



**The Police & Crime  
Commissioner for  
Bedfordshire and the Police &  
Crime Commissioner for  
Bedfordshire Group  
STATEMENT OF ACCOUNTS**

**2017/2018**

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## **Narrative Report**

### **Management Overview**

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

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

#### The Policing Environment

At 477 square miles and with 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 Police and Crime Commissioner has responsibility for the totality of policing within Bedfordshire, allocating the policing budget to the Chief Constable on behalf of the taxpayer. A statutory requirement of this role is to publish a Police & Crime Plan which sets out the priorities for Bedfordshire Police and community safety in the county. The Commissioner holds the Chief Constable to account for the efficient and effective delivery of the Plan to ensure local people receive a policing service they are satisfied with and have trust and confidence in.

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

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

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

- If financial resources are insufficient to meet the policing needs of Bedfordshire, then the PCC may fail to deliver her commitment to build confident communities and prevent crime.
- If efficiency savings are not driven forward relentlessly (including through collaboration), then the PCC may fail to deliver an efficient and effective force and may not deliver her Police and Crime Plan.
- If the PCC fails to hold the Chief Constable to account then the PCC will fail to deliver on the objectives of the Police and Crime Plan.

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

## **Financial Performance**

The 2017/18 Revenue Budget was set at £102.203M. Actual expenditure for the year was £105.069M. This meant that £2.959M had to be transferred from the general fund reserves and a regional unit underspend of £0.093M had to be placed into an earmarked reserve. This together with the capital expenditure funded from within general fund reserves gives the net transfer from reserves of £3.613M as shown in the Expenditure & Funding Analysis.

**Revenue Expenditure was as follows:**

	<b><u>£'M</u></b>
Expenditure	£105.069
<b>Net Expenditure</b>	<b><u>£105.069</u></b>

**Met from Budgeted Grants:**

	<b><u>£'M</u></b>
Home Office Grant	39.772
11/12 Council Tax Freeze Grant	0.751
Council Tax Benefit Subsidy Grant	3.886
Formula Funding	23.001
Council Tax	34.793
	<b><u>102.203</u></b>

**Net (Surplus) or Deficit for the year** **-2.866**

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

	<b><u>£'M</u></b>
Office of the PCC	-0.075
PCC Community Safety Fund & Victims Support	-0.138
Collaborated Units	-0.301
Policing	1.130
Corporate / Support Services	0.803
Additional Transfer from Reserves (Unbudgeted)	1.540
Regional Organised Crime Unit	-0.093
	<b><u>2.866</u></b>

**Transfers to/from other useable reserves comprised:**

	<b><u>£'M</u></b>
Transfer from Earmarked Reserves	2.864
Transfer from Devolved Budget Reserves	0.095
Transfer to fund future regional commitments	-0.093
Capital Expenditure funded from reserves	0.747
<b>Net transfer from General Fund Reserves</b>	<b><u>3.613</u></b>

Capital Expenditure

Capital expenditure made by the PCC for Bedfordshire Group amounted to £5.601M, this includes capital expenditure made on behalf of regional units for which Home Office Grants are provided. The original programme of £6.934M less capital expenditure of £4.106M as per below table will be carried forward into future year's capital programmes due to the re-prioritisation of resources.

**The financing of Capital Expenditure was as follows:**

	<b>£'M</b>
Capital Grants	0.800
Capital Receipts	0.024
Revenue Contributions in Year and from Reserve	0.782
Internal Borrowing	2.500
<b>Total (as per approved capital programme)</b>	<b>4.106</b>
Home Office CT Grant	1.495
Total Including Regional Commitments	5.601

Use of Reserves

The reduction in reserves identified above for funding capital and revenue expenditure results in a usable reserves balance of £9.544M.

Treasury Management

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

No borrowing has been undertaken during 2017/18 as the PCC for Bedfordshire was able to, and felt it most prudent, to finance all capital expenditure from existing funds. This meant moving from a marginally over borrowed position to an under borrowed position of £2.5M.

This will reduce the balance of cash available for investment which will be further affected by the uncertain timing of payments and receipts in relation to regional and collaboration commitments.

Key Strengths and Resources

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

Investment continues to be made into Project Athena which is a single, integrated ICT solution supporting national policing processes in investigation management, intelligence, custody, case management, missing persons and property. Athena was implemented across BCH in May 2018. The PCC is also investing in the implementation of a single (integrated) set of collaborative solutions to support efficiencies across finance, HR and corporate functions. Delivery is expected late 2018.

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

## **Non-Financial Performance**

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

1. A return of more visible Community Policing across the County.
  - In December 2017 a new Enquiries office opened on Lime Street, Bedford, serving as an accessible location at which members of the public can report crime and their concerns to police. It is also a base for Bedford's community team –as well as a base for officers policing the Night-time Economy in the heart of the town.
  - The full number of officers were deployed to the seven newly created community policing hubs, consisting of new Police Constables, Specialist Community Sergeants and Inspectors and a supporting team of PCSO's in advance of the promised April 2018 deadline. In addition an eighth community hub of officers has been created at Luton Airport under a different model, as well as the Luton Community Fire Station and an office in the main Luton Mall being used as a base for the area's community team.
2. To re-build public confidence in Bedfordshire Police.
  - The PCC along with the Chief Constable makes personal visits and appears across all local and regional media outlets to explain police action in our county, for example to interpret the reports of the police watchdog, HMICFRS. The PCC has continued to address councils and residential meetings arranged in individual wards throughout the year, including at Central Bedfordshire Council, Shefford, Biggleswade and Sandy and at a series of ward meetings arranged in local community areas by Luton Council, such as at Hockwell Ring and Farley Community Centre.
  - The PCC has continued to provide financial backing to a larger project running more Junior Police Squads than ever before. Pupils have been provided with uniforms and after-school activities, building confidence in Police Officers and helping them gain problem solving and team working skills. This has been taken to nine schools across the county, where Bedfordshire's Crime Prevention Team worked over the year with 11 year olds in schools where over 40 languages are typically spoken, delivering a series of sessions based on policing matters and encouraging team work and self-discipline.
  - The PCC has been proud to continue to support documentary makers, Garden productions, in their filming of Bedfordshire Police in action on an access all areas basis, while making the Channel 4 series 24 Hours in police Custody. The PCC as well as the Chief Constable spoke in the course of an investigation into an attempted blackmail which unexpected revealed the individual was a rogue officer within the force. The public response was overwhelmingly supportive, the unrestricted television coverage of wrongdoing by an officer, as well as the reaction of his colleagues and chief, built confidence in the force in an unprecedented fashion.
  - The PCC has considered applications for funding from the Commissioners Grant Fund by evaluating bids on the basis that each must prove ways in which it will both reduce demand and increase confidence in the force to

build the strongest possible relationships with our many communities moving forward.

3. To ensure that the police are available when we need them most.
  - Another 100 Police Constables have been recruited in the PCC's second year in office, in addition to the 96 recruited in her first year. This represents an increase of almost 10% to bring the officer numbers to 1124.
  - The PCC has been working with partners to help reduce demands on police officers. For example the Fire Service continue to effect entry to homes for paramedics where patients cannot make it to the door, and remain in the property until it is secure, which used to be a police responsibility. The fire service are also patrolling areas in burglary hotspots as well as arson hotspots.
  - The Special Constabulary also lifts the frontline, these are unpaid officers with training and police powers. In the past year Bedfordshire Specials have volunteered 60,875 hours of service to support their policing colleagues in the county.
4. Putting victims at the centre of the way we police and prosecute.
  - The central achievement of the Office of the PCC during the past year in terms of this key priority has been the creation of the Signpost service to support those affected by crime in Bedfordshire, whether or not they are the victim.
  - Initially the Signpost website was created. It explains crime types and the support service that are available for those who have experienced them. The site also provides advice on how to report a crime and the next steps. A map of support services is available to make each service as accessible as possible.
  - On 1<sup>st</sup> April 2018 a call centre manned by a hub of specialist Signpost staff opened to put victims and their needs at the heart of everything Bedfordshire Police does. This offers free and confidential support to anyone effected by crime whether or not it has been reported to police. When someone calls to report a crime they are offered this additional support by the Signpost hub, specialist Victim care Co-ordinators contact the individual and can support them through the court process as a witness.
  - The Signpost hub also acts as a pathway to the benefits of restorative justice and victim care co-ordinators are trained to offer emotional support too to help those affected by crime.
5. A fair deal on policing wherever you live – in the town or in the country.
  - Bedfordshire Police agreed to engage the Wildlife officer to build a business case for a Rural Crime Unit which in the past year, has grown to become the largest of any of the seven police forces in the Eastern region. It was named Op Sentinel Rural and was formed to deliver on the promise to create a fairer deal on policing for those who live in the countryside.



- The second Parish Council's conference took place during the year, all of the county's parishes were invited to send a representative and it was attended by more than 40 councillors.
  - The combined success of police activity meant that by September 2017 the NFU was able to report that the cost of rural crime had decreased by some £200,000 on the previous year's total.
6. Protecting the police to protect the public with a proper duty of care.
- The PCC has held a series of meetings with the Regional Crown Prosecutor, assisted by the Police Federation, to provide assistance and seek advice to build the strongest possible case for the prosecution in cases where Bedfordshire's police officers have been assaulted.
  - The PCC has launched 'Maggies Law' which is a commitment that any officer who is assaulted on duty will receive contact from a chief officer to check on their welfare and offer further support where appropriate. This works hand in hand with a seven point plan which commits the force to treating officers who have been assaulted as victims according to the Victim's Code.
  - The PCC also met with the county's leading judge and discussed the topic, she was given assurance that any proven case of assault on a police officer coming before his court would result in a separate, clearly additional sentence.
7. Genuinely being a Commissioner for all communities.
- The outstanding event in this respect is the Bedfordshire Police Community Cohesion Team's Thankyou Awards and dinner which took place on 16<sup>th</sup> February 2018. This event was attended by more than 400 members of communities drawn from across age and faith groups, neighbourhoods and both the rural and urban areas of Bedfordshire, together with police, partners and the PCC's office. The event was led by the PCC and the Chief Constable who addressed the audience and presented awards.
  - The Community Cohesion Team recently won an international award at the Global Equality and Diversity Awards, having been nominated by the PCC, beating competition from major corporate organisations.
  - The PCC has been invited to and delivered keynote addresses at various public events across Bedfordshire and is proud to contribute to these events.
  - In 2017/18 the PCC has also continued to support Bedfordshire Police to build on the success of the previous year in achieving diversity in recruitment so that the workforce more closely resembles the public it serves in the county. Between April and November 17, 66 of the 100 new Police Constables had been recruited, 33% were non-white British; 29% were from a black and minority background and others were from Eastern European communities.
8. Working with partners to break the cycle of serial offending and to prevent crime wherever possible.

- The PCC attended Community Safety Partnerships across the county, with Bedfordshire Police and alongside representatives from the three unitary authorities, the NHS and Fire service to promote and engage in the practice of joint working and to break the cycle of crime and improve community as a result.
- A key area of focus in this respect this year has been to increase awareness of serious youth violence, often as part of gangs, against the backdrop of an unprecedented rise in knife crime, both locally and nationally. The PCC commissioned a review by a specialist Home Office Service – the Ending Gang Violence and Exploitation Team – to draw together process reviews combining known information concerning gangs and gang members from police, local authority, youth offending and charitable organisations working with young people in Bedfordshire. This was used to develop a strategy for the county as a whole and each local authority received their review with recommendations.
- The PCC has supported two charitable organisations in their bids for Home Office funds to fight issues affecting young people, both bids were successful.
- The PCC commissioned a media agency to work with 20 local schools as part of a competition to create a radio advert to dissuade young people from carrying a knife. Around 200 young people took part in these workshops and the finalists attended an awards ceremony with the Chief Constable and PCC.

#### Corporate Reporting Structure

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

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

Operational performance statistics for the year are shown in the Chief Constable's narrative report.

#### **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 for 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.

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

The Commissioner has built a level of general and earmarked reserves to fund any exceptional costs, one-off costs associated with change programmes or capital investment and to smooth any medium term budgetary pressures. The use of reserves in 2018/19 will be limited to that required to implement the large change programmes associated with collaboration and support of the Force's Continuous Improvement Team. Some funds will be provided to support temporary posts as required.

