Group Accounts for the Police and Crime Commissioner for Kent and the Chief Constable for Kent Police

Audited Statement of Accounts 2018/19

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Written statements

Message from Rob Phillips, Chief Finance Officer to the Police and Crime Commissioner

This narrative report brings together the most significant features of the Statement of Accounts alongside other relevant information to provide context and commentary on the financial performance of both the Kent Police and Crime Commissioner and Kent Police over the last year. It also looks ahead to the expected future financial environment which the organisations face.

2018/19 has been a challenging year for the Kent Police service. The increasing demand on police services and the changing pattern of crime types alongside limited financial resources has meant that Kent Police have had to become ever more efficient, maximise the resources available and find innovative solutions to difficult problems.

For 2018/19 the PCC increased the 2018/19 precept by £12 with the target for the Chief Constable to increase the number of Police Officers in Kent by 200. The 200 new officers was achieved with the recruitment intake for January 2019. These officers form part of an expansion of the policing model and deal with high harm issues, as well as more visible neighbourhood policing, including rural and roads policing, local communities, fighting cybercrime and providing greater public protection.

The PCC also provided for 80 new police staff roles to boost the number of call handlers answering 999 and 101 calls. This has been very successful with the average answering time for 101 calls reducing from 2.35 minutes to a current average of around 1.51 minutes and call attrition (where callers hang up as they have had no response) reducing from 22% in April to an average of 11% for 2018/19. All of these improvements have had no impact on 999 call response with typical answering times of less than 10 seconds and a less than 1% attrition rate. This means that people are getting the help they need quicker and more information is being provided to the police.

Kent is the UK's gateway to and from Europe and as such Kent Police have been proactively working on a variety of contingency plans alongside partners for whatever type of Brexit will happen post March 2019. The PCC has helped secure over £4m of additional funding for Kent from the Government with £0.85m being released before Christmas 2018 and a further £3.5m at the end of the financial year.

The PCC launched the Violence Reduction Challenge, his Kent specific response to the Government's violent crime strategy. Regular proactive meetings are held with a variety of partners from all sectors across Kent and Medway collectively seeking to understand the nature of violent crime and its causes and provide workable solutions to help reduce the impact in Kent. A series of recommendations and actions have been published.

In October 2018 the PCC brought partners together at the Inaugural Blue Light Jobs Fayre to promote opportunities to work with local emergency services and other criminal justice agencies. The PCC also carried out a cyber-bullying survey which led to engagement with almost 7,000 young people across Kent.

The PCC has been insistent on Kent Police becoming ever more efficient in how it manages its resources, including the savings achieved for 2019/20 the Force have delivered £100m of savings since 2010. This need to deliver savings continues with a further £34.2m required by the end of the medium term.

Police Efficiency, Effectiveness and Legitimacy (PEEL) Inspections are an annual assessment of Police Forces in England and Wales. Forces are assessed on their efficiency, effectiveness and legitimacy and are judged as either outstanding, good, requires improvement or inadequate on these categories. I am very pleased to report that in early May HMICFRS have graded Kent Police as the best police force in the country. We now hold more 'Outstanding' grades – and for longer – than any other.

We are graded as Outstanding for Legitimacy (for the fourth year in a row), Outstanding for our Crime Data Integrity, Outstanding for our Efficiency, and Good for our Effectiveness. Without every officer, Special constable, PCSO, member of staff, and volunteer understanding that victims and witnesses must come first in everything we do, that we exist to provide a first class service, and all of that is underpinned by doing the right thing, we would not be where we are today.

During 2018/19 Kent Police were re-inspected by HMICFRS on Crime Data Integrity re-inspection. This was as a consequence of the inspection which took place in March 2017, when the performance of Kent was graded as inadequate. This re-inspection found the Force recorded 96.6% of all reported crime. This is a significant improvement and puts Kent Police as the best in the country at recording crime.

Her Majesty's Inspectorate recently concluded their latest PEEL inspection. The grading will be published on 2 May 2019 which assesses Police Forces on their Efficiency, Effectiveness and Legitimacy.

I hope you enjoy reading the accounts and that the narrative foreword proves helpful in understanding the context in which we spend our funding and the links between how we manage our expenditure during the year and the statutory accounting processes.

