</sup> March 2016</b>                                 | <b>0</b>                            | <b>923,132</b>    | <b>923,132</b>   |
| <b><u>Movement In Reserves during 2015/16</u></b>                               |                                     |                   |                  |
| (Surplus) or deficit on provision of services                                   | 26,014                              | 0                 | 26,014           |
| Other Comprehensive Income & Expenditure  | 0                                   | 206,270           | 206,270          |
| <b>Total Comprehensive Income &amp; Expenditure</b>                             | <b>26,014</b>                       | <b>206,270</b>    | <b>232,284</b>   |
| Adjustments between accounting basis & funding basis under regulations (note 6) | -26,014                             | 26,014            | 0                |
| <b>(Increase) / Decrease in Year</b>  | <b>0</b>                            | <b>232,284</b>    | <b>232,284</b>   |
| <b>Balance as at 31<sup>st</sup> March 2017</b>                                 | <b>0</b>                            | <b>1,155,416</b>  | <b>1,155,416</b> |
| <b><u>Movement In Reserves during 2017/18</u></b>                               |                                     |                   |                  |
| (Surplus) or deficit on provision of services                                   | 31,847                              | 0                 | 31,847           |
| Other Comprehensive Income & Expenditure  | 0                                   | 1,700             | 1,700            |
| <b>Total Comprehensive Income &amp; Expenditure</b>                             | <b>31,847</b>                       | <b>1,700</b>      | <b>33,547</b>    |
| Adjustments between accounting basis & funding basis under regulations (note 6) | -31,847                             | 31,847            | 0                |
| <b>(Increase) / Decrease in Year</b>  | <b>0</b>                            | <b>33,547</b>     | <b>33,547</b>    |
| <b>Balance as at 31<sup>st</sup> March 2018</b>                                 | <b>0</b>                            | <b>1,188,963</b>  | <b>1,188,963</b> |

## Balance Sheet

| As at 31 <sup>st</sup><br>March 2017 |   | As at 31 <sup>st</sup><br>March 2018 |      |
|--------------------------------------|---|--------------------------------------|------|
| £'000                                |   | £'000                                | Note |
| <b>0</b>                             | <b>Non-Current Term Assets</b>                        | <b>0</b>                             |      |
| 2,904                                | Payments in advance                                   | 2,733                                | 14   |
| 109                                  | Inventories   | 127                                  | 12   |
| 6,457                                | Short Term Debtors                                    | 8,591                                | 13   |
| 5,108                                | Intra –group Debtors                                  | 9,491                                | 15   |
| <b>14,578</b>                        | <b>Current Assets</b>                                 | <b>20,942</b>                        |      |
| -3,605                               | Short Term Creditors – Accumulated Absences           | -3,719                               | 17   |
| -13,659                              | Other Short Term Creditors                            | -19,618                              | 17   |
| 0                                    | Receipts in Advance                                   | 0                                    | 16   |
| <b>-17,264</b>                       | <b>Current Liabilities</b>                            | <b>-23,337</b>                       |      |
| -1,151,811                           | Liability Relating to Defined Benefit Pension Schemes | -1,185,244                           | 30   |
| -919                                 | Provisions  | -1,324                               | 18   |
| <b>-1,152,730</b>                    | <b>Non-Current Liabilities</b>                        | <b>-1,186,568</b>                    |      |
|                                      |   |                                      |      |
| <b>-1,155,416</b>                    | <b>Net Assets</b>                                     | <b>-1,188,963</b>                    |      |
| 1,155,416                            | Unusable Reserves                                     | 1,188,963                            | 19   |
| <b>1,155,416</b>                     | <b>Total Equity</b>                                   | <b>1,188,963</b>                     |      |

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

These financial statements replace the unaudited financial statements certified by Philip Wells on 25 May 2018.



Philip Wells  
Chief Finance Officer to the Chief Constable  
31 July 2018

## Cash Flow Statement

| As at 31 <sup>st</sup> March<br>2017 |  | As at 31 <sup>st</sup> March<br>2018 |      |
|--------------------------------------|--|--------------------------------------|------|
| £'000                                |  | £'000                                | Note |
| -26,014                              | Net surplus or (deficit) on the provision of services  | -31,847                              |      |
| 26,014                               | Adjust net surplus or deficit on the provision of services for noncash movements   | 31,847                               |      |
| 0                                    | Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities | 0                                    |      |
| <b>0</b>                             | <b>Net cash flows from Operating Activities</b>  | <b>0</b>                             | 20   |
| 0                                    | Investing Activities   | 0                                    |      |
| 0                                    | Financing Activities   | 0                                    |      |
| 0                                    | Net increase or (decrease) in cash and cash equivalents  | 0                                    |      |
| 0                                    | Cash and cash equivalents at the beginning of the reporting period   | 0                                    |      |
| <b>0</b>                             | <b>Cash and cash equivalents at the end of the reporting period</b>  | <b>0</b>                             |      |

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

## Notes to the Accounts

### Note 1: Accounting Policies

#### **A. General**

The Statement of Accounts summarises the transactions for the 2017/18 financial year and the position of the Chief Constable as at 31<sup>st</sup> March 2018. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom for 2017/18, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice.

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

#### **B. Cost Recognition and Intra-Group Adjustment**

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

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

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

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

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

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

#### **D. Pensions**

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

**(i) Police Officers – Police Pension Scheme**

This Scheme is 'unfunded'. The charge to the Accounts represents the applicable IAS19 charges as determined by the Actuary. The Code of Practice requires separate statements to be produced which are shown at Note 30.

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

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

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

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

- The attributable defined benefit liabilities of each scheme should be measured on an actuarial basis using the projected unit credit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date, based on assumptions about mortality rate, employee turnover rates and projections of projected earnings for current employees.
- Liabilities for the payment of future injury benefits are based on current and projected injury statistics (including an element for serving police officers) as determined by the actuary.
- Liabilities are discounted to their value at current prices using a discount rate of 2.7% for Local Government Pension Scheme and 2.55% for the Police Pension Scheme (based on the indicative rate of return on high quality corporate bonds determined by the actuaries).
- In the case of the local government scheme, which is a funded scheme, the scheme assets are deducted in determining the overall liability.
- Quoted securities held as scheme assets are valued at their bid value at the latest available date.

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

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



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

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

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

Officers' Emoluments are disclosed in [Note 21](#) to the accounts on a cash basis of gross pay as notified in the P60s to the Inland Revenue and including taxable benefits within the P11Ds. The figures contained within the Comprehensive Income and Expenditure Statement, however, are prepared on an accruals basis in accordance with proper accounting practices.

#### **F. VAT**

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

#### **G. Overhead and Support Services**

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.

#### **H. Leases**

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

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

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

#### **I. Benefits Payable during Employment**

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

#### **J. 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.

#### **K. 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.

#### **L. Exceptional Items**

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

#### **M. Jointly Controlled Operations**

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

#### **N. Overheads and Support Services**

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

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

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

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

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

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation whose existence will only be confirmed by the occurrence of uncertain future event not wholly within its 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.

#### **P. 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.

#### Q. Revenue Recognition

Specific grants & contributions which result in the Commissioner providing additional resources to the Chief Constable in the budget are included in the Commissioner's Comprehensive Income and Expenditure Statement as well as all non-specific government grants. Other fees, charges and service income is recognised in the Chief Constable's Comprehensive Income and Expenditure Statement as these are generated within the Chief Constable's budget by staff under their operational direction and control.

#### Note 2: 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 2017/18 in order to make meaningful comparisons within these headings.