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

<i>Bids and Grants</i>	The Bedfordshire PCC can, individually or alongside regional PCCs, bid for funds to enable Police and Crime Plan outcomes, and objectives in the Chief Constable's Long-Term and Annual Delivery plans. Grants come mainly from government sources, for example the Police Transformation Fund. Such funds are becoming scarcer and more prescriptive in their outcome requirements. Grant income from 2018/19 onwards is likely to be significantly smaller than the annual average of around £0.5m received prior to March 2018.
<i>Sponsorship and donations</i>	As at March 2018 sponsorship amounts to £20,000 per annum, to fund <i>Community Cohesion Awards</i> , which recognise community contributors enabling policing and community outcomes. Donations normally amount to small amounts of up to £5,000 per annum.
<i>Trading</i>	In favourable circumstances income can be generated by offering spare places on training courses, at a suitable charge, to members of other police forces or suitable organisations. No income is currently expected from such trading activities.
<i>Special Police Services</i>	<p>The provision of Special Police Services (SPS) at the request of any person under Section 25 of the Police Act 1996 (as amended) makes such services subject to payment of charges as determined by the PCC. SPS generally relate to policing a one off event (for example a pop concert) or a series of events (for example football matches).</p> <p>The outcome from <i>Ipswich Town Football Club Company Limited and The English Football League v The Chief Constable of Suffolk Constabulary [2017] EWCA 1484 judgment</i>, reduced the ability of police force to supply SPS on public land, thus reducing income from SPS. Accompanied by a natural movement by customers away from engaging SPS from police forces, this will tend drive towards zero income over the long term.</p>
<i>Infrastructure development expenditure</i>	<p>The PCC has secured an agreement to receive revenue from the Central Bedfordshire District Council Supplementary Planning Document linked to progression of new housing developments. As at March 2018 this generates around £50,000 per annum, available for claiming against Bedfordshire Police infrastructure expenditure.</p> <p>The housing and infrastructure development agreements in Luton Borough and Bedford Borough have been established without PCC involvement, and thus there is no provision for claims against police infrastructure expenditure.</p>

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

This set of accounts sets out the income and expenditure and the financial position of the PCC for Bedfordshire Group and the PCC for Bedfordshire for the year ending 31 March 2018.

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

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

During 2014/15 Bedfordshire became the lead force for the Counter Terrorism Policing Unit (CTP), covering Bedfordshire, Hertfordshire, Cambridgeshire, Essex, Norfolk and Suffolk. Police Officers and Staff working in the unit are shown in the PCC's group accounts, in 2017/18 the costs of running the unit were £16.638M (including £1.068M capital costs) which are fully grant funded by a government grant payable to the PCC. Assets utilised by the unit are shown on the balance sheet for the PCC for Bedfordshire. The critical judgements applied to this accounting treatment are detailed in Note 22.

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

The Accounts of the Police & Crime Commissioner (PCC) for 2017/18 will be the basis for the Audit Opinion. They consist of:

- (i) **Statement of Responsibilities** – this includes the financial responsibilities of the Police & Crime Commissioner and the Chief Finance Officer to the PCC.
- (ii) **Annual Governance Statement** – this statement is a statutory document which sets out how the PCC has ensured that it has proper arrangements for governance of its affairs allowing it to effectively exercise its functions including the arrangements for the management of risk, during the financial year.
- (iii) **Statement of Accounting Policies** – the policies adopted in compiling the Accounts.
- (iv) **Audit Opinion** – the statutory opinion for the Statement of Accounts.
- (v) **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.
- (vi) **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with

accounting standards, rather than the amount to be funded from taxation. Police & Crime Commissioners raise taxation to cover expenditure in accordance with regulations which will be very different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

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

### Pension Reserves

The balance sheet includes a liability of £1,185M which is the commitment that the PCC for Bedfordshire Group has in the long-term, to pay retirement benefits. This liability has a substantial impact on the net worth of the PCC for Bedfordshire Group as recorded in the balance sheet, resulting in a negative overall balance of £1,138M. However, statutory arrangements for funding the deficit mean that the year-end financial position of the PCC for Bedfordshire remains sound as the deficit of the Local Government Pension Scheme (LGPS) will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the PCC for Bedfordshire must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the PCC for Bedfordshire who in turn must then repay the amount to central government.

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

### Changes compared to 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 £16M in cost of services. The net expenditure before accounting adjustments has increased by £5.7M to £105.1M in 2017/18, with the exception of £0.5M 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 £4.557M in the Local Government Scheme, again determined by changing assumptions.

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

### **Further information**

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

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

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



## **Statement of Responsibilities**

### **The Police and Crime Commissioner Chief Finance Officer's Responsibilities**

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

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

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

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police & Crime Commissioner for Bedfordshire Group as at the 31 March 2018 and its income and expenditure for the year then ended.



**Philip Wells**

**Chief Finance Officer to the Police & Crime Commissioner for Bedfordshire**

**31 July 2018**

### **The Police & Crime Commissioner's Responsibilities**

The Police & Crime Commissioner is required:

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

I approve the Statement of Accounts



**Kathryn Holloway**

**Police & Crime Commissioner for Bedfordshire**

**31 July 2018**

## **Annual Governance Statement**

### **1. INTRODUCTION**

This annual governance statement explains how the Police and Crime Commissioner (PCC) has complied with their published corporate governance framework for the year ended 31 March 2018. The PCC has based her governance framework on the CIPFA/SOLACE Framework "*Delivering Good Governance in Local Government*" which sets out six core principles on which effective governance should be built.

### **2. SCOPE OF RESPONSIBILITIES**

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

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

### **3. THE PURPOSE OF THE GOVERNANCE FRAMEWORK**

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

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

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

being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

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

#### **4. THE GOVERNANCE FRAMEWORK**

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

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

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

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

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

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

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

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

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

## **B. Ensuring openness and comprehensive stakeholder engagement**

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

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

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

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

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

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

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

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

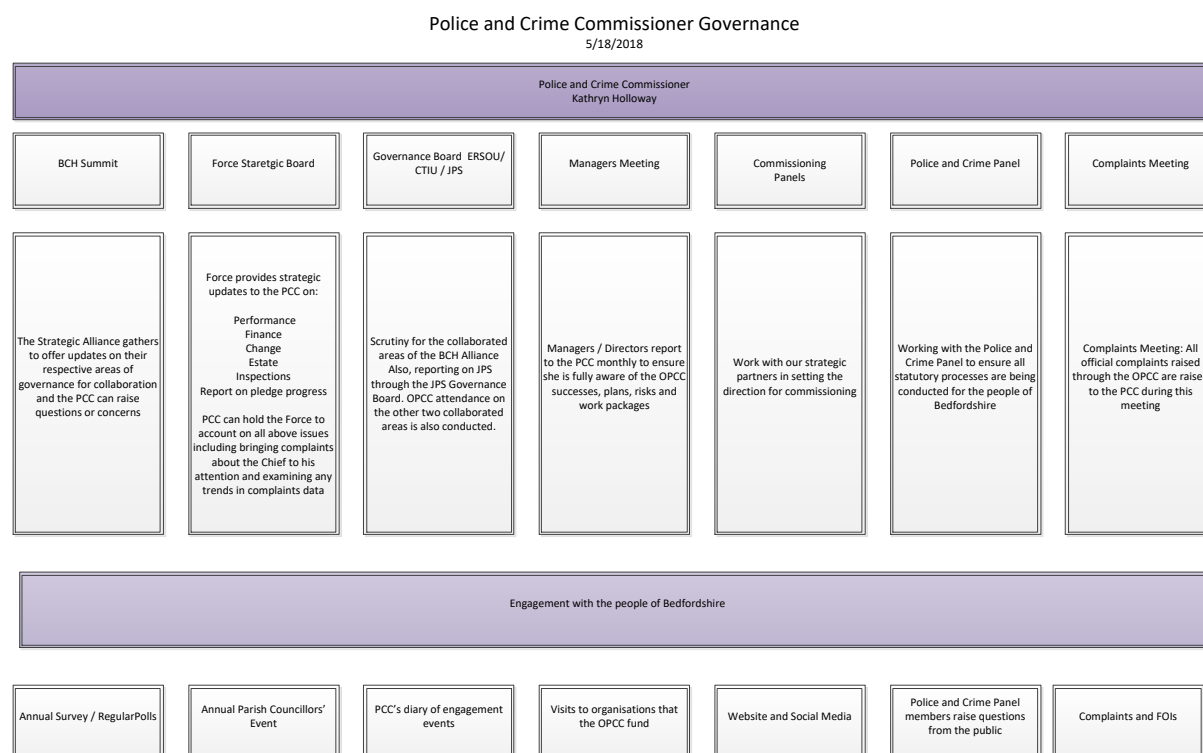
The PCC works with local authority Community Safety Partnerships, Youth Offending Teams and Drug and Alcohol Teams across Bedfordshire to support crime reduction and community safety activities in their local areas. Such activities are aligned to the PCC's strategic objectives, as set out in her Police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

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

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

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

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



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

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

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

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

The Medium Term Financial Plan and Capital Programme ensure that planned activities to support the objectives of the PCC are financially sustainable in the longer term.

The PCC has a duty to consider the impact on equality of proposed changes to her policies, procedures and practices and ensures that appropriate Equality Impact Assessments are routinely undertaken.

#### **D. Determining the actions necessary to achieve the intended outcomes**

The Police and Crime Plan contains eight police and crime priorities. Each priority is supported by actions that the Force, OPCC and/or partners will undertake which will contribute to successful outcomes. These actions are being underpinned by force performance measures which are regularly used to assess progress.

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

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

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

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

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

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

- 2017 MoRiLE (Management of Risk in Law Enforcement) assessment
- 2017 Strategic Demand Assessment
- 2017 Strategic Assessment □ 2017 Serious & Organised Crime Local Profile.

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

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

Priorities emanate from the overarching Understanding Demand Report and are documented and communicated to the wider force via the Force Control Strategy. The Commissioner also established Strategic Alliance arrangements, with Cambridgeshire and Hertfordshire, to scrutinise performance in collaborated areas and to hold the Chief Constable(s) to account. The Commissioner holds a lead force Commissioner role on behalf of the tri-force for Protective Services and a regional responsibility for Counter Terrorism Investigation Unit and the Eastern Region Special Operations Unit.

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

The Medium Term Financial Plan (MTFP) for 2017/18 to 2020/21 has been drawn up in line with the Commissioner's priorities.

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

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

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

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

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

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

The PCC has also implemented a staffing structure to ensure it has the necessary capability and capacity to support delivery of her statutory functions, such as commissioning services for victims and witnesses. The PCC reviews the workload and capacity of her office via her Delivery Plan, which allows her to identify workload priorities and staffing needs in accordance with the delivery of her strategic objectives. The PCC is a member of the national Association of Police and Crime Commissioners.

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

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

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

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

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

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

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

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

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

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

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



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

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

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

The PCC reports regularly on her performance to the Police and Crime Panel with reports being focused on specific priorities from her Police and Crime Plan at each meeting of the PCP, as well as presenting the annual survey results and Annual Report. The PCC maintains a process to assess the extent to which the organisation is applying the principles contained in the Framework of Corporate Governance and publish the results of that assessment in the Annual Governance Statement, including an action plan for improvement and evidence to demonstrate good governance in action.

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

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

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

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

HMIC is charged with promoting the effectiveness and efficiency of policing, improving performance and sharing best practice nationally. The PCC is required to publish a response to formal reports issued by HMIC. The PCC makes best use of peer challenge, reviews and inspections from regulatory bodies (e.g. HMIC) and implement agreed recommendations.

Before delivering key services through third party suppliers the PCC gains assurance on risks associated with service delivery and subject these arrangements to regular review. When working in partnership the PCC ensures that the arrangements for accountability are clear and that the need for wider public accountability has been recognised.

## **5. REVIEW OF EFFECTIVENESS**

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

a) The Police and Crime Commissioner

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

- produce and publish a five-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- set the annual policing precept;
- secure the maintenance of an efficient and effective police force;

- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the area;
- commission victims services;
- produce and publish an annual report.

The following key governance activities took place during 2017/18 and demonstrate how the PCC has discharged these powers and duties during that year:

- The PCC submitted her 2017/18 budget and council tax precept proposals to the meeting of the PCP held on 7th February 2017. The Panel endorsed the PCC's proposed 1.99% increase in council tax precept for 2017/18;
- The PCC allocated £719,000 from her Community Safety Fund in 2017/18 to help improve community safety and crime prevention across Bedfordshire
- The PCC published her 2016/17 Annual Report
- The PCC published her Delivery Plan for 2017-20. This is an internal management action plan that supports the PCC to monitor the delivery of both policing and non-policing activities, targets and measures within the Police and Crime Plan.
- During the autumn the PCC worked closely with the Chief Constable to update the MTFP (2018/19 to 2020/21);
- The PCC is actively engaged in the oversight and scrutiny of key collaboration activities;
- The PCC continued as chair of the Local Criminal Justice Board;
- The PCC held regular Strategic Boards throughout the Financial year holding the Chief Constable to account;

#### b) The Joint Independent Audit Committee

During 2017/18 the JAC met four times to consider the external audit and internal audit plans for 2016/17, as well as receiving timely updates in terms of risk management and business continuity. The JAC also received regular briefings, including appropriate written reports, during the year from the PCC, Chief Constable and relevant senior officers. This included specific updates on its financial plans, HMIC reports and internal audit action progress. JAC members also attended informal training/upskilling days to ensure they were sighted on all activities within the organisation that could have a bearing on the system of internal control.