Acknowledgements

Before I finish, I would like to thank Paul Curtis, the Force CFO, Sonia Virdee, the Chief Accountant, Ricardo Herrera Delgado, Acting Senior Finance Accountant and the Force Finance team for producing the accounts you are about to read. It would not have been possible without them and I express my gratitude for all their hard work and support through the year.

Narrative Report

Organisational and Accounting Structure

It would probably help to start with a brief summary of how the organisations and therefore the accounts are structured. The Police Reform and Social Responsibility Act 2011 replaced Police Authorities with elected PCCs in November 2012 and created two corporations sole, the Police and Crime Commissioner (PCC) and the Chief Constable. The PCC is ultimately responsible for the combined group account of both entities.

This Statement of Accounts records the expenditure and income of the Group for the financial year 2018/19, of the PCC for Kent and also the combined accounts for the PCC and the Chief Constable. The Chief Constable has his own set of accounts.

The accounts have been prepared in accordance with the appropriate Codes of Practice published by the Chartered Institute of Public Finance and Accountancy (CIPFA). The accounts have also been produced in accordance with International Financial Reporting Standards (IFRS) and the latest CIPFA Bulletins.

The main financial statements comprise:

- Comprehensive Income and Expenditure Statement
- Movement in Reserves Statement
- Balance Sheet
- Cash flow Statement

In addition to these primary statements there are a number of notes which help explain the figures; including a set of accounting policies showing the approach the PCC for Kent has taken in compiling the accounts. My role as Chief Finance Officer (CFO) is a statutory post and helps the PCC discharge his duties.

The Accounts begin with this Narrative Report followed by the Auditor's Report on page 29. The statement of the responsibilities of the PCC and their CFO in relation to the management and reporting arrangements for the PCC for Kent's resources (page 34). The PCC and CC for Kent have a combined 'Annual Governance Statement' (AGS), which covers all of the organisation's key governance processes and safeguards; this is shown starting on page 35. The Summary of Accounting Policies is outlined in note 32 (page 163). The Police Officer Pension Fund Account is included as a supplementary statement on page 197.

An Introduction to Kent

Kent Police serves a population of 1.8 million people across 1,443 square miles consisting of multiple towns, some of which border London, rural areas and a number coastal towns spread around it's 343-miles of coastline. The resident population is increased by university students and the very large numbers who visit or travel through the county each year. The county consists of a mixture of wealthy communities coexisting alongside areas of acute deprivation.

The challenge of providing services throughout Kent is a function of many things including the size and topography of the area, the road network and how congested the roads are. These considerations influence how police resources are organised and managed, for example, where police officers are based and their working patterns.

The transport infrastructure in Kent includes major national and international rail stations, the channel tunnel, and major sea ports. As the UK's gateway to Europe, approximately 34 million passengers move through Kent annually. Freight vehicle movements alone average 10,000 per day. The addition of managing significant freight as a result of any adverse weather, industrial action or changes to border policy post the UK's exit from the European Union makes this is a significant policing commitment.

Kent's proximity to Europe presents additional policing requirements; transient organised criminality including terrorism, drugs importation, people trafficking, slavery, economic migrants and asylum seekers. These are key challenges for Kent. Cross-border activity presents further demand; particularly London-based gangs trying to establish themselves in several Kent towns, often referred to in the media as County Lines.

Kent Police has a mature collaboration arrangement with Essex Police to provide joint serious crime investigation and support services. We also work closely with our partners at a county, unitary and district level, as well as the Fire and Rescue Service to tackle adult and child safeguarding, chld sexual exploitation and have established Community Safety Partnerships responding to local crime and disorder. Kent is also part of the seven Force procurement collaboration and the nine Force Athena Consortium.