The Expenditure & Funding Analysis:

|   | 2016/17 - Original Values                  |  |   | 2016/17 - Adjustment Values                              |  | 2016/17 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                                | 63,266                                     | 3,981  | 67,247  | -10,300  | -652   | 56,295  |
| Collaborated Units                      | 42,940                                     | 2,029  | 44,969  | 2,188  | 139  | 47,296  |
| <b>Corporate &amp; Support Services</b> | <b>13,076</b>                              | <b>-1,693</b>  | <b>11,383</b>   | <b>8,112</b>   | <b>513</b>   | <b>20,008</b>   |
| <b>Net Cost of Services</b>             | <b>119,282</b>                             | <b>4,316</b>   | <b>123,599</b>  | <b>0</b>   | <b>0</b>   | <b>123,599</b>  |

The Comprehensive Income and Expenditure Statement:

|                                 | 2016/17 - Original Values |                 |                 |                                       | 2016/17<br>Re-stated   |
|---------------------------------|---------------------------|-----------------|-----------------|---------------------------------------|--|
|                                 | Gross<br>Expenditure      | Gross<br>Income | Net Expenditure | Adjustment<br>to Gross<br>Expenditure | Net Expenditure<br>in the<br>Comprehensive<br>Income &<br>Expenditure<br>Statement |
|                                 | £'000                     | £'000           | £'000           | £'000                                 |  |
| Policing                        | 67,743                    | -496            | 67,247          | -10,952                               | 56,295   |
| Collaborated<br>Units           | 47,235                    | -2,266          | 44,969          | 2,327                                 | 47,296   |
| Corporate &<br>Support Services | 14,143                    | -2,770          | 11,383          | 8,625                                 | 20,008   |
| <b>Net Cost of<br/>Services</b> | <b>129,131</b>            | <b>-5,532</b>   | <b>123,599</b>  | <b>0</b>                              | <b>123,599</b>   |

### **Note 3: PCC Funding for Resources Consumed / Intra-Group Adjustments**

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

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

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

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

| <b>PCC Funding provided to the Chief Constable for Resources Consumed</b> | <b>2016/2017</b> | <b>2017/2018</b> |
|---|------------------|------------------|
|   | <b>£'000</b>     | <b>£'000</b>     |
| Net Cost of Services (Chief Constable)                                    | 123,599          | 138,980          |
| Financing & Investment Income & Expenditure                               | 32,488           | 30,491           |
| Actuarial (gain) / loss on pension assets / liabilities                   | 206,270          | 1,700            |
| <u>Adjust for Movement in Unusable Reserves:</u>                          |                  |                  |
| Pensions Reserve  | -232,208         | -33,433          |
| Accumulated Absences Reserve  | -76              | -114             |
| <b>Total Funding Transfer</b>   | <b>130,073</b>   | <b>137,624</b>   |

In practice instead of transferring this funding to the Chief Constable the Commissioner makes all payments on their behalf, therefore an element of the resources consumed by the Chief Constable remain unpaid at the year end. This leaves the Chief Constable with its own current liabilities which after deduction of current assets is supported by the Commissioner in the form of an Intra-group creditor / debtor.

| Intra-group Debtor / Creditor                           | 2016/2017<br>£'000 | 2017/2018<br>£'000 |
|---|--------------------|--------------------|
| Chief Constable's Creditors & Receipts in Advance       | 13,659             | 21,862             |
| Chief Constable's Provisions                            | 919                | 1,324              |
| Chief Constable's Current assets (excluding PCC Debtor) | -9,470             | -13,695            |
| <b>Total Owing to Commissioner</b>                      | <b>5,108</b>       | <b>9,491</b>       |

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

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

| Intra-group Adjustments   | The Chief<br>Constable<br>£'000 | The<br>Commissioner<br>£'000 | The Group<br>£'000 |
|---|---------------------------------|------------------------------|--------------------|
| <b>Comprehensive<br/>Income &amp; Expenditure Statement – 2016/17</b> |                                 |                              |                    |
| PCC Funding for Resources Consumed                                    | -130,073                        | 130,073                      | 0                  |
| <b>Comprehensive<br/>Income &amp; Expenditure Statement – 2017/18</b> |                                 |                              |                    |
| PCC Funding for Resources Consumed                                    | -137,624                        | 137,624                      | 0                  |
| <b>Balance Sheet – 2016/17</b>  |                                 |                              |                    |
| Intra Group Creditor / Debtor   | 5,108                           | -5,108                       | 0                  |
| <b>Balance Sheet – 2017/18</b>  |                                 |                              |                    |
| Intra Group Creditor / Debtor   | 9,491                           | -9,491                       | 0                  |

#### **Note 4: Standards Issued but not yet Adopted**

Applying to all corporate and public financial reporting, IFRS 9 Financial Instruments has made changes to the accounting for local authority investments which includes collective investment vehicles. The new standard will introduce a new model for financial assets including new classifications. One of the other main features of IFRS 9 is the change in the impairment loss model for financial assets from one based on incurred losses to one based on expected (credit) losses. The impact of the amendment to this standard has been considered and it is not expected to have a significant impact on the accounts of the Chief Constable.

IFRS 15 Revenue Contracts with Customers will require local authorities to recognise revenue in such a way that it represents the transfer of promised goods or services to the service recipient (customer) in an amount that reflects the consideration to which the authority expects to be entitled in exchange for those goods or services. CIPFA has encouraged local authority accounts preparers to focus on the materiality of the income that is recognised to ensure that the key messages in local authority financial statements are not obscured. The impact of the amendment to this standard has been considered and it is not expected to have a significant impact on the accounts of the Chief Constable.

#### **Note 5: Material Items of Income and Expense**

Material items relate to the pension scheme income and expenditure (disclosed at Note 30 and Note 31) and to employee benefits (disclosed at Note 19 and 21).

#### **Note 6: Note to the Expenditure & Funding Analysis.**

Adjustments between Accounting and Funding Basis

| Chief Constable – 2017/18  | Adjustments<br>for Capital<br>Purposes<br>£'000 | Net Change<br>for the<br>Pensions<br>Adjustments<br>£'000 | Other<br>Differences<br>£'000 | Total<br>Adjustments<br>£'000 |
|--|---|---|-------------------------------|-------------------------------|
| Policing   | 0   | 9,497   | 0                             | 9,497                         |
| Collaborated Units   | 0   | 5,926   | 31                            | 5,957                         |
| Corporate / Support Services   | 157   | 626   | 114                           | 897                           |
| <b>Cost of Services</b>  | <b>157</b>                                      | <b>16,049</b>   | <b>145</b>                    | <b>16,352</b>                 |
| Other Income & Expenditure from the<br>Expenditure & Funding Analysis  | 0   | 30,492  | -14,997                       | 15,495                        |
| <b>Difference between General Fund surplus or<br/>deficit and Comprehensive Income &amp;<br/>Expenditure Statement Surplus or Deficit on the<br/>Provision of Services</b> | <b>157</b>                                      | <b>46,541</b>   | <b>-14,852</b>                | <b>31,847</b>                 |

| Chief Constable - 2016/17<br>(Restated)  | Adjustments<br>for Capital<br>Purposes<br>£'000 | Net Change<br>for the<br>Pensions<br>Adjustments<br>£'000 | Other<br>Differences<br>£'000 | Total<br>Adjustments<br>£'000 |
|--|---|---|-------------------------------|-------------------------------|
| Policing   | 0   | 3,329   | 0                             | 3,329                         |
| Collaborated Units   | 0   | 2,166   | 0                             | 2,166                         |
| Corporate & Support Services   | 0   | -1,256  | 77                            | -1,179                        |
| <b>Cost of Services</b>  | <b>0</b>  | <b>4,239</b>  | <b>77</b>                     | <b>4,316</b>                  |
| Other Income & Expenditure from the<br>Expenditure & Funding Analysis  | -260  | 32,488  | -10,531                       | 21,697                        |
| <b>Difference between General Fund surplus or<br/>deficit and Comprehensive Income &amp;<br/>Expenditure Statement Surplus or Deficit on the<br/>Provision of Services</b> | <b>-260</b>                                     | <b>36,727</b>   | <b>-10,454</b>                | <b>26,014</b>                 |