#### c) Internal audit

The annual report of the Chief Internal Auditor for 2017/18 was presented to the JAC on 24 May 2018. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

"The organisation has an adequate and effective framework for risk management, governance and internal control. However, our work has identified further enhancements to the framework of risk management, governance and internal control to ensure it remains adequate and effective.

d) External audit

On 29 September 2017 Ernst and Young issued unqualified audit opinions in respect of the 2016/17 accounts of the PCC as well as giving an unqualified value for money conclusion. The Auditor was satisfied that the system of internal control put in place by the PCC was adequate and effective in practice.

e) Her Majesty's Inspectorate of Constabulary

During 2017/18 HMIC published a number of reports which were considered by the PCC. All reports are available on the HMIC website:

<b>Inspection</b>	<b>Inspection date</b>	<b>Publication of final report</b>
PEEL Legitimacy	June 2017	October 2017
PEEL Efficiency	June 2017	November 2017
PEEL Effectiveness	October 2017	March 2018
Child Protection	July 2017	March 2018
CT3 (national Counter-Terrorism inspection)	March 2018	National report expected July 2018
Crime Data Integrity	March and April 2018	Expected July 2018

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

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

f) Risk management and business continuity

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

g) Ethics and Integrity

During 2017/18 all complaints raised against the Chief Constable were discussed at the PCC's strategic board and a log of all complaints maintained. The OPCC look for trends within these complaints and if trends are found they are raised through Strategic Board.

h) Bedfordshire Police and Crime Panel

During 2017/18 the independent PCP met on five occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2016/17 year; holding a confirmation hearing to consider the PCC's proposed candidate to be appointed to the position of Deputy PCC and Chief of Staff; scrutiny and consideration of the PCC's 2018/19 budget and council tax precept proposals, and considering and making recommendations on the development of the PCC's new Police and Crime Plan for the period 2017-2020. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the Police and Crime Plan objectives, including the contribution made by other partner agencies, and on matters of topical interest to the Panel.

i) Collaboration and partnership working

The Strategic Alliance Summit met two times during 2017/18. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Joint Protective Services, Organisational Support and Operational Support) as well as an overview of the national developments and their impact on Bedfordshire, Cambridgeshire and Hertfordshire.

With Bedfordshire having lead force status for Joint Protective Services the Chief of Staff attends, on behalf of the PCC, the JPS Governance Board which is chaired by the Bedfordshire DCC and this Board met 3 times during 2017/18

Governance of collaboration between forces across the Eastern region is undertaken at the Regional Governance Board. 3 meetings were held during 2017/18. The Eastern Region Special Operations Unit (ERSOU), hosted by Bedfordshire, brings together the current regional organised crime units under one structure. It is operationally aligned with the Eastern Region Counter Terrorism Investigation Unit (CTIU). A joint ACC, who reports directly to the Chief Constable of Bedfordshire, exercises overall command of the regional crime and counter terrorism functions. The joint ACC also represents serious organised crime at the Eastern Region Governance Board and nationally with the National Crime Agency and other key stakeholders.

## 6. PROGRESS AGAINST 2016/17 SIGNIFICANT GOVERNANCE ISSUES

There was one area that the Commissioner needed to give due consideration to during 2017/18, as follows:

- HMIC grading of Inadequate for 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.

## 7. SIGNIFICANT GOVERNANCE ISSUES 2017/18

Whilst there are no significant governance issues or potential governance issues identified for 2017/18 the impact of increasing demand in Bedfordshire, the complexity of that demand and the finite level of resources the Force has to deal with that demand, will mean that the Medium Term Financial Position will need to be regularly reviewed to ensure budget gaps are identified and mitigated against and that the Reserves of the Commissioner do not drop below prudent levels.



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**Kathryn Holloway**  
PCC for Bedfordshire  
31 July 2018



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**Clare Kelly**  
Chief of Staff  
31 July 2018



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**Philip Wells**  
Chief Finance Officer  
31 July 2018

**Statement of Accounting Policies****1. General**

The Statement of Accounts summarises the transactions for the 2017/18 financial year and the position of the Group as at 31 March 2018. It has been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2017/18, supported by International Financial Reporting Standards (IFRS) which is recognised by statute as representing proper accounting practice. The Income and Expenditure Statement is presented as per the Service Reporting Code of Practice published annually by CIPFA.

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

The Chief Constable's Accounting Policies are disclosed separately in their Statement of Accounts and policies 12, 13, 27 and 28 are only included in the Commissioner's Accounting Policies as they apply to their group accounts.

**2. 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.

**3. Recognition of Non-Current Assets**

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

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

**4. Measurement of Non-Current Assets**

Assets are initially measured at cost, comprising:

- The purchase price.
- Any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The PCC for Bedfordshire does not capitalise borrowing costs incurred.

Land and Buildings are valued as at 31<sup>st</sup> March 2018 on the basis of current value as required by CIPFA. Investment properties are valued on the basis of fair value. These valuations have been prepared in accordance with the RICS Appraisal and Valuation Standards ('the red book') and undertaken by Gerald Eve LLP. Subsequent full revaluations are undertaken at three yearly intervals, with a yearly review of values.

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

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

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

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

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

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

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

## **5. Impairment of Non-Current Assets**

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

The impairment loss can be charged to the Revaluation Reserve up to the value of the accumulated gains. Where there is no balance or insufficient balance in the Revaluation Reserve the carrying value of the asset or the balance remaining after

write out to the Revaluation Reserve is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

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

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

#### **6. Disposal of Non-Current Assets**

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

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

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

#### **7. Depreciation**

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

Depreciation is calculated on the following basis:

(i) **Buildings**

In accordance with IAS 16 - Non Current Assets, the usable lives of buildings have been assessed and depreciated on a straight line basis dependent on their useful lives as estimated by the valuers.

(ii) **Vehicles, Plant, Furniture and Equipment**

Depreciation is charged in full on plant, furniture and equipment commencing the year after acquisition on a straight line basis over 5 years and assuming a nil residual value. This policy is also applied to any enhancement works to properties not owned by the PCC but for which the PCC is responsible for maintaining due to the regional funding arrangements for Counter Terrorism Policing. For vehicles, depreciation is charged on a straight line basis over their useful lives after taking into account their estimated residual values.

(iii) **Jointly Controlled Assets**

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

(iv) **Intangible Assets**

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

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

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

## **8. Charges to Revenue for Non-Current Assets**

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

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

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

## **9. Revenue Recognition**

Specific grants & contributions which result in the Commissioner providing additional resources to the Chief Constable in the budget are included in the Commissioner's Comprehensive Income and Expenditure Statement as well as all non-specific government grants. Other fees, charges and service income are recognised in the



Chief Constable's Comprehensive Income and Expenditure Statement as these are generated within the Chief Constable's budget by staff under their operational direction and control.

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

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

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

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

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

#### **11. Funds Held on behalf of Third Parties**

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

#### **12. Inventories**

The PCC for Bedfordshire Group holds stocks of stationary and operational equipment. These stock items are all valued at cost based upon the average cost methodology. This is not consistent with IAS2, which requires stock to be valued at the lower of cost or net realisable value, however the difference between cost and net realisable value is deemed to be negligible. Printed stationery is charged to the Comprehensive Income and Expenditure Statement in the year of purchase. The force have set a de-minimis for recognising stock in the balance sheet of £20K and the de-minimis will be applied to each individual store e.g. Headquarters main store, Firearms store etc. Stock balances totalling more than the de-minimis per store will be included in the PCC for Bedfordshire's Group balance sheet. Stock balances below the de-minimis are processed through the Group Comprehensive Income and Expenditure Statement in the year of purchase. For departments/units collaborated with Cambridgeshire Constabulary and/or Hertfordshire Constabulary, including Scientific Services and Firearms, the de-minimis will be applied to the Groups relevant share of the stock balance for each store.

**13. Provisions and Contingent Liabilities**

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

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

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

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

The Provisions are detailed in Note 25 of the Statement of Accounts.

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.

**14. Reserves**

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

**15. Police Fund**

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

**16. Capital Receipts**

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

**17. Value Added Tax (VAT)**

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

**18. Bad and Doubtful Debts**

An assessment is made annually as to what level of debts are outstanding at the end of the financial year and a provision made for those debts deemed to be doubtful. This has the impact of reducing the debtors balance shown within the balance sheet and reduces income within the Comprehensive Income and Expenditure Statement.

**19. Government Grant and Contributions**

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

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

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

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

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

When capital grants are credited to the Comprehensive Income and Expenditure Statement they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account. Amounts in the Capital Grants Unapplied Account are transferred to the Capital Adjustment Account once they have been applied.

**20. Pensions**

The PCC for Bedfordshire group participates in two Pension Schemes. 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 47.

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

Subject to certain qualifying criteria, police staff are eligible to join the Local Government Pension Scheme administered by Bedford Borough Council. The Scheme is 'funded' and all group pension costs are charged to the Chief Constable for Bedfordshire's Accounts; the Chief Constable's accounts therefore contain a nominal amount relating to staff employed by the Commissioner and the Commissioner's accounts do not reflect any cost or liability relating to the staff pension scheme. The Commissioner's balances are judged not to be material therefore no split is requested from the Actuary and this judgement is kept under review.

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

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

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

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

- The current service cost (the increase in liabilities as a result of years of service earned this year) is allocated to the relevant service line in the Comprehensive Income and Expenditure Statement
- The past service cost (the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years) is debited to the

Comprehensive Income and Expenditure Statement as part of Non Distributed 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. Expected return on assets (the annual investment return on the fund assets attributable to the PCC for Bedfordshire) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Interest Income on assets (the annual investment return on the fund assets attributable to the group) is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Gains / losses on settlements (the result of actions to relieve the PCC for Bedfordshire of liabilities or events that reduce the expected long term return) are debited / credited to the Comprehensive Income and Expenditure Statement as part of Non Distributed 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 employers contributions made in the year are not accounted for as an expense.

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

## **21. Officers' Emoluments**

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

## **22. Financial Liabilities**

Financial liabilities are recognised on the Balance Sheet when the PCC for Bedfordshire becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Therefore the amount shown in the Balance Sheet is the outstanding principal repayable and interest is charged to the Comprehensive Income and Expenditure Statement.

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

approved by the PCC for Bedfordshire.

### **23. Financial Assets – Loans and Receivables**

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

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

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

### **24. Group Accounts**

The PCC for Bedfordshire has to determine whether it has interests in subsidiaries, associates or joint arrangements. The PCC for Bedfordshire has interests in joint arrangements and as a result is required to disclose these arrangements. For 2017/18 this applies to:

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

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the PCC for Bedfordshire and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity and the PCC for Bedfordshire accounts only for its share of the jointly controlled assets, liabilities, income and expenses that it incurs in respect of its interest in the joint arrangements identified above.

### **25. Cash and Cash Equivalents**

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

### **26. Leases**

Rentals paid under operating leases are charged to the Group Comprehensive Income and Expenditure Statement as an expense of the services benefiting from use of the leased 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 PCC for Bedfordshire Group has assessed its leases and the total value of potential finance leases are not of significant value, and therefore all leases are treated as operating leases. The PCC for Bedfordshire has no leases where it is the lessor.

**27. Benefits Payable during Employment**

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

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

**28. 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.

**29. 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.

**30. Exceptional Items**

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

**31. Heritage Assets**

The PCC for Bedfordshire is required to assess its assets on an annual basis to establish if it holds any assets for their contribution to knowledge and culture under the specification of FRS30 Heritage Assets. Any Heritage Assets are required to be valued as per property plant and equipment and shown as a separate item on the Balance Sheet.