In 2018/19 the Force dealt with 789,565 calls for service. Kent Police has a strength of 3,521 (2017/18 - 3,279) full-time equivalent officers; supported by 2,599 (2017/18 - 2,519) full time equivalent staff (this includes all police community support officers, police staff employees, special constables and volunteers). Below is a breakdown of strength by staff group:

Table 1: Kent Police Staffing levels *(BAME numbers exclude white and white other backgrounds)*

Staff Group	Strength						BAME	
	2017/18			2018/19			2017/18	2018/19
	Male	Female	Total	Male	Female	Total		
Police	2,365	914	3,279	2,498	1,023	3,521	100	121
Staff	863	1,340	2,203	869	1,441	2,310	61	71
PCSO	166	150	316	152	137	289	9	9
Total	**3,394**	**2,404**	**5,798**	**3,519**	**2,601**	**6,120**	**170**	**201**

Key Financial Information for 2018/19
Revenue Budget

On the 19th December 2018, the Policing Minister announced the draft general grant allocation for each Force area for 2018/19. The highlights of the Minister's announcement, in line with the earlier Spending Review decisions set out by the Chancellor, were as follows:

- Precept flexibility of up to £12 for all PCCs (or equivalents) in 2018/19.
- Flat cash grant funding (i.e. the same allocations as in 2017/18 for Home Office Core Police Settlement, Ex-DCLG, Welsh Assembly grant and Legacy Council Tax)
- Updated assumptions around tax base growth, using OBR figures of 1.34% in England and 0.8% in Wales
- Any tax base growth greater than the above figures will be kept locally.
- Including these assumptions on council tax and based on the 1.5% GDP deflator, the resulting settlement, including council tax, represents a "real terms" increase between 2017/18 and 2018/19
- £450m additional funding for the service nationally – includes £130m additional reallocation and approximately £147m as a result of additional council tax flexibilities.
- £50m additional Counter Terrorism funding and the remaining £123m can be considered as "new money".
- In respect of capital grants to PCCs, total Police Capital Grants have reduced from £77.2m in 2017/18 to £75.2m for 2018/19. However, Police Capital grant allocations (those provided to individual PCCs) are unchanged from 2017/18.

The Minister's statement was clear that this funding settlement to PCCs 'must be matched by a serious commitment from PCCs and Chief Constables to reform by improving productivity and efficiency to deliver a better more transparent service to the public'. In particular the Minster outlined three clear priorities:

- Seek and deliver further cost efficiencies, especially through better procurement
- A modern digitally enabled workforce, so front line officers can spend more time preventing and fighting crime
- Greater transparency in how public money is used, particularly in the holding and use of reserves.

This settlement was confirmed in January 2018.

Locally, as a result of the settlement, the funding received by Kent is as follows:

Table 2: Funding Stream

Funding Stream	Budget £	% of Total Funding
Central Government Funding		
Police Core Settlement	104,799	31%
Ex DCLG Funding	65,666	20%
Legacy Council Tax Grants	13,298	4%
Specific Grants	14,579	4%
Locally Raised Funding		
Income	19,527	6%
Council Tax	105,080	32%
Collection Fund	1,520	0%
Reserves	8,222	2%
Total	**332,691**	**100%**

In 2018/19 Kent received a total of £183.8m in general grants and council tax grants. This was the same level of funding received in the 2017/18 settlement.

The budget for 2018/19 was set in February 2018 and monitored closely during the year. A financial reporting paper was produced with a full suite of information being presented quarterly to Chief Officers of both the Force and the PCC alongside a monthly summary. Financial information was also presented quarterly to the Joint Audit Committee (JAC). The revenue budget shows the day to day expenditure of running Kent Police and the PCC office.

The final position on the revenue budget for the Group is shown below in Table 3:

Table 3: Revenue Outturn 2018/19

Directorate	Budget £'000's	Net Expenditure £'000's	Over / (Underspend) for 2018/19 £'000's
Central Operations	43,158	42,157	(1,001)
Chiefs Office	2,033	2,186	153
DCC Portfolio	8,469	8,533	64
Divisions	134,459	126,269	(8,190)
Serious Crime Directorate	29,651	27,042	(2,609)
Support Services	51,204	58,042	6,838
Local Policing and Partnerships	19,973	19,316	(657)
Corporate Charges	6,214	17,861	11,647
Transfer to / (from) reserves	(8,222)	(14,751)	(6,529)
Office of the Police and Crime Commissioner	3,423	3,461	38
Net Expenditure	**290,362**	**290,116**	**(246)**

2018/19 has been a particularly challenging year to ensure that Kent Police expenditure remains within budget. The Kent Police revenue budget for 2018/19 shows an underspend of £0.25m, this underspend predominately relates to the return of the Icelandic Investments. This underspend will be a transfer to reserves and be used to support the delivery of future capital / revenue investment.