**Note 7: Expenditure & Income Analysed by Nature**

| <b>Chief Constable</b>                                 | <b>2016/17</b>  | <b>2017/18</b>  |
|--|-----------------|-----------------|
| <b>Expenditure / Income</b>                            | <b>£'000</b>    | <b>£'000</b>    |
|  |                 |                 |
| <b>Expenditure</b>                                     |                 |                 |
| Employee benefits expenses                             | 136,253         | 156,595         |
| Other services expenses                                | 25,366          | 21,549          |
| <b>TOTAL EXPENDITURE</b>                               | <b>161,619</b>  | <b>178,144</b>  |
|  |                 |                 |
| <b>Income</b>  |                 |                 |
| Fees, charges and other service income                 | -5,532          | -8,674          |
| Funding from Police & Crime Commissioner               | -130,073        | -137,624        |
| <b>TOTAL INCOME</b>                                    | <b>-135,605</b> | <b>-146,298</b> |
| <b>Surplus or Deficit on the Provision of Services</b> | <b>26,014</b>   | <b>31,846</b>   |

**Note 8: Adjustments Between Accounting Basis & Funding Basis**

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

| <b>2017/2018 – Usable Reserves</b>  |                    |                                 |  |                                      |
|---|--------------------|---------------------------------|--|--------------------------------------|
|   | <b>Police Fund</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grant Unapplied Account</b> | <b>Movement in Unusable Reserves</b> |
|   | <b>£'000</b>       | <b>£'000</b>                    | <b>£'000</b>                           | <b>£'000</b>                         |
| <b>Adjustments involving the Compensated Absences Adjustment Account:</b>   |                    |                                 |  |                                      |
| Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -114               | 0                               | 0                                      | 114                                  |
| <b>Adjustments involving the pensions reserves:</b>   |                    |                                 |  |                                      |
| Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement   | -62,339            |                                 |  | 62,339                               |
| Employer's pension contributions and direct payments to pensioners  | 30,608             |                                 |  | -30,608                              |
| <b>TOTAL ADJUSTMENTS</b>  | <b>-31,845</b>     | <b>0</b>                        | <b>0</b>                               | <b>31,845</b>                        |

| <b>2016/2017 – Comparative Figures – Usable Reserves</b>  |                    |                                 |  |                                      |
|---|--------------------|---------------------------------|--|--------------------------------------|
|   | <b>Police Fund</b> | <b>Capital Receipts Reserve</b> | <b>Capital Grant Unapplied Account</b> | <b>Movement in Unusable Reserves</b> |
|   | <b>£'000</b>       | <b>£'000</b>                    | <b>£'000</b>                           | <b>£'000</b>                         |
| <b>Adjustments involving the Compensated Absences Adjustment Account:</b>   |                    |                                 |  |                                      |
| Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements | -77                | 0                               | 0                                      | 77                                   |
| <b>Adjustments involving the pensions reserves:</b>   |                    |                                 |  |                                      |
| Reversal of items relating to post-employment benefits debited or credited to the Provision of Services in the Comprehensive Income & Expenditure Statement   | -52,082            |                                 |  | 52,082                               |
| Employer's pension contributions and direct payments to pensioners  | 26,144             |                                 |  | -26,144                              |
| <b>TOTAL ADJUSTMENTS</b>  | <b>-26,014</b>     | <b>0</b>                        | <b>0</b>                               | <b>26,014</b>                        |



**Note 9: Financing & Investment Income & Expenditure**

| 2016/17<br>£'000 |   | 2017/18<br>£'000 |
|------------------|---|------------------|
| 30,490           | <i>Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions</i> | 28,220           |
| 1,998            | <i>Pensions Interest Cost and Expected Return on Pension Assets – LGPS</i>            | 2,272            |
| <b>32,488</b>    | <b>Total</b>  | <b>30,492</b>    |

**Note 10: Critical Judgements & Assumptions Made about the Future**

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

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- The Chief Constable for Bedfordshire is involved in various joint arrangements with other forces which are detailed in [Notes 25](#) to [26](#). These arrangements are judged to be jointly controlled 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 Chief Constable for Bedfordshire is the lead force for the regional Counter Terrorism Intelligence Unit which is fully funded by the Home Office. This is judged not to be a joint arrangement due to the overall control exercised by the Home Office in the provision of the funding. This is in contrast to Joint Arrangements where funding provision is jointly agreed by the forces involved.

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

- The costs arising from employer's liability and third party claims made against the Chief Constable for Bedfordshire are provided for according to the estimated costs provided by insurers.
- Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are used to make these judgements and provide the estimates of pension assets and liabilities, the details of which are detailed at Note 30.

**Note 11: 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.

|   | 2016/17 | 2017/18 |
|---|---------|---------|
|   | £'000   | £'000   |
| <b>Current</b>                                  |         |         |
| <i>Financial Liabilities at amortised cost:</i> |         |         |
| Trade Creditors                                 | 1,768   | 2,877   |
| <i>Loans and Receivables:</i>                   |         |         |
| Trade Debtors                                   | 1,650   | 1,207   |

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

No financial instruments have been re-classified during 2017/18.

Fair Value of Assets and Liabilities

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

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

Credit Risk

Credit risk is the possibility that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party.

**Note 12: Inventories**

Inventories comprised of the following:

| 2016/17    |   | 2017/18    |
|------------|---|------------|
| £'000      |   | £'000      |
| 46         | HQ Store (uniforms and other operational equipment) | 50         |
| 63         | Firearms Equipment                                  | 77         |
| <b>109</b> | <b>Balance at 31<sup>st</sup> March</b>             | <b>127</b> |

**Note 13: Debtors**

| 2016/17      |   | 2017/18      |
|--------------|---|--------------|
| £'000        |   | £'000        |
| 549          | Central government bodies               | 378          |
| 5,185        | Other local authorities                 | 7,697        |
| 722          | All other bodies                        | 516          |
| <b>6,457</b> | <b>Balance at 31<sup>st</sup> March</b> | <b>8,591</b> |

**Note 14: Payments in Advance**

These represent payments prior to 31<sup>st</sup> March 2018 for supplies and services relating to the period after 1 April 2017.

| 2016/17      |   | 2017/18      |
|--------------|---|--------------|
| £'000        |   | £'000        |
| 2,904        | All other bodies                        | 2,733        |
| <b>2,904</b> | <b>Balance at 31<sup>st</sup> March</b> | <b>2,733</b> |

**Note 15: Intra-group Debtor**

This represents the amount of financial support the Chief Constable requires from the Commissioner in order to settle working capital balances.

| 2016/17      |   | 2017/18      |
|--------------|---|--------------|
| £'000        |   | £'000        |
| 5,108        | Amount owing to Commissioner            | 9,491        |
| <b>5,108</b> | <b>Balance at 31<sup>st</sup> March</b> | <b>9,491</b> |

**Note 16: Receipts In Advance**

This relates to income received prior to 31 March 2018 funding activities that had not commenced at that date.