### **32. 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.



## Expenditure & Funding Analysis

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

### The Police and Crime Commissioner for Bedfordshire Group

2016/17 - Restated				2017/18			
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income & Expenditure Statement	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
52,352	3,315	55,667	Policing	56,764	9,497	66,261	
26,132	2,050	28,182	Collaborated Units	26,625	5,926	32,551	
19,244	2,784	22,028	Corporate & Support Services	20,091	2,963	23,054	
1,618	-4	1,614	Office of the Police & Crime Commissioner	1,589	56	1,645	
<b>99,346</b>	<b>8,145</b>	<b>107,491</b>	<b>Cost of Services</b>	<b>105,069</b>	<b>18,442</b>	<b>123,511</b>	
-98,816	18,027	-80,789	Other Income & Expenditure	-101,456	14,102	-87,354	
<b>531</b>	<b>26,172</b>	<b>26,702</b>	<b>(Surplus) or Deficit</b>	<b>3,613</b>	<b>32,544</b>	<b>36,157</b>	6,7
<b>13,687</b>			<b>Opening General Fund Balance</b>	<b>13,156</b>			
<b>-531</b>			<b>Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.</b>	<b>-3,613</b>			
<b>13,156</b>			<b>Closing General Fund Balance as at 31 March</b>	<b>9,544</b>			

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

2016/17			2017/18				
The Police & Crime Commissioner			The Police & Crime Commissioner			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		
-614	-15	-629	Policing	-60	0	-60	
-18,995	-119	-19,114	Collaborated Units	-16,687	-31	-16,718	
-1,943	3,963	2,020	Corporate & Support Services	-2,401	2,066	-335	
1,618	-4	1,614	Office of the Police & Crime Commissioner	1,589	56	1,645	
<b>-19,934</b>	<b>3,825</b>	<b>-16,109</b>	<b>Cost of Services</b>	<b>-17,559</b>	<b>2,091</b>	<b>-15,468</b>	
20,465	-3,669	16,796	Other Income & Expenditure	21,172	-1,393	19,779	
<b>531</b>	<b>156</b>	<b>687</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>3,613</b>	<b>699</b>	<b>4,311</b>	6,7
<b>13,687</b>			<b>Opening General Fund Balance</b>	<b>13,156</b>			
<b>-531</b>			<b>Less/ Plus Surplus or (Deficit) on General Fund Balance in Year.</b>	<b>-3,613</b>			
<b>13,156</b>			<b>Closing General Fund Balance as at 31 March</b>	<b>9,544</b>			

## Comprehensive Income and Expenditure Statement

## The Police and Crime Commissioner for Bedfordshire Group

2016/17 - Re-stated				2017/18			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
56,804	-1,137	55,667	Policing	66,894	-633	66,261	
49,562	-21,380	28,182	Collaborated Units	52,438	-19,887	32,551	
26,820	-4,792	22,028	Corporate / Support Services	30,884	-7,829	23,055	
2,374	-760	1,614	Office of the Police & Crime Commissioner	2,409	-765	1,644	
<b>135,559</b>	<b>-28,069</b>	<b>107,490</b>	<b>Cost of Services</b>	<b>152,625</b>	<b>-29,114</b>	<b>123,511</b>	
		-10,526	Other Operating Income & Expenditure			-14,366	10
		32,696	Financing & Investment Income & Expenditure			30,751	11
		-102,958	Taxation & Non-Specific Grant Income			-103,739	12
		<b>26,702</b>	<b>(Surplus) or Deficit on Provision of Services</b>			<b>36,157</b>	7
		169	(Surplus) or deficit on revaluation of non-current assets			-1,253	
		206,738	Re-measurements of the net defined benefit liability			1,680	
		<b>206,907</b>	<b>Other Comprehensive Income &amp; Expenditure</b>			<b>427</b>	
		<b>233,609</b>	<b>Total Comprehensive Income &amp; Expenditure</b>			<b>36,584</b>	

## The Police and Crime Commissioner for Bedfordshire

2016/17					2017/18				Notes
Chief Constable Net Expenditure	The Police & Crime Commissioner				Chief Constable Net Expenditure	The Police & Crime Commissioner			
	Gross Expenditure	Gross Income	Net Expenditure			Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000	£'000		£'000	£'000	£'000		
65,937	12	-641	-629	Policing	66,321	0	-60	-60	
44,969	0	-19,114	-19,114	Collaborated Units	49,269	0	-16,718	-16,718	
12,693	4,042	-2,022	2,020	Corporate & Support Services	23,390	2,562	-2,897	-335	
0	2,374	-760	1,614	Office of the Police & Crime Commissioner	0	2,409	-764	1,645	
123,599	6,428	-22,537	-16,109	Cost of Services	138,980	4,971	-20,439	-15,468	
			-10,526	Other Operating Income & Expenditure				-14,366	10
			208	Financing & Investment Income & Expenditure				260	11
			-102,958	Taxation & Non-Specific Grant Income				-103,739	12
			130,073	PCC Funding for Financial Resources Consumed				137,624	5
			688	(Surplus) or Deficit on Provision of Services				4,311	7
			169	(Surplus) or Deficit on revaluation of non-current assets				-1,253	
			468	Re-measurements of the net defined benefit liability				-20	
			637	Other Comprehensive Income & Expenditure				-1,273	
			1,325	Total Comprehensive Income & Expenditure				3,038	

Movement in Reserves Statement for the Year Ended 31 March 2017 - Group

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total Authority Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2016	-13,687	0	0	-13,687	882,069	868,382
<u>Movement In Reserves during 2016/17</u>						
Total Comprehensive Income & Expenditure	26,702	0	0	26,702	206,907	233,609
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	-26,171	0	-629	-26,800	26,800	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	531	0	-629	-98	233,707	233,609
(Increase) / Decrease in Year	531	0	-629	-98	233,707	233,609
Balance as at 31 <sup>st</sup> March 2017	-13,157	0	-629	-13,785	1,115,776	1,101,991

Movement in Reserves Statement for the Year Ended 31 March 2017 - Commissioner

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2016	-13,687	0	0	-13,687	-41,063	-54,750
<b><u>Movement In Reserves during 2016/17</u></b>						
Total Comprehensive Income & Expenditure	688	0	0	688	637	1,325
Total Adjustments between accounting basis & funding basis under regulations (Note 8)	-156	0	-629	-785	785	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>531</b>	<b>0</b>	<b>-629</b>	<b>-98</b>	<b>1,422</b>	<b>1,325</b>
<b>(Increase) / Decrease in Year</b>	<b>531</b>	<b>0</b>	<b>-629</b>	<b>-98</b>	<b>1,422</b>	<b>1,325</b>
Balance as at 31 <sup>st</sup> March 2017	-13,157	0	-629	-13,785	-39,642	-53,427

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

The Group	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2017	-13,157	0	-629	-13,785	1,115,776	1,101,991
<b><u>Movement In Reserves during 2017/18</u></b>						
Total Comprehensive Income & Expenditure	36,157	0	0	36,157	426	36,583
Adjustments between accounting basis & funding basis under regulations (Note 8)	-32,544	0	629	-31,915	31,915	0
Net (Increase)/Decrease before Transfers to Earmarked Reserves	3,613	0	629	4,242	32,341	36,583
(Increase) / Decrease in Year	3,613	0	629	4,242	32,341	36,583
Balance as at 31 <sup>st</sup> March 2018	-9,544	0	0	-9,544	1,148,117	1,138,574

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

The Commissioner	General Fund Balance	Capital Receipts Reserve	Capital Grant Unapplied	Total Usable Reserves	Unusable Reserves	Total PCC Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Balance as at 1 <sup>st</sup> April 2017	-13,157	0	-629	-13,785	-39,642	-53,427
<b><u>Movement In Reserves during 2017/18</u></b>						
Total Comprehensive Income & Expenditure	4,311	0	0	4,311	-1,273	3,038
Adjustments between accounting basis & funding basis under regulations (Note 8)	-699	0	629	-70	70	0
<b>Net (Increase)/Decrease before Transfers to Earmarked Reserves</b>	<b>3,612</b>	<b>0</b>	<b>629</b>	<b>4,241</b>	<b>-1,203</b>	<b>3,046</b>
<b>(Increase) / Decrease in Year</b>	<b>3,612</b>	<b>0</b>	<b>629</b>	<b>4,241</b>	<b>-1,203</b>	<b>3,046</b>
Balance as at 31 <sup>st</sup> March 2018	-9,544	0	0	-9,544	-40,845	-50,389



Balance Sheet

The PCC for Bedfordshire and Group

The Commissioner	The Group		The Commissioner	The Group	
As at 31 <sup>st</sup> March 2017	As at 31 <sup>st</sup> March 2017		As at 31 <sup>st</sup> March 2018	As at 31 <sup>st</sup> March 2018	
£'000	£'000		£'000	£'000	Notes
		Property Plant & Equipment			
31,889	31,889	- Land and Buildings	33,456	33,456	13
3,661	3,661	- Vehicles	3,875	3,875	13
6,565	6,565	- Furniture & Equipment	6,585	6,585	13
1,290	1,290	Intangible Assets	1,203	1,203	14
0	0	Investment Property	340	340	13
0	0	Surplus Assets	1,600	1,600	13
182	182	Long Term Debtors	157	157	34
<b>43,588</b>	<b>43,588</b>	<b>Total Long Term Assets</b>	<b>47,216</b>	<b>47,216</b>	
9,000	9,000	Short Term Investments	5,000	5,000	15
0	109	Inventories	0	127	17
9,435	15,892	Short Term Debtors	11,615	20,206	18
0	2,904	Payments in Advance	0	2,733	19
5,418	5,418	Cash & Cash Equivalents	6,507	6,507	20
2,000	2,000	Assets Held for Sale	2,000	2,000	13
<b>25,853</b>	<b>35,324</b>	<b>Current Assets</b>	<b>25,122</b>	<b>36,573</b>	
-635	-635	Receipts in Advance	-1,527	-1,527	23
-2,077	-19,341	Short Term Creditors	-2,691	-26,028	24
-5,108	-	Intra-group Creditor*	-9,491	-	
<b>-7,820</b>	<b>-19,976</b>	<b>Current Liabilities</b>	<b>-13,709</b>	<b>-27,555</b>	
0	-919	Provisions	0	-1,324	25
-7,720	-7,720	Long Term Borrowing	-7,720	-7,720	16
-472	-1,152,283	Liability relating to Defined Benefit Pension Schemes	-519	-1,185,763	26
<b>-8,192</b>	<b>-1,160,922</b>	<b>Long Term Liabilities</b>	<b>-8,239</b>	<b>-1,194,807</b>	
<b>53,427</b>	<b>-1,101,991</b>	<b>Net Assets</b>	<b>50,389</b>	<b>-1,138,573</b>	
-13,786	-13,785	Usable Reserves	-9,544	-9,544	9
-39,642	1,115,776	Unusable Reserves	-40,845	1,148,117	26
<b>-53,427</b>	<b>1,101,991</b>	<b>Total Reserves</b>	<b>-50,389</b>	<b>1,138,573</b>	

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

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



Philip Wells  
31 July 2018

## Cash Flow Statement

As at 31 <sup>st</sup> March 2017			As at 31 <sup>st</sup> March 2018		Notes
The Commissioner	The Group		The Commissioner	The Group	
£'000	£'000		£'000	£'000	
-688	-26,702	Net surplus or (deficit) on the provision of services	-4,311	-36,157	
2,298	28,312	Adjust net surplus or deficit on the provision of services for noncash movements	5,046	36,892	
385	385	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	288	288	
<b>1,995</b>	<b>1,995</b>	<b>Net cash flows from Operating Activities</b>	<b>1,023</b>	<b>1,023</b>	27
-8,905	-8,905	Investing Activities	66	66	28
0	0	Financing Activities	0	0	29
<b>-6,910</b>	<b>-6,910</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>1,089</b>	<b>1,089</b>	
12,328	12,328	Cash and cash equivalents at the beginning of the reporting period	<b>5,418</b>	<b>5,418</b>	20
<b>5,418</b>	<b>5,418</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>6,507</b>	<b>6,507</b>	20

## Notes to the Accounts

**Note 1: 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 (Group):

	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
Corporate & Support Services	13,076	-1,693	11,383	8,112	513	20,008
<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 (Group):

	2016/17 - Original Values			2016/17 Re-stated	
	Gross Expenditure	Gross Income	Net Expenditure	Adjustment to Gross Expenditure	Net Expenditure in the Comprehensive Income & Expenditure Statement
	£'000	£'000	£'000	£'000	£'000
Policing	67,756	-1,137	66,619	-10,952	55,667
Collaborated Units	47,235	-21,380	25,855	2,327	28,182
Corporate & Support Services	18,195	-4,792	13,403	8,625	22,028
Office of the Police & Crime Commissioner	2,374	-760	1,614	0	1,614
<b>Net Cost of Services</b>	<b>135,559</b>	<b>-28,069</b>	<b>107,490</b>	<b>0</b>	<b>107,490</b>

**Note 2: Accounting Standards that have been Issued but have not yet been 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 Commissioner.

IFRS 15 Revenue Contracts with Customer 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 Commissioner.

**Note 3: Material Items of Income and Expense**

Material items relate to the pension scheme income and expenditure (disclosed at Notes 8 and 9) and to government grants (disclosed at Note 38).

**Note 4: 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<sup>st</sup> March 2018.

**Note 5: Intra-Group Funding Arrangements between the Commissioner & Chief Constable**

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

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

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

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

<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.