Table 3 represents the management accounting balance, i.e. it reflects the impact on the local council tax payer, at the end of the year. It excludes the notional costs shown in the accounts to comply with International Financial Reporting Standards (IFRS). The Comprehensive Income and Expenditure Statement (CIES) includes these notional costs, such as pensions and depreciation, as well as the management accounting information. In effect, the CIES shows the accounting cost in the year of providing services in accordance with generally accepted proper practices, rather than the amount to be funded from taxation. This distinction is very important in interpreting the overall position.

A PPA has been carried out on the Group's accounting treatment on joint operations with Essex Police and invoices paid on behalf of both Kent Police and Essex Police with the correct share recharged to Essex. The Group recognised the gross payable amount in expenditure and the percentage recharge in income. During the final audit it was highlighted the correct treatment for income against expenditure paid on behalf of another entity should be netted off against expenditure, as Kent Police are acting as an intermediary (per the Code 2.6 Principal and agent transaction) and not supplying a service/goods. During further investigation by Kent Police finance team it was agreed the joint operations are also amended and treated as per the "Police Accounting for Joint Operations – suggested approaches and key considerations (April 2015). The overall impact on Net Cost of Services is zero, however this adjustment has an overall impact against income and expenditure in the CIES of £8.6 million and £9.3 million in 2017/18 and 2018/19 respectively.

On a fully IFRS compliant basis, the CIES show the net cost of services at £527m, some £161m more than the previous year. The main reason for this increase is predominately due to an allowance made, under IAS 26, for the recent Court of Appeal judgement in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in an increase in of £138m IAS 19 adjustments compared to 2017/18. Further to this: the uplift in Police Officer and Police Staff has increased pay by £12m following increase in precept by £12 in 2018/19; Insurance provision has increased by £2.4m; Top Up Grant has increased by £3.5m; IT Software has increased by £1.5m; Plus an increase of £1.1m PCC funding to partnerships for victim support.

The overall operating deficit for the year is £294.3m compared to £136.1m in the previous year, explained mainly by the key variations already mentioned. From 2017/18 the total impact on the CIES has increased by a further deficit of £36.1m, primarily due to a £118.3m change (surplus) in the re-measurement of the net defined benefit liability as per the independent actuarial assessment. 2017/18 total CIES has been restated from £345.4m to £210.8m as a consequence of a change in the re-measurement of the net defined benefit liability. This is further explained under the Pensions section of this Narrative report with full details of this change in note 3, page 87 - Prior Period Adjustment.

The Expenditure and Funding Analysis on page 79 shows how annual expenditure used and funded from resources by Police bodies with those resources consumed or earned in accordance with the generally accepted proper practice.

Planned Transfer to Reserves

At the start of the financial year 2018/19, the Force had £0.9m of planned transfers to reserves in relation to bank holiday overtime. As there were fewer bank holidays in 2018/19 than usual the funding, as agreed in 2017/18, is transferred into the Bank Holiday Reserve to cover expenditure in years when there are a greater number of bank holidays.

Police and Crime Commissioner Expenditure

The PCC net budget consists of the costs of the OPCC and the grants that the PCC provides to support projects across Kent.

The following provides a breakdown of that expenditure:

Table 4: OPCC Budget and Expenditure breakdown

	Budget £'000's	Spend £'000's	Variance £'000's
OPCC	1,335	1,335	0
Grants	2,089	2,127	38
Total	**3,423**	**3,461**	**38**

The expenditure includes a small overspend of £0.04m covered by reserves.

Projects funded during 2018/19 include:

- Supporting the Volunteer Police Cadet scheme by making available funding for a hardship fund so that those from less affluent backgrounds can still get involved.
- Support for the Kent Police museum curator by providing funding guarantee for the post over the next 3 years which allows the Force to apply for additional funds from the National lottery
- Volunteers with powers, funding training and associated costs for our volunteers, the first Force in the country to give powers to volunteers.
- Support for the Kent Community Safety Team, in conjunction with our partners in providing administration support to the team
- Anti-modern slavery co-ordinator, a joint post with Essex dealing with human trafficking and modern slavery.