**Note 17: Creditors**

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

| 2016/17       |   | 2017/18       |
|---------------|---|---------------|
| £'000         |   | £'000         |
| 2,316         | Central government bodies               | 2,489         |
| 8,935         | Other local authorities                 | 14,051        |
| 2,408         | Other entities and individuals          | 3,078         |
| <b>13,659</b> | <b>Other Short Term Creditors</b>       | <b>19,618</b> |
| 3,605         | Short term accumulating absences        | 3,719         |
| <b>17,264</b> | <b>Balance at 31<sup>st</sup> March</b> | <b>23,337</b> |

**Note 18: Provisions**

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

|  | Insurance  | Transport Consortium Insurance | Staff Pay Award | Total        |
|--|------------|--------------------------------|-----------------|--------------|
|  | £'000      | £'000                          | £'000           | £'000        |
| <b>Balance as at 1<sup>st</sup> April</b>  | <b>595</b> | <b>324</b>                     | <b>0</b>        | <b>919</b>   |
| Amounts used in 2016/17                    | -595       | -324                           | 0               | -919         |
| Provision made in 2017/18                  | 617        | 375                            | 333             | 1,325        |
| <b>Balance as at 31<sup>st</sup> March</b> | <b>617</b> | <b>375</b>                     | <b>333</b>      | <b>1,325</b> |

Insurance

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

Transport Consortium Insurance

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

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

Police Staff Pay Award

The provision is made for the value of back dated staff pay for the 2017/18 period which is due once the final offer of a 1% pay award plus a 1% non-consolidated lump sum is agreed via ballot.

**Note 19: Unusable Reserves**

| 2016/17<br>£'000 |                                    | 2017/18<br>£'000 |
|------------------|------------------------------------|------------------|
| 84,491           | Pensions Reserve – LGPS            | 88,207           |
| 1,067,320        | Pensions Reserve – Police Pensions | 1,097,037        |
| 3,605            | Accumulated Absences Account       | 3,719            |
| <b>1,155,416</b> | <b>Total Unusable Reserves</b>     | <b>1,188,963</b> |

Accumulated Absences Account

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

| 2016/17<br>£'000 |   | 2017/18<br>£'000 |
|------------------|---|------------------|
| <b>3,529</b>     | <b>Balance at 1<sup>st</sup> April</b>                        | <b>3,605</b>     |
| -3,529           | Cancellation of accrual made at the end of the preceding year | -3,605           |
| 3,605            | Amounts accrued at the end of the current year                | 3,719            |
| <b>3,605</b>     | <b>Balance at 31<sup>st</sup> March</b>                       | <b>3,719</b>     |

### Pensions Reserves

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

| 2016/17<br>£'000 | Pension Reserve<br>Local Government Scheme   | 2017/18<br>£'000 |
|------------------|--|------------------|
| <b>56,513</b>    | <b>Balance at 1<sup>st</sup> April</b>   | <b>84,491</b>    |
| 24,331           | Re-measurements of the net defined benefit liability.  | -4,537           |
| 8,312            | 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 | 13,479           |
| -4,665           | Employer's pension contributions and direct payments to pensioners payable in the year   | -5,228           |
| <b>84,491</b>    | <b>Balance at 31<sup>st</sup> March</b>  | <b>88,205</b>    |

| 2016/17<br>£'000 | Pension Reserve<br>Police Pension Scheme   | 2017/18<br>£'000 |
|------------------|--|------------------|
| <b>863,090</b>   | <b>Balance at 1<sup>st</sup> April</b>   | <b>1,067,320</b> |
| 181,939          | Re-measurements of the net defined benefit liability   | 6,237            |
| 43,770           | 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 | 48,860           |
| -21,479          | Employer's pension contributions and direct payments to pensioners payable in the year   | -25,380          |
| <b>1,067,320</b> | <b>Balance at 31<sup>st</sup> March</b>  | <b>1,097,037</b> |

**Note 20: Cash Flow Statement – Operating Activities**

| 2016/17                      |                    |   | 2017/18                      |                    |
|------------------------------|--------------------|---|------------------------------|--------------------|
| The Chief Constable<br>£'000 | The Group<br>£'000 |   | The Chief Constable<br>£'000 | The Group<br>£'000 |
| 26,014                       | 26,702             | <b>Net surplus or deficit on the provision of services</b>                              | 31,846                       | 36,157             |
| 57                           | 57                 | Contributions (to) / from provisions  | -405                         | -405               |
| -                            | 6                  | Interest Cost /Unwinding of Discount  | 0                            | 0                  |
| -                            | 1,912              | Capital Grants  | 0                            | 1,667              |
| -                            | -4,042             | Depreciation & Impairment   | 0                            | -2,912             |
| -25,938                      | -25,942            | IAS 19 pension adjustments  | -31,731                      | -31,800            |
| 11                           | 11                 | Increase / (decrease) stock   | 18                           | 18                 |
| 0                            | 7                  | (Increase)/ decrease in receipts in advance   | 0                            | -892               |
| 604                          | 1,725              | Increase / (decrease) debtors   | 4379                         | 6,534              |
| 260                          | -                  | Increase / (decrease) debtors – Inter Company   | 4382                         | 0                  |
| -316                         | -316               | Increase/ (decrease) payments in advance  | -171                         | -171               |
| -617                         | -1,653             | (Increase)/ decrease in creditors   | -8,203                       | -8,817             |
| -76                          | -76                | (Increase)/ decrease in creditors – Accumulated Absences                                | -114                         | -114               |
| -26,014                      | -28,312            | <b>Adjust net surplus or deficit on the provision of services for non-cash movement</b> | -31,845                      | -36,892            |
| -                            | -385               | Remove profit / loss on sale of non-current assets                                      | -                            | -288               |
| 0                            | 1,995              | <b>Net cash flows from operating activities</b>   | 0                            | 1,023              |

**Note 21: Officers Remuneration**

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

| 2016/17 | Remuneration Band £ | 2017/18 |
|---------|---------------------|---------|
| 95      | 50,000 to 54,999    | 114     |
| 62      | 55,000 to 59,999    | 67      |
| 15      | 60,000 to 64,999    | 21      |
| 5       | 65,000 to 69,999    | 9       |
| 3       | 70,000 to 74,999    | 9       |
| 5       | 75,000 to 79,999    | 4       |
| 3       | 80,000 to 84,999    | 7       |
| 2       | 85,000 to 89,999    | 3       |
| 2       | 90,000 to 94,999    | 0       |
| 192     | <b>TOTALS</b>       | 234     |

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 2017/18**

During 2017/18 the Chief Constable agreed 12 exit packages of which 4 were identified as set up costs of new collaborated units and funded as such.