<b>Intra-group Debtor / Creditor</b>	<b>2016/2017</b>	<b>2017/2018</b>
	<b>£'000</b>	<b>£'000</b>
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 balances on the Chief Constable's balance sheet which are then supported by the Commissioner.

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

<b>Intra-group Adjustments</b>	<b>The Chief Constable</b>	<b>The Commissioner</b>	<b>The Group</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Comprehensive Income &amp; Expenditure Statement – 2016/17</b>			
PCC Funding for Resources Consumed	-130,073	130,073	0
<b>Comprehensive 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 6: Note to the Expenditure & Funding Analysis**

Adjustments between Accounting and Funding Basis

<b>Group - 2017/18</b>	<b>Adjustment s for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
Policing	0	9,497	0	9,497
Collaborated Units	0	5,926	0	5,926
Corporate & Support Services	2,128	721	114	2,963
Office of the Police & Crime Commissioner	0	56	0	56
<b>Cost of Services</b>	<b>2,128</b>	<b>16,200</b>	<b>114</b>	<b>18,442</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,970	15,942	131	14,102
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>158</b>	<b>31,142</b>	<b>245</b>	<b>32,544</b>

<b>Group - 2016/17 (Re-stated)</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Policing	-14	3,329	0	3,315
Collaborated Units	-119	2,168	0	2,049
Corporate & Support Services	3,963	-1,256	77	2,784
Office of the Police & Crime Commissioner	0	-4	0	-4
<b>Cost of Services</b>	<b>3,831</b>	<b>4,236</b>	<b>77</b>	<b>8,145</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-4,109	21,706	431	18,027
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-278</b>	<b>25,942</b>	<b>508</b>	<b>26,172</b>

<b>PCC - 2017/18</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Policing	0	0	0	0
Collaborated Units	0	0	-31	- 31
Corporate & Support Services	1,970	95	0	2,066
Office of the Police & Crime Commissioner	0	56	0	56
<b>Cost of Services</b>	<b>1,970</b>	<b>151</b>	<b>-31</b>	<b>2,091</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-1,970	-14,550	15,128	-1,392
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>0</b>	<b>-14,399</b>	<b>15,097</b>	<b>699</b>

<b>PCC - 2016/17</b>	<b>Adjustments for Capital Purposes</b>	<b>Net Change for the Pensions Adjustments</b>	<b>Other Differences</b>	<b>Total Adjustments</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Policing	-15	0	0	-15
Collaborated Units	-119	0	0	-119
Corporate / Support Services	3,963	0	0	3,963
Office of the Police & Crime Commissioner	0	-4	0	-4
<b>Cost of Services</b>	<b>3,830</b>	<b>-5</b>	<b>0</b>	<b>3,825</b>
Other Income & Expenditure from the Expenditure & Funding Analysis	-3,849	-10,782	10,962	-3,669
<b>Difference between General Fund surplus or deficit and Comprehensive Income &amp; Expenditure Statement Surplus or Deficit on the Provision of Services</b>	<b>-19</b>	<b>-10,787</b>	<b>10,962</b>	<b>156</b>

### Adjustments for Capital Purposes

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

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

### Net Change for the Pension Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

**Other Differences**

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

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

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

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

<b>Police &amp; Crime Commissioner Group</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	136,774	157,338
Other services expenses	27,235	23,192
Depreciation, amortisation, impairment	4,042	2,914
Loss on disposal of assets	265	130
Interest payments	342	342
<b>TOTAL EXPENDITURE</b>	<b>168,658</b>	<b>183,916</b>
<b>Income</b>		
Fees, charges and other service income	-11,337	-10,863
Government grants and contributions	-97,734	-102,137
Income from council tax	-32,747	-34,663
Interest & Investment income	-137	-95
<b>TOTAL INCOME</b>	<b>-141,955</b>	<b>-147,758</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>26,703</b>	<b>36,158</b>



<b>Police &amp; Crime Commissioner</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	520	743
Other services expenses	1,869	1,643
Depreciation, amortisation, impairment	4,042	2,914
Loss on disposal of assets	265	130
Interest payments	342	342
Funding made to Chief Constable	130,073	137,624
<b>TOTAL EXPENDITURE</b>	<b>137,111</b>	<b>143,396</b>
<b>Income</b>		
Fees, charges and other service income	-5,805	-2,189
Government grants and contributions	-97,734	-102,137
Income from council tax	-32,747	-34,663
Interest & Investment income	-137	-95
<b>TOTAL INCOME</b>	<b>-136,423</b>	<b>-139,084</b>
<b>Surplus or Deficit on the Provision of Services</b>	<b>688</b>	<b>4,312</b>

### **Note 8: Adjustments between Accounting Basis and Funding Basis under Regulations**

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

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

2016/2017 – Usable Reserves	General Fund	Capital Receipt Reserve	Capital Grant Unapplied Account	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000
<b>Adjustments involving the Capital Adjustments Account:</b>				
<u>Reversal of items debited/credited to the Comprehensive Income &amp; Expenditure Statement</u>				
Charges for depreciation, impairment & amortisation of non- current assets	-4,068	0	0	4,068
Revaluation gains / losses on Property, Plant and Equipment	26	0	0	-26
Capital grants & contributions applied to capital financing	1,912	0	-629	-1,283
Amounts of non- current assets written off on disposal as part of the gain/loss on disposal to Comprehensive Income & Expenditure Statement	-1,315	0	0	1,315
<u>Insertion of items not debited / credited to the Comprehensive Income &amp; Expenditure Statement</u>				
Statutory Provision for the financing of capital investment	260	0	0	-260
Capital expenditure charged against the Police Fund	2,534	0	0	-2,534
<b>Adjustments involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited to the Comprehensive Income & Expenditure Statement	930	-930	0	0
Use of capital receipts reserve to finance new capital expenditure	0	930	0	-930
Transfer from Deferred Capital Receipts Reserve on Receipt of Cash				0
<b>Adjustments involving the Deferred Capital Receipts Reserve:</b>				
Application of income received to capital financing less discount unwound	6	0	0	-6
Discount credited to Comprehensive Income & Expenditure Statement				
<b>Adjustments involving the Collection Fund Adjustment Account:</b>				
Amount which council tax income credited to the Comprehensive Income & Expenditure Statement is different from council tax income calculated in accordance with statutory requirements	-436	0	0	436
<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	-67			67
Employer's pension contributions and direct payments to pensioners	62			-62
<b>TOTAL ADJUSTMENTS - COMMISSIONER</b>	<b>-156</b>	<b>0</b>	<b>-629</b>	<b>785</b>
<b>Adjustments involving the Compensated Absences Adjustment Account for the Chief Constable:</b>				
Amount by which officer remuneration charged to Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration in the year in accordance with statutory requirements	-77	0	0	77
<b>Adjustments involving the pensions reserves for the Chief Constable:</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 – CHIEF CONSTABLE</b>	<b>26,015</b>	<b>0</b>	<b>0</b>	<b>-26,015</b>
<b>TOTAL ADJUSTMENTS - GROUP</b>	<b>-26,171</b>	<b>0</b>	<b>-629</b>	<b>26,800</b>

**Note 9: Transfers to / from Earmarked Reserves**

This note sets out the amounts set aside from the General Fund balance in earmarked reserves to provide financing for future expenditure plans and any amounts posted back from earmarked reserves to meet General Fund expenditure in 2017/18. All are usable reserves held by the Commissioner.

	Balance at 31 March 2016	Transfers Out 2016/17	Transfers In 2016/17	Balance at 31 March 2017	Transfers Out 2017/18	Transfers In 2017/18	Balance at 31 March 2018	Purpose of the Earmarked Reserve
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Devolved Budget Reserves	-490	0	-1,113	-1,603	1,603	0	0	This reserve contains under spending which has been earmarked for use in the following year.
Budget Reserve	-3,086	0	0	-3,086	1,333	0	-1,753	This reserve contains funds to be used to bridge the anticipated future budget gap.
Insurance Reserve	-1,132	0	0	-1,132	0	0	-1,132	This provides for partial self-funding of insurance for combined liability, motor vehicle and fidelity guarantee.
Capital Expenditure Reserve	-3,494	2,202	-175	-1,467	746	-214	-935	This reserve is comprised of revenue resources and is provided to assist in the funding of future years' Capital Programmes.
Capital Receipts Reserve	0	930	-930	0	25	-25	0	To hold capital receipts until they are used to finance capital expenditure.
Performance & Change Reserve	-2,485	0	0	-2,485	2,300	-1,297	-1,482	To provide for one-off costs in relation to progressing future collaborations and addressing performance issues.
Regional Organised Crime	0	0	0	0	0	-93	-93	This reserve contains underspending which is for use within the Regional Organised Crime area
Road Safety Reserve	0	0	-383	-383	0	-766	-1,149	The purpose of this reserve is to hold the balance of income generated in excess of expenditure by the Camera, Tickets and Collisions Unit which is ring fenced for re-investment in road safety activities.
<b>Total Earmarked Reserves</b>	<b>-10,687</b>	<b>3,132</b>	<b>-2,601</b>	<b>-10,156</b>	<b>6,007</b>	<b>-2,395</b>	<b>-6,544</b>	
Police Fund	-3,000	531	-531	-3,000	0	0	-3,000	
<b>General Fund Balance</b>	<b>-13,687</b>	<b>3,663</b>	<b>-3,132</b>	<b>-13,156</b>	<b>6,007</b>	<b>-2,395</b>	<b>-9,544</b>	
Capital Grants Unapplied	0	1,283	-1,912	-629	629	0	0	
<b>Total Usable Reserves</b>	<b>-13,687</b>	<b>4,946</b>	<b>-5,044</b>	<b>-13,785</b>	<b>6,636</b>	<b>-2,395</b>	<b>-9,544</b>	

### **Note 10: Other Operating Income and Expenditure**

The PCC for Bedfordshire 2016/17	The Group 2016/17		The PCC for Bedfordshire 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
60	60	Loss on Disposal of Non-Current Assets – Vehicles	130	130
205	205	Loss on Disposal / Reclassification of Non-Current Assets – Buildings	314	314
-10,791	-10,791	Pension Top Up Grant Received from Home Office	-14,810	-14,810
<b>-10,526</b>	<b>-10,526</b>	<b>Total</b>	<b>-14,366</b>	<b>-14,366</b>

### **Note 11: Financing and Investment Income and Expenditure**

The PCC for Bedfordshire 2016/17	The Group 2016/17		The PCC for Bedfordshire 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
342	342	Interest Payable	342	342
-6	-6	Interest Cost of Deferred Capital Receipts / (Discount Unwound)	0	0
0	30,499	Pensions Interest Cost and Expected Return on Pension Assets – Police Pensions	0	28,220
9	1,998	Pensions Interest Cost and Expected Return on Pension Assets – LGPS	13	2,285
-137	-137	Interest Receivable	-95	-95
<b>208</b>	<b>32,696</b>	<b>Total</b>	<b>260</b>	<b>30,751</b>

### **Note 12: Taxation and Non-Specific Grant Income**

The PCC for Bedfordshire 2016/17	The Group 2016/17		The PCC for Bedfordshire 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
-32,747	-32,747	Council Tax Income	-34,663	-34,663
-23,327	-23,327	Formula Funding	-23,001	-23,001
-3,886	-3,886	Council Tax Subsidy	-3,886	-3,886
-751	-751	Council Tax Freeze Grant	-751	-751
-40,335	-40,335	Non Ring-fenced Government Grants	-39,772	-39,772
-1,912	-1,912	Capital Grants and Contributions	-1,667	-1,667
<b>-102,958</b>	<b>-102,958</b>	<b>Total</b>	<b>-103,739</b>	<b>-103,739</b>

### **Note 13: Property, Plant and Equipment**

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

(i) Movements on Balances

#### **Movements in 2017/18**

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
<b>Book Value as at 1<sup>st</sup> April 2017</b>	<b>32,415</b>	<b>7,430</b>	<b>11,331</b>	<b>51,176</b>
Revaluation In Year	939	0	0	<b>939</b>
Impairment / reversal of previous Impairment for year	918	0	0	<b>918</b>
Additions	2,580	1,166	1,534	<b>5,280</b>
Disposals	0	-922	0	<b>-922</b>
Written Out	0	0	-1,426	<b>-1,426</b>
Reclassification of Asset	-1,940	0	0	<b>-1,940</b>
<b>Gross Book Value as at 31<sup>st</sup> March 2018</b>	<b>34,912</b>	<b>7,674</b>	<b>11,439</b>	<b>54,025</b>
<b>Depreciation and Impairment as at 1<sup>st</sup> April 2017</b>	<b>-526</b>	<b>-3,768</b>	<b>-4,767</b>	<b>-9,061</b>
Depreciation for year	-930	-665	-1,513	<b>-3,108</b>
Disposals	0	634	0	<b>634</b>
Written Out	0	0	1,426	<b>1,426</b>
<b>Depreciation and Impairment as at 31<sup>st</sup> March 2018</b>	<b>-1,456</b>	<b>-3,799</b>	<b>-4,854</b>	<b>-10,109</b>
<b>Net Book Value as at 31<sup>st</sup> March 2017</b>	<b>31,889</b>	<b>3,662</b>	<b>6,564</b>	<b>42,115</b>
<b>Net Book Value as at 31<sup>st</sup> March 2018</b>	<b>33,456</b>	<b>3,875</b>	<b>6,585</b>	<b>43,916</b>