From the 2018/19 budget, the PCC has released £0.2m from his OPCC budget to support the recruitment of new Officers.

Police and Crime Commissioner Commissioning Achievements

The PCC received £2.1m in grant from the Ministry of Justice (MoJ) for the provision of services to victims. This funding, which is the same as received in 2017/18, is used to provide a wide range of services to enable victims to cope and recover. The PCC has contributed the same amount and therefore has a fund of £4.2m to deal with victims, witnesses and projects to help reduce crime and disorder. The PCC developed a Commissioning Strategy that identified how this funding would be allocated. The strategy is available on the PCC website.

There were a number of funding streams available:

1. Mental Health in Policing Fund

One of the PCC's priorities is making sure that people with mental health issues who come into contact with the police have access to the right support. These may be victims, witnesses, or offenders and could range from being in crisis to a missing person or needing to access the right support mechanisms within their communities. Funding was allocated within the commissioning budget to enable the PCC to support schemes and projects which related directly to this priority. This fund provided money to a number of projects including the provision of mental health counsellors in the Kent Police control room, a safe haven bus, peer support, outreach services and a number of well-being cafes across Kent. The work of these projects was closely monitored to ensure outcomes were being achieved. The PCC's collaborative approach to commissioning services has led to work with Kent Police and MIND to provide MIND Counsellors within the Kent Police Control Room at key times to enable those with mental health needs or in crisis to be supported by trained practitioners.

2. Victim Specialist Service Fund

The PCC's core victim services are provided by Victim Support. They are an independent charity who provide emotional and practical help to people, and where appropriate immediate family members who have been affected by crime regardless of whether they have contacted the police or how long ago the crime took place. They provide help for as long as it takes to overcome the impact of the crime. In addition to this service, Victim Support alongside the Kent Police Rural Team and the PCC helped provide and target crime prevention and safety equipment in rural communities.

In response to the number of hate crime victims reporting their crime but also withdrawing from the criminal justice process the PCC funded a Hate Crime Advocate. This role provides dedicated support to hate crime victims to support with their recovery and also provide specialist support for those going through the Criminal Justice System.
The PCC also funds a Restorative Justice (RJ) Service which provides the opportunity for the victim and the offender to come together to discuss how to repair the harm caused. RJ can be a very powerful tool in supporting the victim cope and recover and reducing reoffending. It enables victims to tell offenders the real impact of their crimes, get answers and possibly receive an apology. It also gives offenders the chance to understand what they have done, take responsibility for their actions and consider ways to make amends for their behaviour. The PCC's new RJ Service for Kent went from strength to strength in 2018/19 with RJ awareness and referral numbers increasing. This was supported by the Force's RJ Co-ordinator and the introduction of a RJ App for Police Officers' mobile devices making it easier and simpler to refer the appropriate people to the service.

All PCCs have responsibility for commissioning services which support victims of crime in their area and the PCC set aside £500,000 in 2018/19 for projects which help victims with specialist needs. Money was awarded to projects which support victims with their long-term recovery from crime, or support people with complex unmet needs. This included support for hate crime victims, young people, male domestic violence victims, victims from underrepresented communities or those with protected characteristics such as the LGBT (lesbian, gay, bisexual and transgender) community or the disabled.

The PCC developed a collaborative bid with Kent County Council to pilot the basing of Independent Domestic Violence Advisers (IDVA) in two of the major hospitals in Kent. The aim being to identify risk earlier enabling improved interventions for victims of domestic abuse and their families. The response to this has been encouraging.

The PCC's Victims Specialist Services Funding has enabled the delivery of new and innovative approaches such as a Male Domestic Abuse Support Worker, LGBT+ IDVA and specialist farm based family therapeutic service for children and their families who have suffered domestic and sexual violence.

3. Safer in Kent Fund

The PCC's Safer in Kent Fund was set up to provide funding for new, or expanded**,** projects and innovative approaches that help address the issues contained within the Safer in Kent Plan. It funded projects, such as providing ex-offenders with skills and training, an app to encourage young people to take part in their communities, promotion of zero tolerance within the Night Time Economy of Sexual Harassment and a service working with adolescents who are becoming abusive towards their parents amongst others. Details can be found on the PCC website.