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

**Exit Packages 2016/17**

During 2016/17 the Chief Constable agreed 17 exit packages of which 8 were identified as set up costs of new collaborated units and funded as such.

| Cost band                         | Number of compulsory redundancies | Number of other departures agreed | Total number of exit packages in each band | Total cost of exit packages in each band |
|-----------------------------------|-----------------------------------|-----------------------------------|--|--|
| <b><u>The Chief Constable</u></b> |                                   |                                   |  |  |
| <£20,000                          | 8                                 | 0                                 | 8  | £94,900                                  |
| £20,000-£40,000                   | 5                                 | 0                                 | 5  | £145,900                                 |
| £40,000-£60,000                   | 1                                 | 0                                 | 1  | £43,100                                  |
| £60,000-£80,000                   | 1                                 | 0                                 | 1  | £75,600                                  |
| £80,000-£100,000                  | 1                                 | 0                                 | 1  | £82,100                                  |
| >£100,000                         | 1                                 | 0                                 | 1  | £115,500                                 |
| <b>Total</b>                      | <b>17</b>                         | <b>0</b>                          | <b>17</b>                                  | <b>£557,100</b>                          |

**Senior Officers and Relevant Police Officers Remuneration 2017/18**

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

**Notes**

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

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

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

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

### Senior Officers and Relevant Police Officers Remuneration 2016/17

|  | Salary, fees and allowances | Employers Pension Contribution | Reimbursement of Expenses | Compensation for Loss of Office | Total   |
|--|-----------------------------|--------------------------------|---------------------------|---------------------------------|---------|
|  | £                           | £                              | £                         | £                               | £       |
| The Chief Constable                              | 162,618                     | 0                              | 315                       | 0                               | 162,933 |
| Deputy Chief Constable – A (note 1)              | 88,124                      | 17,299                         | 578                       | 0                               | 106,001 |
| Deputy Chief Constable – B (note 2)              | 46,668                      | 9,300                          | 0                         | 0                               | 55,968  |
| Assistant Chief Constable – A (note 3)           | 70,000                      | 13,950                         | 328                       | 0                               | 84,278  |
| Assistant Chief Constable – B (note 4)           | 41,654                      | 7,410                          | 314                       | 0                               | 49,378  |
| Chief Constable's Chief Finance Officer (note 5) | 113,282                     | 18,042                         | 84                        | 0                               | 131,408 |

#### Notes

Note 1: Role undertaken until 18/12/16.

Note 2: Role undertaken from 14/11/16.

Note 3: Role undertaken until 13/11/16.

Note 4: Role undertaken from 14/11/16.

Note 5: The Chief Finance Officer role is currently a joint role, therefore the cost split between Chief Constable and the Police & Crime Commissioner is estimated.

### **Note 22: Agency & Contracted Services**

Agency and contracted services of £6.414M (£5.928M in 2016/17) include levies totalling £0.545M towards the cost of Forensic and DNA Testing (£0.522M in 2016/17).

### **Note 23: External Audit Fees**

External audits are provided by Ernst & Young LLP.

| 2016/17 |                              | 2017/18 |
|---------|------------------------------|---------|
| £'000   |                              | £'000   |
| 15      | Audit Fee Re Chief Constable | 15      |



**Note 24: Transport Consortium**

The PCC for Bedfordshire belongs to the Chiltern Transport Consortium operated by Thames Valley Police. Bedfordshire's contribution for 2017/18 was £2.419M (£2.432M in 2016/17). Costs are allocated to the forces in proportion to the size of the fleet, the fleet has increased in recent years, cost of which are largely met from Home Office Funding for vehicles allocated to the Counter Terrorism Intelligence Unit. The total costs of the consortium are shown below:

| <b>2016/17</b> |                | <b>2017/18</b> |
|----------------|----------------|----------------|
| <b>£'000</b>   |                | <b>£'000</b>   |
| 2,276          | Employee Costs | 2,583          |
| 326            | Premises       | 406            |
| 3,375          | Running Costs  | 3,620          |
| 2,836          | Insurance      | 3,436          |
| 5,946          | Vehicles       | 7,520          |
| -1,198         | Income         | -1,442         |
| <b>13,561</b>  |                | <b>16,123</b>  |

**Note 25: 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 £2.195M has been consolidated into the Chief Constable's Income and Expenditure statement. The government grant of £0.547M has been consolidated into the Income and Expenditure Statement for the PCC, and the PCC for Bedfordshire's share of the total assets purchased (£0.046M) are included on the PCC's balance sheet financed by a transfer from reserves.

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

| <b>2017/18</b>           | <b>Beds</b>  | <b>Cambs</b> | <b>Essex</b> | <b>Herts</b> | <b>Kent</b>  | <b>Norfolk</b> | <b>Suffolk</b> | <b>Total</b>  |
|--------------------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|
|                          | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| Home Office Grant        | -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           |
| <b>Surplus / Deficit</b> | <b>1,694</b> | <b>2,145</b> | <b>1,277</b> | <b>3,059</b> | <b>1,525</b> | <b>2,483</b>   | <b>1,887</b>   | <b>14,070</b> |

| <b>2016/17</b>           | <b>Beds</b>  | <b>Cambs</b> | <b>Essex</b> | <b>Herts</b> | <b>Kent</b>  | <b>Norfolk</b> | <b>Suffolk</b> | <b>Total</b>  |
|--------------------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|---------------|
|                          | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b> | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>  |
| Home Office Grant        | -310         | -396         | -613         | -556         | 0            | -455           | -345           | -2,675        |
| Running Costs            | 2,129        | 2,717        | 1,516        | 3,821        | 409          | 3,125          | 2,372          | 16,089        |
| Depreciation             | 55           | 44           | 28           | 82           | 0            | 63             | 54             | 326           |
| <b>Surplus / Deficit</b> | <b>1,874</b> | <b>2,365</b> | <b>931</b>   | <b>3,347</b> | <b>409</b>   | <b>2,733</b>   | <b>2,081</b>   | <b>13,740</b> |

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

| 2016/17    |                            | 2017/18    |
|------------|----------------------------|------------|
| £'000      |                            | £'000      |
| 93         | Vehicles                   | 84         |
| 29         | Plant & Equipment          | 38         |
| 107        | Land & Buildings           | 105        |
| <b>229</b> | <b>Net Assets</b>          | <b>227</b> |
| 229        | Capital Adjustment Account | 227        |
| <b>229</b> | <b>Equity</b>              | <b>227</b> |

**Note 26: Bedfordshire, Hertfordshire and Cambridgeshire Strategic Alliance**

| 2016/17       |                |               |               |  | 2017/18       |                |               |               |
|---------------|----------------|---------------|---------------|--|---------------|----------------|---------------|---------------|
| £'000         | £'000          | £'000         | £'000         |  | £'000         | £'000          | £'000         | £'000         |
| Bedfordshire  | Cambridgeshire | Hertfordshire | Total         | Joint Protective Services                          | Bedfordshire  | Cambridgeshire | Hertfordshire | Total         |
| 2,651         | 2,311          | 2,647         | 7,609         | Armed Policing Unit                                | 2,802         | 2,437          | 2,806         | 8,045         |
| -380          | -479           | -629          | -1,488        | Camera, Tickets, Collisions                        | -319          | -402           | -530          | -1,251        |
| 658           | 618            | 430           | 1,706         | Counter Terrorism & Domestic Extremism (Pre ERSOU) | 189           | 177            | 124           | 490           |
| 609           | 753            | 1,010         | 2,372         | Dogs   | 646           | 796            | 1,074         | 2,516         |
| 2,399         | 2,881          | 3,534         | 8,814         | Major Crime Unit                                   | 2,344         | 2,808          | 3,462         | 8,614         |
| 255           | 325            | 457           | 1,037         | Operational Planning & Public Order                | 247           | 314            | 445           | 1,006         |
| 215           | 274            | 385           | 874           | Protective Services Command Team                   | 320           | 407            | 576           | 1,303         |
| 90            | 115            | 162           | 367           | Resilience / Civil Contingencies Unit              | 87            | 110            | 156           | 353           |
| 3,067         | 4,411          | 5,882         | 13,360        | Roads Policing Unit                                | 2,932         | 4,207          | 5,637         | 12,776        |
| 1,923         | 2,336          | 3,157         | 7,416         | Scientific Services Unit                           | 1,999         | 2,423          | 3,292         | 7,714         |
| <b>11,487</b> | <b>13,545</b>  | <b>17,035</b> | <b>42,067</b> | <b>Total Joint Protective Services</b>             | <b>11,247</b> | <b>13,277</b>  | <b>17,042</b> | <b>41,566</b> |