## Comparative Movements 2016/17

	Tangible Assets			
	Land & Buildings	Vehicles	Furniture & Equip	Total
	£'000	£'000	£'000	£'000
<b>Book Value as at 1<sup>st</sup> April 2016</b>	<b>32,445</b>	<b>6,915</b>	<b>11,858</b>	<b>51,218</b>
Revaluation In Year	-169	0	0	-169
Impairment / reversal of previous Impairment for year	26			26
Additions	1,451	1,212	1,781	4,444
Disposals	-1,788	-697	0	-2,485
Written Out	0	0	-2,129	-2,129
Reclassification of Asset	450	0	-180	270
<b>Gross Book Value as at 31<sup>st</sup> March 2017</b>	<b>32,415</b>	<b>7,430</b>	<b>11,331</b>	<b>51,176</b>
<b>Depreciation and Impairment as at 1<sup>st</sup> April 2016</b>	<b>-73</b>	<b>-3,294</b>	<b>-5,260</b>	<b>-8,627</b>
Depreciation for year	-1,107	-991	-1,636	-3,734
Disposals	654	517	0	1,171
Written Out	0	0	2,129	2,129
<b>Depreciation and Impairment as at 31<sup>st</sup> March 2017</b>	<b>-526</b>	<b>-3,769</b>	<b>-4,767</b>	<b>-9,062</b>
<b>Net Book Value as at 31<sup>st</sup> March 2016</b>	<b>32,372</b>	<b>3,622</b>	<b>6,597</b>	<b>42,591</b>
<b>Net Book Value as at 31<sup>st</sup> March 2017</b>	<b>31,889</b>	<b>3,661</b>	<b>6,565</b>	<b>42,116</b>

### Assets Held for Sale

As of 31<sup>st</sup> March 2018 Ampthill Police Station was classified as an asset held for sale with the sale agreed but not yet finalised. Depreciation is not applied to this property.

	£'000
<b>Book Value as at 1<sup>st</sup> April 2016</b>	<b>2,450</b>
Assets newly classified as held for sale	
- From Land & Buildings	0
Revaluation Gains / Losses	0
Disposals	0
Reclassification of Asset	-450
<b>Gross Book Value as at 31<sup>st</sup> March 2017</b>	<b>2,000</b>
Assets newly classified as held for sale	0
Revaluation Gains / Losses	0
Disposals	0
Reclassification of Asset	0
<b>Gross Book Value as at 31<sup>st</sup> March 2018</b>	<b>2,000</b>

### Investment Property

The Leagrave premises was classified as an Investment Property as at 31<sup>st</sup> March 2018 and valued at fair value in accordance with IAS40, using quoted prices in an active market. Valuations are carried out by valuers Gerald Eve LLP annually at the reporting date.

	£'000
<b>Gross Book Value as at 31<sup>st</sup> March 2017</b>	<b>0</b>
Assets newly classified as investment property	
- From Land & Buildings	340
Revaluation Gains / Losses	0
Disposals	0
Additions & Subsequent Expenditure	0
<b>Gross Book Value as at 31<sup>st</sup> March 2018</b>	<b>340</b>

### Surplus Property

The Greyfriars premises was classified as a Surplus Property as at 31<sup>st</sup> March 2018. Depreciation is not applied to this property.

	£'000
<b>Gross Book Value as at 31<sup>st</sup> March 2017</b>	<b>0</b>
Assets newly classified as Surplus property	
- From Land & Buildings	1,600
Revaluation Gains / Losses	0
Disposals	0
Additions & Subsequent Expenditure	0
<b>Gross Book Value as at 31<sup>st</sup> March 2018</b>	<b>1,600</b>

### (ii) Statement of Physical Assets

The number of assets as at 31<sup>st</sup> March comprised:

Physical Assets	2016/17	2017/18
Police Stations	11	11
Radio Stations	2	2
Police Houses	1	1
Vehicles	420	435

All aircraft now operated by the National Police Air Service are held entirely on the balance sheet of West Yorkshire Police as legal ownership has transferred to them.

### (iii) Capital Commitments

At 31<sup>st</sup> March 2018 the PCC for Bedfordshire has authorised expenditure in 2018/19 and in future years of £36.162M under its Capital Programme, of which £0.815M has been contractually committed on the following projects:

	£M
Finance / HR System	0.400
Athena	0.115
Microsoft Enterprise Agreement	0.300
<b>TOTAL</b>	<b>0.815</b>

### (iv) Revaluation Assumptions



The PCC for Bedfordshire's operational freehold properties were valued at 31<sup>st</sup> March 2018 by external valuers, Gerald Eve LLP, a regulated firm of Chartered Surveyors. The valuation was prepared in accordance with the terms of the Valuation – Global Standards 2017 and the national standards and guidance set out in the RICS valuation – Professional Standards UK January 2014 (revised April 2015). The valuation of each property was on the basis of fair value, subject to the following assumptions:

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

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

Other significant assumptions applied in estimating fair value are:

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

(v) Depreciation

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

- Land & Buildings – Between 5 years (capital works to leased building) and 50 years (residential property).
- Vehicles – Between 3 and 10 years.
- Plant & Equipment – 5 years.

#### **Note 14: Intangible Assets**

The PCC for Bedfordshire accounts for its purchased software licences as intangible assets, to the extent that the software licence was purchased as part of the initial installation and set-up cost of the software. A useful life of 5 years is assigned to all intangible assets and their carrying amount is amortised on a straight-line basis. The amortisation of £0.408M is charged to the Comprehensive Income & Expenditure Statement in 2017/18.

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

	2016/17	2017/18
	£'000	£'000
Historical Cost	2,133	2,150
Accumulated Amortisation	-991	-860
<b>Net carrying amount at start of year</b>	<b>1,142</b>	<b>1,290</b>
Additions - Purchases	299	321
Assets re-classified	183	0
Amortisation for the period	-334	-408
<b>Net carrying amount at end of year</b>	<b>1,290</b>	<b>1,203</b>
Comprising:		
Gross carrying amounts	2,150	2,335
Accumulated amortisation	-859	-1,132

Assets and depreciation written out in the year amounted to £0.135M.

## **Note 15: 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.

Current	2016/17	2016/17	2017/18	2017/18
	The Chief Constable £'000	The Commissioner £'000	The Chief Constable £'000	The Commissioner £'000
<b>Financial Liabilities at amortised cost:</b>				
Trade Creditors	1,768	744	2,877	1,053
<b>Loans and Receivables:</b>				
Short-Term Investments at cost	0	9,000	0	5,000
Trade Debtors	1,650	34	1,207	30
<b>Long Term:</b>				
Loans Outstanding	0	7,720	0	7,720

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

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

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

The PCC for Bedfordshire has not reclassified any financial instruments during 2017/18.

### Income and Expense Gains and Losses

All interest income and expenditure relates to the Commissioners accounts.

	2016/17			2017/18		
	Financial Liabilities measured at amortised cost	Financial assets: Loans and receivables	Total	Financial Liabilities measured at amortised cost	Financial assets: Loans and receivables	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Interest Expense	342	0	342	342	0	342
Fee Expense	0	0	0	0	0	0
<b>Total expense in surplus or deficit on the provision of services</b>	<b>342</b>	<b>0</b>	<b>342</b>	<b>342</b>	<b>0</b>	<b>342</b>
Interest Income	0	-137	-137	0	-95	-95
<b>Total income in surplus or deficit on the provision of services</b>	<b>0</b>	<b>-137</b>	<b>-137</b>	<b>0</b>	<b>-95</b>	<b>-95</b>
<b>Net (gain) / loss for the year</b>	<b>342</b>	<b>-137</b>	<b>205</b>	<b>342</b>	<b>-95</b>	<b>247</b>

#### Fair Value of Assets and Liabilities

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

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

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

	The Commissioner				The Chief Constable			
	2016/17		2017/18		2016/17		2017/18	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<i>Financial Liabilities:</i>								
PWLB Borrowing	7,720	9,711	7,720	9,480	0	0	0	0
Creditors & Receipts In Advance	744	744	1,053	1,053	1,768	1,768	2,877	2,877
<i>Loans and Receivables:</i>								
Short-Term Investments	9,000	9,036	5,000	5,000	0	0	0	0
Debtors and Payments in advance	34	34	30	30	1,650	1,650	1,207	1,207
Instant Access Bank Deposit Accounts	5,363	5,363	6,452	6,452	0	0	0	0
Bank and Imprest	55	55	55	55	0	0	0	0

The differences between carrying amount and fair value for PWLB borrowing and short term investments is due to the PCC for Bedfordshire's portfolio of loans and investments being taken out at higher interest rates than those available in the market at 31 March 2018. In arriving at the fair value of PWLB borrowing the current certainty rate for new borrowing from the PWLB is used to calculate the fair value of each loan. However there is no active market for these loans, Code guidance suggests that in these circumstances fair value should be

measured from the PWLB perspective, assessing the price that they would be able to secure if they were to sell the loans in an orderly market transaction.

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

## **Note 16: Nature and Extent of Risks Arising from Financial Instruments**

### **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.

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

Lending lists are reviewed monthly and updated as necessary if the rating of any institution on the list has altered. The financial press and other media sources are also monitored for information on the credit strength of banks and other institutions and the list amended if appropriate.

Direct investments are restricted as to the maximum amount which may be invested, and the maximum period of investment, with any one organisation at any one time.

### **Liquidity Risk**

Liquidity risk is the possibility that one party will be unable to raise funds to meet its commitments associated with financial instruments.

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

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

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

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

<b>2016/17</b>	<b>Analysis of PWLB Loans by Maturity</b>	<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
1,595	Less than 10 years	2,020
1,125	Between 10 and 15 years	1,700
3,000	Between 15 and 20 years	4,000
2,000	Between 20 and 25 years	0
<b>7,720</b>	<b>Total</b>	<b>7,720</b>

All trade and other payables are due to

be paid in less than one year.

### Market Risk

The Market risk is the possibility that the value of an instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates etc.

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

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

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

Loans and short-term investment balances shown in the balance sheet are at fixed rates and therefore not affected by market fluctuations as at 31 March 2018. A rise in interest rates would reduce the fair value of the loans; however borrowings are not carried at fair value so any notional gain arising from a commitment to pay interest to lenders below current market rates would not impact on the Surplus or Deficit on the Provision of Services.

### Price and Foreign Currency Risk

The PCC for Bedfordshire has no financial assets or liabilities in equity shares, joint ventures, or denominated in foreign currency and therefore has no exposure to these risks.

## **Note 17: Inventories**

Inventories comprised of the following:

2016/17			2017/18	
Commissioner	Group		Commissioner	Group
£'000	£'000		£'000	£'000
0	46	HQ Store (uniforms and other operational equipment)	0	50
0	63	Firearms Equipment	0	77
<b>0</b>	<b>109</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>0</b>	<b>127</b>

## **Note 18: Debtors**

2016/17			2017/18	
Commissioner	Group		Commissioner	Group
£'000	£'000		£'000	£'000
6,380	6,930	Central government bodies	8,978	9,357
3,021	8,206	Other local authorities	2,607	10,303
34	756	All other bodies	30	546
<b>9,435</b>	<b>15,892</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>11,615</b>	<b>20,206</b>

## **Note 19: Payments in Advance**

These represent payments prior to 31 March 2018 for supplies and services relating to the period after 1 April 2018.

## **Note 20: Cash and Cash Equivalents**

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

	<b>As at 31st March 2017 £'000</b>	<b>As at 31st March 2018 £'000</b>	<b>Movement in the year £'000</b>
Cash in hand	55	55	0
Bank current accounts	5,363	6,452	1,089
<b>Total Group Cash and Cash Equivalents</b>	<b>5,418</b>	<b>6,507</b>	<b>1,089</b>

## **Note 21: Funds Held on Behalf of Third Parties**

The PCC for Bedfordshire holds funds and property seized from individuals whilst enquiries are conducted under the Proceeds of Crime Act 2002. The PCC for Bedfordshire will either return or repay these funds (to the courts or the individual) on conclusion of the enquiries. Therefore, these funds are excluded from the PCC for Bedfordshire's accounts.