| 2016/17      |                |               |              |  | 2017/18      |                |               |              |
|--------------|----------------|---------------|--------------|--|--------------|----------------|---------------|--------------|
| £'000        | £'000          | £'000         | £'000        |  | £'000        | £'000          | £'000         | £'000        |
| Bedfordshire | Cambridgeshire | Hertfordshire | Total        | Tri-force Operational Support                          | Bedfordshire | Cambridgeshire | Hertfordshire | Total        |
| 151          | 165            | 305           | 621          | Criminal Justice & Custody Mgmt Team                   | 224          | 285            | 404           | 913          |
| 181          | 231            | 325           | 737          | Criminal Justice Phase 1                               | 537          | 683            | 967           | 2,187        |
| 88           | 170            | 138           | 396          | Firearms & Explosives Licensing                        | 95           | 184            | 150           | 429          |
| 26           | 34             | 48            | 108          | Local Criminal Justice Board                           | 35           | 44             | 62            | 141          |
| 72           | 93             | 132           | 297          | Public Contact SLT                                     | 302          | 384            | 545           | 1,231        |
| <b>518</b>   | <b>693</b>     | <b>948</b>    | <b>2,159</b> | <b>Total Tri-force Operational Support Expenditure</b> | <b>1,193</b> | <b>1,580</b>   | <b>2,128</b>  | <b>4,901</b> |

| 2016/17       |                |               |               |  | 2017/18       |                |               |               |
|---------------|----------------|---------------|---------------|--|---------------|----------------|---------------|---------------|
| £'000         | £'000          | £'000         | £'000         |  | £'000         | £'000          | £'000         | £'000         |
| Bedfordshire  | Cambridgeshire | Hertfordshire | Total         | Tri-force Organisational Support                   | Bedfordshire  | Cambridgeshire | Hertfordshire | Total         |
| 925           | 1,180          | 1,660         | 3,765         | Collaboration Team                                 | 601           | 764            | 1,083         | 2,448         |
| 2,895         | 4,020          | 6,180         | 13,095        | HR/ L&D  | 3,434         | 4,631          | 6,915         | 14,980        |
| 4,233         | -              | 7,692         | 11,925        | ICT  | 3,545         | 4,996          | 6,398         | 14,939        |
| 9             | -              | 9             | 18            | Pensions Administration (Disbanded during 2016/17) | -             | -              | -             | 0             |
| 81            | 103            | 145           | 329           | Information Management Department                  | 545           | 803            | 1,089         | 2,437         |
| 908           | 935            | 1,357         | 3,200         | Professional Standards Department                  | 1,021         | 1,048          | 1,529         | 3,598         |
| 50            | 51             | 74            | 175           | Information Assurance (included in IMD in 2017/18) | -             | -              | -             | 0             |
| 210           | 269            | 378           | 857           | Procurement  | 183           | 233            | 330           | 746           |
| <b>9,311</b>  | <b>6,558</b>   | <b>17,495</b> | <b>33,364</b> | <b>Total Tri-force Organisational Support</b>      | <b>9,329</b>  | <b>12,475</b>  | <b>17,344</b> | <b>39,148</b> |
| <b>21,316</b> | <b>20,796</b>  | <b>35,478</b> | <b>77,590</b> | <b>Total Net Operating Costs</b>                   | <b>21,769</b> | <b>27,332</b>  | <b>36,514</b> | <b>85,615</b> |

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 27: Related Parties**

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

**Other Public Bodies Subject to Common Control**

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

Material transactions with other public bodies have been disclosed in other notes to the Accounts (see [Notes 24, 25 & 26](#)).

**Officers**

A review to determine related party transactions with the Chief Constable for Bedfordshire involved all senior members of staff. No material transactions were identified other than those disclosed elsewhere in the Statement of Accounts.

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

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 has paid the PCC for Bedfordshire £104K towards the total cost of staff provided to run the scheme. No payments have been made to the Partnership Trust during 2017/18.

**Note 28: Contingent Liabilities**

The Chief Constable of Bedfordshire, along with other Chief Constables and the Home Office, currently has 15 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in 2016/17 these claims were heard in the Employment Tribunal.

In 2017/18 the Judiciary and Firefighter claims were heard in the Appeal Tribunal. Subsequent to this the respondents are appealing against the Appeal Tribunal judgements. In the case of the Firefighters the claimants are also appealing against aspects of the judgement. The outcome of these further appeals may influence the outcome of the Police claims. The Tribunal has agreed to stay the Police hearing and the Home Office has requested that the stay is extended in light of the further appeals. In the event that the Police claims are successful it is unclear what the remedy would be applied, whether this would require further legislation and who it would impact.

Given that the Judiciary and Firefighter claims are subject to further appeal and the Police claims are yet to be heard, and the uncertainty regarding remedy and quantum at this point it is not possible to provide an estimate of the financial effect in the event that the claims are partially or fully successful. Therefore it has been assessed that the Chief Constable has no liability at the Balance sheet date.

The Chief Constable, along with other Chief Constables 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. As of April 2018 it is intended that these claims will be co-ordinated through one County Court and that test cases are litigated to established principles of remuneration, all other cases will be stayed pending the outcome of the test cases. Potential quantum and responsibility for any costs is yet to be established, and therefore at this stage it is not practicable to estimate the financial impact. For these reasons, no provision has been made in the 2017/18 Statement of Accounts.

**Note 29: Events After the Balance Sheet Date**

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 25 May 2018. Events after the balance sheet date have been considered for inclusion in the accounts up to the authorised for issue date. No adjusting events have taken place as no events have occurred before this date which provided information about conditions existing at 31 March 2018.

**Note 30: Defined Benefit Pension Schemes**

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

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

The Chief Constable for Bedfordshire participates in two pension schemes:

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

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

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

## Police Pension Fund Accounting Statement

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

|  | Local Government Pension Scheme |              | Police Pension Scheme |               |
|--|---------------------------------|--------------|-----------------------|---------------|
|  | 2016/17                         | 2017/18      | 2016/17               | 2017/18       |
|  | £'000                           | £'000        | £'000                 | £'000         |
| <b>Net Total Cost of Service</b>   |                                 |              |                       |               |
| Current Service Costs*   | 5,767                           | 11,124       | 13,280                | 19,970        |
| Past Service Costs/Gains   | 547                             | 83           | 0                     | 670           |
| Losses/Gains on Curtailments & Settlements   | 0                               | 0            | 0                     | 0             |
| <b>Surplus or Deficit on the Provision of Services</b>                                   |                                 |              |                       |               |
| Interest Costs   | 5,577                           | 5,598        | 30,490                | 28,220        |
| Interest Income on plan assets   | -3,579                          | -3,326       | 0                     | 0             |
| <b>Other Comprehensive Income &amp; Expenditure</b>                                      |                                 |              |                       |               |
| <u>Re-measurements:</u>  |                                 |              |                       |               |
| Actuarial gains and losses arising on changes in demographic assumptions                 | -1,241                          | -            | -20,610               | -37,430       |
| Actuarial gains / losses arising on changes in financial assumptions                     | 41,040                          | -5,194       | 207,470               | 34,580        |
| Other experience gains and losses  | 2,733                           | 10           | -4,921                | 9,087         |
| Return on plan assets (excl amount in net interest expense)*                             | -18,201                         | 660          | 0                     | 0             |
| <b>Total Charge to the Comprehensive Income and Expenditure Statement</b>                | <b>32,643</b>                   | <b>8,955</b> | <b>225,709</b>        | <b>55,097</b> |
| <b>Movement in Reserves Statement</b>  |                                 |              |                       |               |
| Reversal of net charges made for retirement benefits in accordance with IAS19*           | -8,312                          | -13,625      | -43,770               | -48,860       |
| <b>Actual Amounts charged against the General Fund Balance for pensions in the year:</b> |                                 |              |                       |               |
| Employers Contributions payable to the pension fund                                      | 5,105                           | 5,241        | 20,035                | 23,951        |
| Injury Award Benefits  | 0                               | 0            | 1,444                 | 1,429         |

\*Current service cost includes an allowance for administration expenses of 0.5% of payroll

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:

|  | <b>Funded Liabilities: Local Government Pension Scheme</b> |                | <b>Unfunded Liabilities: Police Pension Scheme</b> |                  |
|--|--|----------------|--|------------------|
|  | <b>2016/17</b>   | <b>2017/18</b> | <b>2016/17</b>                                     | <b>2017/18</b>   |
|  | <b>£'000</b>   | <b>£'000</b>   | <b>£'000</b>                                       | <b>£'000</b>     |
| Present value of the defined benefit obligation                  | 209,988  | 220,344        | 1,067,320  | 1,097,037        |
| Fair value of plan assets  | -125,497   | -132,139       |  |                  |
| <b>Sub-total</b>   | <b>84,491</b>  | <b>89,909</b>  | <b>1,067,320</b>                                   | <b>1,097,037</b> |
| Other movements in the liability (asset) (if applicable)         |  |                |  |                  |
| <b>Net liability arising from the defined benefit obligation</b> | <b>84,491</b>  | <b>88,205</b>  | <b>1,067,320</b>                                   | <b>1,097,037</b> |

Reconciliation of the movements in the fair value of scheme assets

|   | <b>Local Government Pension Scheme</b> |                |
|---|--|----------------|
|   | <b>2016/17</b>                         | <b>2017/18</b> |
|   | <b>£'000</b>                           | <b>£'000</b>   |
| <b>1st April</b>  | <b>100,371</b>                         | <b>125,497</b> |
| Expected rate of return / Interest income                                   | 3,579                                  | 3,326          |
| Re-measurement gains and losses:  |  |                |
| Return on plan assets, excl the amount included in the net interest expense | 18,201                                 | -660           |
| Other   | 0                                      | 0              |
| Employer contributions  | 4,665                                  | 5,228          |
| Contributions by scheme participants  | 1,672                                  | 1,881          |
| Benefits paid   | -2,991                                 | -3,133         |
| <b>31st March</b>   | <b>125,497</b>                         | <b>132,139</b> |

The expected return on scheme assets is based on the long-term future expected investment return for each asset class as at the beginning of the period. The total returns on scheme assets for the period 1 April 2017 to 31 March 2018 was 2.1% and the difference between these two is shown as a re-measurement gain or loss.



## Police Pension Fund Accounting Statement

### Reconciliation of present value of the scheme liabilities

|  | Funded Liabilities: Local Government Pension Scheme |                | Unfunded Liabilities: Police Pension Scheme |                  |
|--|---|----------------|---|------------------|
|  | 2016/17   | 2017/18        | 2016/17                                     | 2017/18          |
|  | £'000   | £'000          | £'000                                       | £'000            |
| <b>1st April</b>   | <b>156,884</b>                                      | <b>209,988</b> | <b>863,090</b>                              | <b>1,067,320</b> |
| Current service cost   | 5,767   | 11,124         | 13,280                                      | 19,970           |
| Interest cost  | 5,577   | 5,598          | 30,490                                      | 28,220           |
| Contributions by scheme participants                                       | 1,672   | 1,881          | 5,215                                       | 5,174            |
| Re-measurement (gains) and losses:   |   |                |   |                  |
| ▪ Actuarial gains / losses arising from changes in demographic assumptions | -1,241  | -              | -20,610                                     | -37,430          |
| ▪ Actuarial gains / losses arising from changes in financial assumptions   | 41,040  | -5,197         | 207,470                                     | 34,580           |
| Other experience gains / losses  | 2,733   | -              | -4,921                                      | 9,087            |
| Benefits paid  | -2,991  | -3,133         | -26,694                                     | -30,554          |
| Past service cost (including curtailments)                                 | 547   | 83             | 0   | 670              |
| Losses / (gains) on settlements  | 0   | 0              | 0   | 0                |
| <b>31st March</b>  | <b>209,988</b>                                      | <b>220,344</b> | <b>1,067,320</b>                            | <b>1,097,037</b> |

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

|                                  | Funded Liabilities: Local Government Pension Scheme |                | Unfunded Liabilities: Police Pension Scheme |                   |
|----------------------------------|---|----------------|---|-------------------|
|                                  | 2016/17   | 2017/18        | 2016/17                                     | 2017/18           |
|                                  | £'000   | £'000          | £'000                                       | £'000             |
| <b>Opening Surplus (deficit)</b> | <b>-56,513</b>                                      | <b>-84,491</b> | <b>-863,090</b>                             | <b>-1,067,320</b> |
| Current Service Cost             | -5,767  | -11,124        | -13,280                                     | -19,970           |
| Contributions by employer        | 4,665   | 5,228          | 21,479                                      | 25,380            |
| Past Service Costs               | -547  | -83            | 0   | -670              |
| Interest Cost                    | -5,577  | -5,598         | -30,490                                     | -28,220           |
| Expected Return on Assets        | 3,579   | 3,326          | 0   | 0                 |
| Curtailment losses and gains     | 0   | 0              | 0   | 0                 |
| Re-measurement Gains / (losses)  | -24,331   | 4,537          | -181,939                                    | -6,237            |
| <b>31st March</b>                | <b>-84,491</b>                                      | <b>-88,205</b> | <b>-1,067,320</b>                           | <b>-1,097,037</b> |

Local Government Pension Scheme assets comprised:

| Period Ended 31 March 2018               |   |   |                 |                            |
|--|---|---|-----------------|----------------------------|
| Asset category                           | Quoted prices in active markets<br>£(000) | Quoted prices not in active markets<br>£(000) | Total<br>£(000) | Percentage of Total Assets |
| <b>Equity Securities:</b>                |   |   |                 |                            |
| Consumer                                 | -   | -   | -               | 0%                         |
| Manufacturing                            | -   | -   | -               | 0%                         |
| Energy and Utilities                     | -   | -   | -               | 0%                         |
| Financial Institutions                   | -   | -   | -               | 0%                         |
| Health and Care                          | -   | -   | -               | 0%                         |
| Information Technology                   | -   | -   | -               | 0%                         |
| Other                                    | -   | -   | -               | 0%                         |
| <b>Debt Securities:</b>                  |   |   |                 |                            |
| Corporate Bonds (investment grade)       | -   | -   | -               | 0%                         |
| Corporate Bonds (non-investment grade)   | -   | -   | -               | 0%                         |
| UK Government                            | -   | 10,592.5                                      | 10,592.5        | 8%                         |
| Other                                    | -   | -   | -               | 0%                         |
| <b>Private Equity:</b>                   |   |   |                 |                            |
| All                                      | -   | 366.8   | 366.8           | 0%                         |
| <b>Real Estate:</b>                      |   |   |                 |                            |
| UK Property                              | -   | 11,950.5                                      | 11,950.5        | 9%                         |
| Overseas Property                        | -   | -   | -               | 0%                         |
| <b>Investment Funds and Unit Trusts:</b> |   |   |                 |                            |
| Equities                                 | 4,207.7                                   | 63,906.9                                      | 68,114.6        | 51%                        |
| Bonds                                    | 10,512.1                                  | -   | 10,512.1        | 8%                         |
| Hedge Funds                              | -   | -   | -               | 0%                         |
| Commodities                              | -   | -   | -               | 0%                         |
| Infrastructure                           | -   | -   | -               | 0%                         |
| Other                                    | 25,426.1                                  | -   | 25,426.1        | 19%                        |
| <b>Derivatives:</b>                      |   |   |                 |                            |
| Inflation                                | -   | -   | -               | 0%                         |
| Interest Rate                            | -   | -   | -               | 0%                         |
| Foreign Exchange                         | -   | -   | -               | 0%                         |
| Other                                    | -   | -   | -               | 0%                         |
| <b>Cash and Cash Equivalents:</b>        |   |   |                 |                            |
| All                                      | 5,713.4                                   | -   | 5,713.4         | 4%                         |
| <b>Totals</b>                            | <b>45,859</b>                             | <b>86,817</b>                                 | <b>132,676</b>  | <b>100%</b>                |

\*The total asset value shown here varies to the plan asset value due to timing differences in data compilation.