As at 31 March 2018 the balance of these funds was £0.408M (£0.637M at 31 March 2017).

## **Note 22: Critical Judgements & Assumptions Made about the Future**

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

- In order to apply the group accounting requirements the relationship between the PCC and Chief Constable has been assessed. The PCC remains in control of all assets and reserves however it is judged that the Chief Constable has sufficient operational control over staff and delegated budgets that this expenditure and associated income is shown on the Comprehensive Income and Expenditure Statement for the Chief Constable.
- Property, Plant & Equipment is depreciated over the useful lives of the assets which are dependent on assumptions regarding the length of time the asset will be in operational use for, these vary for different classes of assets.
- There is a high degree of uncertainty about future levels of funding for the police service. However the PCC for Bedfordshire has determined that this uncertainty is not yet sufficient to provide an indication that assets of the PCC for Bedfordshire might be impaired as a result of a need to close facilities or reduce levels of service.
- The PCC for Bedfordshire is involved in various joint arrangements with other forces which are detailed in notes 36 and 37. 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 accounting arrangements for the Counter Terrorism Policing (CTP) are not judged to be a joint arrangement as although it is governed by a management

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

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 PCC for Bedfordshire are provided for according to the estimated costs provided by insurers. Further detail is provided at note 25.
- 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 47.

### **Note 23: Receipts in Advance**

This relates to income received prior to 31<sup>st</sup> March 2018 for funding activities that had not commenced at that date.

### **Note 24: Creditors**

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

<b>The Commissioner 2016/17</b>	<b>The Group 2016/17</b>		<b>The Commissioner 2017/18</b>	<b>The Group 2017/18</b>
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
0	2,316	Central government bodies	0	2,488
1,333	10,268	Other Local Authorities	1,638	15,690
744	3,152	Other entities and individuals	1,053	4,131
0	3,605	Short term accumulating absences	0	3,719
<b>2,077</b>	<b>19,341</b>	<b>Short Term Creditors 31<sup>st</sup> March</b>	<b>2,691</b>	<b>26,028</b>
5,108	-	Amount owed by Chief Constable	9,491	-
<b>5,108</b>	<b>-</b>	<b>Intra-group Creditor 31<sup>st</sup> March</b>	<b>9,491</b>	<b>-</b>

## **Note 25: Provisions**

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

	<b>Insurance</b>	<b>Transport Consortium Insurance</b>	<b>Staff Pay Award</b>	<b>Total</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance as at 1<sup>st</sup> April 2017</b>	<b>595</b>	<b>324</b>	<b>0</b>	<b>919</b>
Amounts used in 2017/18	-595	-324	0	-919
Provision made in 2017/18	617	375	333	1,325
<b>Balance as at 31<sup>st</sup> March 2018</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 the PCC for Bedfordshire Group will have to make a settlement based on past experience of court decisions about liability and the amount of damage payable. The PCC for Bedfordshire Group 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.

### 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 26: Unusable Reserves

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
-2,914	-2,914	Revaluation Reserve	-3,810	-3,810
-36,222	-36,222	Capital Adjustment Account	-36,733	-36,733
472	84,963	Pensions Reserve – LGPS	521	88,726
0	1,067,320	Pensions Reserve – Police Pensions	0	1,097,037
-796	-796	Collection Fund Adjustment Account	-665	-665
-181	-181	Deferred Capital Receipts Reserve	-157	-157
0	3,605	Accumulated Absences Account	0	3,719
<b>-39,642</b>	<b>1,115,776</b>	<b>Total Unusable Reserves</b>	<b>-40,845</b>	<b>1,148,117</b>

### Revaluation Reserve

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

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

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
<b>-3,152</b>	<b>-3,152</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>-2,914</b>	<b>-2,914</b>
-432	-432	Upward revaluation of assets	-1,253	-1,253
601	601	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	314	314
68	68	Difference between fair value depreciation and historical cost depreciation	43	43
<b>-2,914</b>	<b>-2,914</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>-3,810</b>	<b>-3,810</b>

#### Deferred Capital Receipts Reserve

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
-175	-175	<b>Balance at 1<sup>st</sup> April</b>	-181	-181
		Amount credited to reserve		
0	0	Amount released to finance capital	25	25
-6	-6	Discount Unwound / Revaluation following payments made	0	0
-181	-181	<b>Balance at 31<sup>st</sup> March</b>	-157	-157

#### Collection Fund Adjustment Account

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
-1,233	-1,233	<b>Balance at 1<sup>st</sup> April</b>	-796	-796
437	437	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	131	131
-796	-796	<b>Balance at 31<sup>st</sup> March</b>	-665	-665

### Capital Adjustment Account

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
-36,503	-36,503	<b>Balance at 1<sup>st</sup> April</b>	-36,222	-36,222
-2,534	-2,534	Contribution applied from Capital Reserve	-783	-783
-930	-930	Capital Receipts	-25	-25
-1,283	-1,283	Government Grants Released	1,667	-1,667
0	0	Contribution applied in year	-629	-629
-260	-260	MRP	-250	-250
3,973	3,973	Depreciation and Impairment	2,555	2,555
1,315	1,315	Non-current assets written off on disposal	287	287
-36,222	-36,222	<b>Balance at 31<sup>st</sup> March</b>	-36,733	-36,733

### Accumulated Absences Account

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
0	3,529	<b>Balance at 1<sup>st</sup> April</b>	0	3,605
0	-3,529	Cancellation of accrual made at the end of the preceding year	0	-3,605
0	3,605	Amounts accrued at the end of the current year	0	3,719
0	3,605	<b>Balance at 31<sup>st</sup> March</b>	0	3,719

## Pensions Reserves

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

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
		<b>Pension Reserve – Local Government Scheme</b>		
<b>0</b>	<b>56,513</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>472</b>	<b>84,963</b>
467	24,798	Actuarial (gains) or losses on pensions assets and liabilities	-20	-4,557
67	8,379	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	146	13,625
-62	-4,727	Employer's pension contributions and direct payments to pensioners payable in the year	-77	-5,305
<b>472</b>	<b>84,963</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>521</b>	<b>88,726</b>

The Commissioner 2016/17	The Group 2016/17		The Commissioner 2017/18	The Group 2017/18
£'000	£'000		£'000	£'000
		<b>Pension Reserve – Police Pension Scheme</b>		
<b>0</b>	<b>863,090</b>	<b>Balance at 1<sup>st</sup> April</b>	<b>0</b>	<b>1,067,320</b>
0	181,939	Actuarial (gains) or losses on pensions assets and liabilities	0	6,237
0	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	0	48,860
0	-21,479	Employer's pension contributions and direct payments to pensioners payable in the year	0	-25,380
<b>0</b>	<b>1,067,320</b>	<b>Balance at 31<sup>st</sup> March</b>	<b>0</b>	<b>1,097,037</b>

## Note 27: Cash Flow Statement – Operating Activities

2016/17			2017/18	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
688	26,702	<b>Net (surplus) or deficit on the provision of services</b>	4,311	36,157
0	57	Contributions (to) / from provisions	0	-405
6	6	Interest Cost /Unwinding of Discount	0	0
1,912	1,912	Capital Grants	1,667	1,667
-4,042	-4,042	Depreciation & Impairment	-2,912	-2,912
-4	-25,942	IAS 19 pension adjustments	-69	-31,800
0	11	Increase / (decrease) stock	0	18
7	7	(Increase)/ decrease in receipts in advance	-892	-892
1,122	1,725	Increase / (decrease) debtors	2,155	6,534
0	-316	Increase/ (decrease) payments in advance	0	-171
-1,036	-1,730	(Increase) / decrease creditors	-614	-8,931
-260	-	(Increase) / decrease creditors – Inter Company	-4,382	0
-2,298	-28,312	<b>Adjust net surplus or deficit on the provision of services for non-cash movement</b>	-5,046	-36,892
-385	-385	Remove profit / loss on sale of non-current assets	-288	-288
-1,995	-1,995	<b>Net cash flows from operating activities</b>	-1,023	-1,023

The cash flows for operating activities include the following items:

2016/17			2017/18	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
-137	-137	Interest Received	-95	-95
342	342	Interest Paid	342	342

**Note 28: Cash Flow Statement – Investing Activities**

2016/17			2017/18	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
4,747	4,747	Purchase of property, plant and equipment, and intangible assets	5,601	5,601
7,000	7,000	Purchase of short term investments	0	0
-930	-930	Proceeds from the sale of property, plant and equipment, and intangible assets	0	0
0	0	Proceeds from short-term investments	-4,000	-4,000
-1,912	-1,912	Other Receipts from Investing Activities	-1,667	-1,667
<b>8,905</b>	<b>8,905</b>	<b>Net cash flows from investing activities</b>	<b>-66</b>	<b>-66</b>

**Note 29: Cash Flow Statement – Financing Activities**

2016/17			2017/18	
The Commissioner	The Group		The Commissioner	The Group
£'000	£'000		£'000	£'000
0	0	Cash receipts of short and long term borrowing	0	0
0	0	Repayments of short and long term borrowing	0	0
<b>0</b>	<b>0</b>	<b>Net cash flows from financing activities</b>	<b>0</b>	<b>0</b>

**Note 30: Member's Allowances**

Allowances relating to the Joint Audit Committee totalled £8K during 2017/18 and in 2016/17 were £6K.

### **Note 31: Officer's Remuneration**

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

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

The employees in the bandings above do not include the remuneration of the posts of Senior Officers and Relevant Police Officers which are now separately disclosed below as required by the Accounts and Audit Regulations or the redundancy payments now disclosed separately.

### **Exit Packages 2017/18**

During 2017/18 13 exit packages were agreed of which 4 were identified as due to new collaborated units and funded as such (as per Note 37). 12 exit packages were identified as Chief Constable and 1 exit package was identified as the Commissioner.

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

### **Exit Packages 2016/17**

During 2016/17 17 exit packages were agreed of which 8 were identified as set up costs of collaborated units and funded as such (as per Note 37).

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
	£	£	£	£	£
<b>The Commissioner</b>					
The Police & Crime Commissioner	70,050	12,180	984	0	<b>83,214</b>
The Chief Finance Officer to Police & Crime Commissioner (note 1)	12,825	1,928	13	0	<b>14,766</b>
<b>The Chief Constable</b>					
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 Police & Crime Commissioner is estimated.

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

Note 3: DCC role all year (except for 4/09/17 – 2/10/17 as an ACC role), DCC was on a secondment role from 3/10/17 to 31/03/18.

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



## 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
	£	£	£	£	£
<b>The Commissioner</b>					
The Police & Crime Commissioner (note 1)	62,097	10,184	1,573	0	<b>73,854</b>
The Chief Finance Officer to Police & Crime Commissioner (note 2)	12,587	2,005	0	0	<b>14,592</b>
<b>The Chief Constable</b>					
The Chief Constable	162,618	0	315	0	162,933
Deputy Chief Constable – A (note 3)	88,124	17,299	578	0	106,001
Deputy Chief Constable – B (note 4)	46,668	9,300	0	0	55,968
Assistant Chief Constable – A (note 5)	70,000	13,950	328	0	84,278
Assistant Chief Constable – B (note 6)	41,654	7,410	314	0	49,378
Chief Constable's Chief Finance Officer (note 2)	113,282	18,042	84	0	131,408

### Notes

Note 1: The Police & Crime Commissioner took office 12/05/16.

Note 2: The Chief Finance Officer role is currently a joint role, therefore the cost split between Chief Constable and Police & Crime Commissioner is estimated.

Note 3: Role undertaken until 18/12/16.

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

Note 5: Role undertaken until 13/11/16.

Note 6: Role undertaken from 14/11/16.

### **Note 32: Agency & Contracted Services**

Agency and contracted services of £6.414M (£6.012M in 2016/17) include levies totalling £0.545M towards the cost of Forensic and DNA Testing (£0.522M in 2016/17).

### **Note 33: Audit Fees**

External audits are provided by Ernst & Young LLP to both the PCC for Bedfordshire and to the Chief Constable.

2016/17		2017/18
£'000		£'000
29	Audit Fee Re Police & Crime Commissioner	29
15	Audit Fee Re Chief Constable	15
<b>44</b>	<b>Total Audit Fees</b>	<b>44</b>

### **Note 34: National Police Air Service**

Aircraft owned by the Chiltern Air Support Consortium were transferred to the National Police Air Service on 1<sup>st</sup> October 2012. Payments are scheduled over the next 8 years for which a

Long Term Debtor is recognised on the balance sheet. A discount rate of 3.5% has been applied to future cash flows in order to calculate the fair value of the Long Term Debtor.