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

The significant assumptions used by the actuaries are:

|  | Local Government Pension Scheme |         | Police Pension Scheme |         |
|--|---------------------------------|---------|-----------------------|---------|
|  | 2016/17                         | 2017/18 | 2016/17               | 2017/18 |
|  | %                               | %       | %                     | %       |
| <b>Long-term expected rate of return on assets in the scheme:</b>                            |                                 |         |                       |         |
| <b>Mortality Assumptions:</b>  |                                 |         |                       |         |
| Longevity at 65 for current pensioners   |                                 |         |                       |         |
| - Men  | 22.4                            | 22.4    | 23.2                  | 22.6    |
| - Women  | 24.5                            | 24.5    | 25.2                  | 24.2    |
| Longevity at 65 for future pensioners  |                                 |         |                       |         |
| - Men  | 24.0                            | 24.0    | 25.2                  | 24.5    |
| - Women  | 26.2                            | 26.2    | 27.3                  | 26.1    |
| Rate of inflation - CPI  | 2.35                            | 2.30    | 2.35                  | 2.30    |
| Rate of increase in salaries   | 2.7                             | 2.7     | 1.0                   | 4.30    |
| Rate of CARE revaluation   |                                 |         | 3.60                  | 3.55    |
| Rate of increase in pensions   | 2.4                             | 2.4     | 2.35                  | 2.30    |
| Expected return on Assets  |                                 |         | -                     | -       |
| Rate for discounting scheme Liabilities  | 2.6                             | 2.7     | 2.65                  | 2.55    |
| 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.

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

|   | Local Government Pension Scheme        |             | Police Pension Scheme                  |         |
|---|--|-------------|--|---------|
|   | Approx. Increase to Employer Liability |             | Approx. Increase to Employer Liability |         |
|   | %                                      | £'000       | %                                      | £'000   |
| <b>Change in assumptions at 31 March 2018</b> |  |             |  |         |
| 0.5% decrease in Real Discount Rate           | 13%                                    | 27,807      | 10.0%                                  | 110,000 |
| 1 year increase in member life expectancy     | 3-5%                                   | unavailable | 2.5%                                   | 27,000  |
| 0.5% increase in the Salary Increase Rate     | 2%                                     | 4,806       | 1.5%                                   | 14,000  |
| 0.5% increase in the Pension Increase Rate    | 10%                                    | 22,601      | 8.0%                                   | 89,000  |

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.

#### Impact on Cash Flows

The liabilities show the underlying commitments that the Chief Constable for Bedfordshire has in the long-term to pay retirement benefits. The liability of £1,185M 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 £1,138M. 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.

The total contributions expected to be made to the Local Government Pension Scheme by the Chief Constable for Bedfordshire in the year to 31 March 2019 is £5.086M. Expected contributions to the Police Pension Scheme in the year to 31 March 2019 are £9.228M.

#### **Note 31: Police Pension Fund Account**

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

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

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

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

**Police Pension Fund Accounting Statement**

| 2016/17 |                |   | 2017/18 |                |
|---------|----------------|---|---------|----------------|
| £'000   | £'000          |   | £'000   | £'000          |
|         |                | <b>Contributions receivable</b>   |         |                |
|         |                | - From Employer   |         |                |
| -8,918  |                | Normal  | -9141   |                |
| -326    |                | Early Retirements for Ill-Health  | 0       |                |
| -4,999  |                | - From members of the Pension Scheme  | -5066   |                |
|         | -14,243        |   |         | -14,207        |
|         |                | <b>Transfers in</b>   |         |                |
|         | -216           | - Individual Transfers in from Other Schemes  |         | -108           |
|         |                | <b>Benefits Payable</b>   |         |                |
| 21,351  |                | - Pensions  | 22,065  |                |
| 3,878   |                | - Commutations and Lump Sums (Including amounts payable following Milne vs. GAD legal case) | 6,885   |                |
|         | 25,229         |   |         | 28,950         |
|         |                | <b>Payments to and on Account of Leavers</b>  |         |                |
|         | 6              | - Individual Transfers out to Other Schemes   |         | 129            |
|         | 15             | -Pension Refunds  |         | 46             |
|         | <b>10,791</b>  | <b>Sub-Total: Net amount receivable for the year before top-up grant</b>                    |         | <b>14,810</b>  |
|         | <b>-10,791</b> | <b>Top-Up Grant Receivable from Police Fund</b>   |         | <b>-14,810</b> |
|         | <b>0</b>       | <b>(Surplus) / Deficit for the year</b>   |         | <b>0</b>       |

## **External Advisors**

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

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

(i) **Financial Administration**

Financial services provided to the PCC for Bedfordshire during 2016/17 include the following:

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

(ii) **Banking**

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

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## Glossary of Terms

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Opinion**

We have audited the financial statements of the Chief Constable of Bedfordshire for the year ended 31 March 2018 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Bedfordshire Comprehensive Income and Expenditure Statement;
- Chief Constable of Bedfordshire Movement in Reserves Statement;
- Chief Constable of Bedfordshire Balance Sheet;
- Chief Constable of Bedfordshire Cash Flow Statement and the related notes 1 to 30, including the Expenditure and Funding Analysis on page 26; and
- Chief Constable of Bedfordshire Pension Fund Account at Note 31

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 2017/18.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Bedfordshire as at 31 March 2018 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Chief Constable for Bedfordshire in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, 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 Authority'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**



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The other information comprises the information included in the Narrative Report set out on pages 3 to 16, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this 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 the other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinion on other matters prescribed by the Local Audit and Accountability Act 2014**

#### ***Arrangements to secure economy, efficiency and effectiveness in the use of resources***

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Chief Constable for Bedfordshire put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

#### **Matters on which we report by exception**

We report if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- 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.

We have nothing to report in these respects

#### **Responsibilities of the Chief Finance Officer**

As explained more fully in the Statement of Responsibilities set out on page 17, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, and for being satisfied that they give a true and fair view.

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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 on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

### ***Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources***

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in November 2017, as to whether the Chief Constable had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2018.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Chief Constable had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Bedfordshire 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 (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

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## **Certificate**

We certify that we have completed the audit of the accounts of the Chief Constable of 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 Chief Constable of Bedfordshire, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Bedfordshire, for our audit work, for this report, or for the opinions we have formed.

*Neil Harris (Key Audit Partner)*  
*Ernst & Young LLP (Local Auditor)*  
*Luton*  
*31 July 2018*

## **Footnote:**

The maintenance and integrity of the Chief Constable of Bedfordshire's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

*A signed copy of the audit report will be held by the Chief Finance Officer.*

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