### **Note 35: 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 Policing 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 36: 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:

<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
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 37: Collaborated Units**

2016/17					2017/18			
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
<b>Bedfordshire</b>	<b>Cambridgeshire</b>	<b>Hertfordshire</b>	<b>Total</b>	<b>Joint Protective Services</b>	<b>Bedfordshire</b>	<b>Cambridgeshire</b>	<b>Hertfordshire</b>	<b>Total</b>
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>

<b>Bedfordshire</b>	<b>Cambridgeshire</b>	<b>Hertfordshire</b>	<b>Total</b>	<b>Tri-force Operational Support</b>	<b>Bedfordshire</b>	<b>Cambridgeshire</b>	<b>Hertfordshire</b>	<b>Total</b>
151	165	305	621	Criminal Justice & Custody Management 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 38: Council Tax Income**

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

<b>2016/17</b>		<b>2017/18</b>
<b>£'000</b>		<b>£'000</b>
-33,184	Precept received	-34,794
437	Net Adjustment to account for share of surplus/deficits	131
<b>-32,747</b>	<b>Amount included in Comprehensive Income &amp; Expenditure Statement</b>	<b>-34,663</b>

### **Note 39: Analysis of Government Specific Grants**

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

	<b><u>2016/17</u></b>	<b><u>2017/18</u></b>
	<b>£'000</b>	<b>£'000</b>
Counter Terrorism Policing Grant	15,104	15,570
ROCU (Beds Share of Joint Regional Grant)	310	545
Criminal Records Bureau Vetting	313	300
Innovation Fund (Cyber Harassment)	32	647
Victim Services Grant (now Incorporating Community Safety Grant & Victim Grant)	761	763
Organised Crime Fund – Women's Pathway	196	0
HARM PTF Grant	0	26
Mindfulness Grant	0	36
Other	17	90
POCA HO Grant	242	231
<b>Total Credited to Provision of Services</b>	<b>16,975</b>	<b>18,208</b>
Pension Top Up Grant	10,791	14,810
<b>Total Credited to Other Operating Income</b>	<b>10,791</b>	<b>14,810</b>
Police Revenue Grant	40,335	39,771
Council Tax Freeze Grant	751	751
Non Domestic Rates	23,327	23,001
Council Tax Benefit Subsidy	3,886	3,886
Capital Grant Recognised to reflect asset transfers	0	0
Capital Expenditure Grant	1,912	1,667
Council Tax Precepts	32,747	34,663
<b>Total Credited to Taxation &amp; Non Specific Grant Income</b>	<b>102,958</b>	<b>103,739</b>
Of which were Received In Advance	0	0

#### **Note 40: Related Party Transactions**

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

##### Other Public Bodies Subject to Common Control

UK Government exercises some control over the general operations of the PCC for Bedfordshire Group and it is responsible for providing the statutory framework within which the group operates and provides the majority of its funding in the form of grants. Details of grants received from government departments are disclosed in the Comprehensive Income and Expenditure Account and in detail in [Note 39](#).

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

##### Officers

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

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

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

Bedfordshire Police Partnership Trust has 12 trustees, 3 of which are employed by the PCC for Bedfordshire or the Chief Constable for Bedfordshire. For this reason the Trust is deemed to be significantly influenced by the PCC for Bedfordshire through its representation on the board of trustees. The Partnership Trust owed the PCC for Bedfordshire £104K towards the total cost of staff provided to run the scheme which was outstanding at 31<sup>st</sup> March 2018, no payments were made to the Trust during 2017/18. These accounts are not consolidated with the Commissioners accounts due to immateriality of the assets and transactions.

#### **Note 41: Capital Expenditure & Capital Financing.**

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

	2016/17	2017/18
	£'000	£'000
<u>Opening Capital Financing Requirement</u>	6,511	6,252
<u>Capital Investment</u>		
Property, Plant & Equipment	4,448	5,280
Intangible Assets	299	321
<u>Sources of Finance</u>		
Capital Receipts	-930	-24
Government Grants & Contributions	-1,283	-2,294
<i>Sums set aside from Revenue:</i>		
Direct Revenue Contributions	-2,533	-783
Minimum Revenue Provision	-260	-250
<b><u>Closing Capital Financing Requirement</u></b>	<b>6,252</b>	<b>8,502</b>
<u>Explanation of Movements in the Year</u>		
Increase (decrease) in underlying need to borrow		
- supported by government assistance	0	0
- unsupported by government assistance	-260	2,250
Assets acquired under finance leases	0	0
Assets acquired under PFI contracts	0	0
<b><u>Increase / (decrease) in Capital Financing Requirement</u></b>	<b>-260</b>	<b>2,250</b>

#### **Note 42: Lease Rentals**

The PCC for Bedfordshire has no finance leases, but rents several properties under the terms of operating leases. The costs of the operating leases are included in the Chief Constable's Comprehensive Income & Expenditure Statement to reflect the day-to-day direction and control exercised. The amount paid in 2017/18 was £0.674M (£1.023M for 2016/17).

At 31 March 2018 lease payments due under non-cancellable leases in future years were:

	Less than 1 Year	Later than 1 Year and not Later than 5 Years	Later than 5 Years	Total
	£'000	£'000	£'000	£'000
Land & Buildings	391	633	174	1,198

#### **Note 43: Sponsorship**

The PCC for Bedfordshire is allowed, under Section 93 of the 1996 Police Act (as amended) and under its financial regulations, to obtain sponsorship or gifts. Sponsorship received in 2017/18 was £14,611, sponsorship of £11,600 was received in 2016/17.

The Force supports the day to day administration of the Bedfordshire Police Partnership Trust by providing a staff member and accommodation. A separate set of Accounts is published by the Trust, which are not consolidated with the Commissioners accounts due to immateriality of these assets and transactions.



#### **Note 44: Police Property Act 1997**

The PCC for Bedfordshire operates a Holding Account for the sale proceeds of unclaimed property under the Police (Property) Act 1997. In accordance with the Act, the net income is distributed to local charities. During 2017/18 none was distributed (none in 2016/17). The funds available for distribution in 2018/19 now total £111K (£78K at 31 March 2017). This fund is held in the PCC for Bedfordshire's bank account and is therefore included in the bank figure in the balance sheet, however as the monies are to be distributed they are also included in the creditors balance.

#### **Note 45: Contingent Liability**

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 Group, along with other Police and Crime Commissioner Groups, the National Police Chiefs Council (NPCC) and the Home Office, currently has 11 claims lodged against it for alleged non-payment of a statutory debt in respect of allowances the claimants say they were entitled to be paid for duties, undertaking undercover work and as Covert Human Intelligence Source (CHIS) officers, performed outside rostered tours of duty, which non-payment of is a breach of the Secretary of State's Determinations under the Police Regulations 2003. As of 27 April 2018, it is intended that these claims will be co-ordinated through one County Court and that test cases are litigated to establish principles of remuneration. 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 46: Termination Benefits**

During 2017/18 13 exit packages were agreed totalling £0.372M, in 2016/17 there were 17 totalling £0.557M. Further detail is provided at Note 31.

#### **Note 47: Pension Fund Accounts (Comprising of notes to the Police Pensions Accounting Statements)**

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

The Chief Constable for Bedfordshire participates in two pension schemes:

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

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

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

2017/18 is the second year in which the assets and liabilities of the Local Government Pension Scheme have been split between those attributable to the Chief Constable's employees and the Police & Crime Commissioners employees.

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

	Local Government Pension Scheme		Police Pension Scheme	
	2016/17	2017/18	2016/17	2017/18
	£'000	£'000	£'000	£'000
<b>Net Total Cost of Service</b>				
Current Service Costs*	5,825	11,257	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	5,602	5,628	30,490	28,220
Interest Income on plan assets	-3,595	-3,343	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	0	-20,610	-37,430
Actuarial gains / losses arising on changes in financial assumptions	41,337	-5,231	207,470	34,580
Other experience gains and losses	2,975	10	-4,921	9,087
Return on plan assets (excl amount in net interest expense)*	-18,273	664	0	0
<b>Total Charge to the Comprehensive Income and Expenditure Statement</b>	<b>33,177</b>	<b>9,068</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*	-8,379	-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	5,137	5,305	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	210,630	221,157	1,067,320	1,097,037
Fair value of plan assets	-125,667	-132,431		
<b>Sub-total</b>	<b>84,963</b>	<b>88,726</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>84,963</b>	<b>88,726</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>1<sup>st</sup> April</b>	<b>100,371</b>	<b>125,667</b>
Expected rate of return / Interest income	3,595	3,343
Re-measurement gains and losses:		
Return on plan assets, excluding the amount included in the net interest expense	18,273	-664
Other	0	0
Employer contributions	4,727	5,305
Contributions by scheme participants	1,692	1,913
Benefits paid	-2,991	-3,133
<b>31<sup>st</sup> March</b>	<b>125,667</b>	<b>132,431</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.

### 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>1<sup>st</sup> April</b>	<b>156,884</b>	<b>210,630</b>	<b>863,090</b>	<b>1,067,320</b>
Current service cost	5,825	11,257	13,280	19,970
Interest cost	5,602	5,628	30,490	28,220
Contributions by scheme participants	1,692	1,913	5,215	5,174
Re-measurement (gains) and losses:				
▪ Actuarial gains / losses arising from changes in demographic assumptions	-1,241	-0	-20,610	-37,430
▪ Actuarial gains / losses arising from changes in financial assumptions	41,337	-5,231	207,470	34,580
Other experience gains / losses	2,975	10	-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>31<sup>st</sup> March</b>	<b>210,630</b>	<b>221,157</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>-84,963</b>	<b>-863,090</b>	<b>-1,067,320</b>
Current Service Cost	-5,825	-11,257	-13,280	-19,970
Contributions by employer	4,727	5,305	21,479	25,380
Past Service Costs	-547	-83	0	-670
Interest Cost	-5,602	-5,628	-30,490	-28,220
Expected Return on Assets	3,595	3,343	0	0
Curtailment losses and gains	0	0	0	0
Re-measurement Gains / (losses)	-24,798	4,557	-181,939	-6,237
<b>31<sup>st</sup> March</b>	<b>-84,963</b>	<b>-88,726</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 £(000)	Quoted prices not in active markets £(000)	Total £(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 spreadsheet (GFS) which has been designed to satisfy the disclosure requirements contained within the CIPFA Code of Practice.

The significant assumptions used by the actuaries are:

	Local Government Pension Scheme		Police Pension Scheme	
	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 PCC for Bedfordshire Group 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 PCC for Bedfordshire Group in the year to 31 March 2019 is £5.086. Expected contributions to the Police Pension Scheme in the year to 31 March 2019 are £9.228M.



### Police Pension Fund Accounting Statement

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

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

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

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

<b>2016/17 (Re-stated)</b>			<b>2017/18</b>	
<b>£'000</b>	<b>£'000</b>		<b>£'000</b>	<b>£'000</b>
		<b>Contributions receivable</b>		
		- From Employer		
-8,918		Normal	-9,141	
-326		Early Retirements for Ill-Health	0	
-4,999		- From members of the Pension Scheme	--5,066	
	-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>

The table below shows the Net Assets held by the PCC Group relating to the Police Pension Scheme:

2016/17			2017/18	
£'000	£'000		£'000	£'000
	0	<b>(Surplus)/Deficit for the Year</b>		0
		<b>Non Cash Transactions</b>		
		<b>Accruals</b>		
-6		Increase/(Decrease) in Creditors	0	
-93		(Increase)/Decrease in Payments in Advance	-66	
	-201	<b>Net Cash Inflow/(Outflow) from Revenue Activities</b>		-66

**External Advisers**

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

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

(i) **Financial Administration**

Financial services provided to the PCC for Bedfordshire Group during 2017/18 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.

**Glossary of Terms**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**DEBTOR** – Money owed to the PCC for Bedfordshire.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Opinion**

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

- Police and Crime Commissioner for Bedfordshire and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Bedfordshire and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Bedfordshire and Group Balance Sheet;
- Police and Crime Commissioner for Bedfordshire and Group Cash Flow Statement; and related notes 1 to 47 including the Police and Crime Commissioner for Bedfordshire and Group Expenditure and Funding analysis on pages 41 and 42; and
- Police and Crime Commissioner for Bedfordshire Police Pension Fund Accounting Statement.

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 Police and Crime Commissioner for Bedfordshire and Group 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 Police and Crime Commissioner for Bedfordshire and Group 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 Financial Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Chief Financial 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**

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 Financial 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 Police and Crime Commissioner 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 to you 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

### **Responsibility 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. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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

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

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 PCC 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 PCC 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 PCC 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 Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (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 Police and Crime Commissioner has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

### **Certificate**

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

### **Use of our report**

This report is made solely to Police and Crime Commissioner for 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 Police and Crime Commissioner for 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*

### **Foot note:**

The maintenance and integrity of the Police and Crime Commissioner for Bedfordshire 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.