4. Other Funds

The PCC continued his commitment to the Community Safety Partnerships (CSPs). All CSPs across Kent and Medway received an increase of 10% in the level of financial support they received from the PCC. This allows the CSPs to invest in schemes and projects that directly impact on their communities. This funding will continue in 2019/20. The PCC also funded a number of third-party providers such as Crimestoppers and the Drug and Alcohol Action Teams in both Kent and Medway. The PCC delivered schools based educational messages through the Amelix school tours, which are delivered collaboratively with the music industry. The messages cover staying safe online and cyber bullying. These tours have been extended to year 6 to enable earlier engagement on preventative messages.

The PCC has been successful in securing additional funding for two projects. Firstly, funding from a National Modern Slavery Fund to deliver awareness raising messages to key businesses, particularly the tourism and leisure industry on modern slavery at a conference that was held in March 2019 and secondly, from the Home Office to enable the continuation of the St Giles Trust County Lines projects in East Kent, which supports vulnerable young gang members

Investment Budget

Investment Expenditure includes both capital and revenue expenditure on our assets such as our property, vehicles and our IT infrastructure which have a longer-term life. This is funded through a combination of government grant, use of reserves and capital receipts. Capital receipts are the proceeds of the sale of an asset and can only be used for capital expenditure.

The Policing Minister's announcement on the funding settlement stated that total Police Capital Grants to PCCs would reduce from £77.2m in 2017/18 to £75.2m for 2018/19. However, Police Capital grant allocations (those provided to individual PCCs) would be unchanged from 2017/18. Kent's capital grant allocation therefore remained the same for 2018/19 at £1.1m.

The final position on the investment budget for the Group is shown below in Table 5:

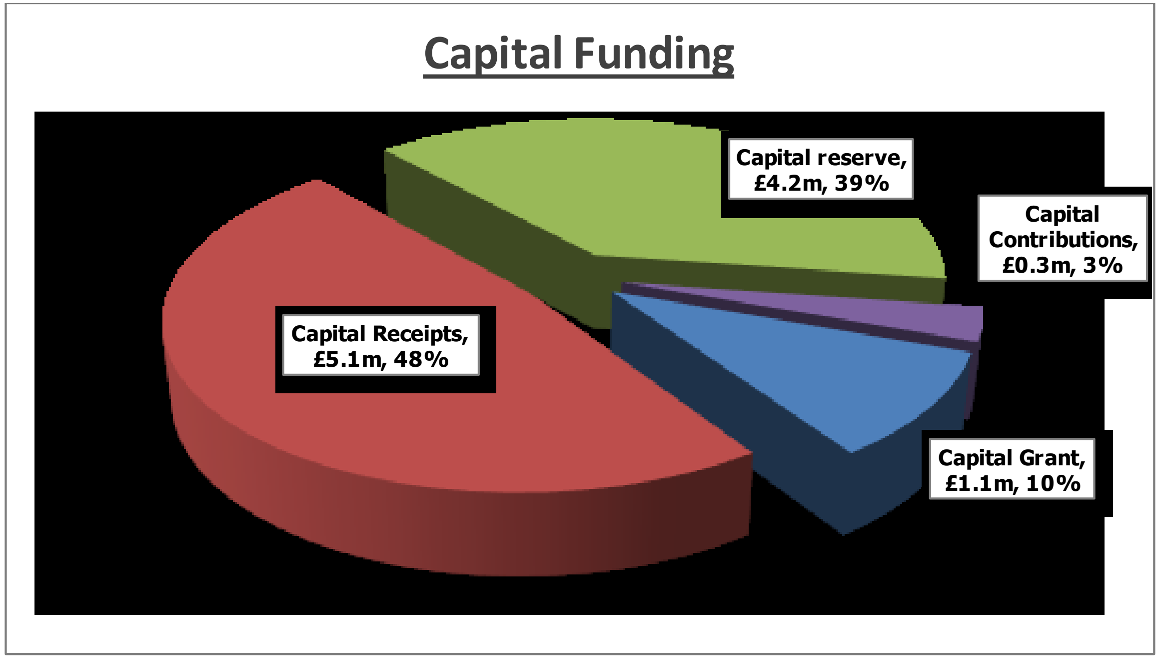
Table 5: Capital Budget

Provisioning Department	Revised Budget 2017/18 £'000's	Actual Expenditure 2017/18 £'000's	Variance 2017/18 £'000's	Revised Budget 2018/19 £'000's	Actual Expenditure 2018/19 £'000's	Variance 2018/19 £'000's
IT Department	9,084	4,298	(4,786)	7,107	6,241	(866)
Estate Department	3,866	774	(3,092)	1,790	1,153	(637)
Transport	2,334	1,743	(591)	2,421	2,176	(245)
Innovation Fund	1,585	1,360	(225)	0	(17)	(17)
ANPR Department	489	338	(151)	472	490	18
SB Projects	64	0	(64)	0	0	0
Other	982	610	(372)	701	671	(30)
Totals	**18,404**	**9,123**	**(9,281)**	**12,491**	**10,714**	**(1,777)**

The table shows slippage of £1.8m. This is due to a number of projects both locally and nationally that did not commence during the year. A number of projects in year did not complete during the financial year and this slippage will be carried over into 2019/20.

The table above focusses on the capital investment taken during the year to create and improve the PCC's assets. Assets along with liabilities and reserves form part of the Balance sheet (see page 71). The Balance Sheet shows the value as at the end of the year of the assets and liabilities recognised by the PCC for Kent.

Table 6: Capital Funding 2018/19



An abbreviated balance sheet is shown below in Table 7:

Table 7: Summary Balance Sheet 2018/19

	31st March 2018 Restated £'000's	31st March 2019 £'000's
Long Term Assets	229,096	216,179
Current Assets	68,373	58,798
Current Liabilities	(30,517)	(32,301)
Long Term Liabilities	(3,795,319)	(3,883,335)
Net Assets	**(3,528,367)**	**(3,640,659)**
Usable Reserves	51,086	28,548
Unusable Reserves	(3,579,453)	(3,669,207)
Total reserves	**(3,528,367)**	**(3,640,659)**

Re-statement of 2017/18 accounts has resulted in an overall adjustment of £0.13m reducing the pension liability affecting both Long Term Liabilities and Unusable Reserves (see note 3, page 87 for full details).

Reserves

As shown above the net assets (assets less liabilities) are matched by the reserves. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the PCC 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). These are the reserves that we use during the year to fund investment opportunities or the capital programme. Any underspend at the end of the year is transferred into usable reserves.

Table 8: Usable Reserves

	As at 31st March 2018 £'000's	As at 31st March 2019 £'000's
General Fund	8,800	9,100
Risk		
Localisation of Council Tax Benefit Reserve	700	162
Grant Cut Volatility Reserve	4,100	0
Insurance	3,098	1,502
Change		
Invest to save	1,522	513
PCC Recruitment Support	0	3,000
Redundancy, Relocation & Regulation A20	4,810	3,760
Policing Opportunity		
Policy Opportunities	1,219	16
POCA Incentivisation	1,012	1,002
Policing Opportunity Other:		
OPCC Budget Roll Forward	1,085	947
Partnership Funding Roll Forward	777	794
Op Morris - Vehicle Seizure	68	55
Bank Holiday Overtime Reserve	936	1,872
Investment Reserve		
Investment Reserve	22,959	5,825
Total	**51,086**	**28,548**

Usable reserves stand at £28.5m, a decrease of £22.5m on the previous year. Table 9 below provides details on how this was spent. General reserves have been increased to a minimum of 3% of net revenue budget to bring into line with other PCC's and also reflect HMICFRS comments.

Table 9: Expenditure Approved from Usable Reserves

Expenditure Approved from Usable Reserves	Total £'000's
Risk	
Localisation of Council Tax Benefit Reserve	
Council Tax Support	**239**
PCC Grant Budget Top Up	**299**
Grant Cut Volatility Reserve	
Budget Top Up Approved	**3,123**
1% Bonus Payment	**749**
Insurance	
Increase in Insurance Provision	**2,495**
Change	
Invest to save	
Innovation Fund	**245**
PCC Recruitment Support	
New Horizon 2	**2,100**
Redundancy, Relocation & Regulation A20	
Ill Health Retirement	**620**
Redundancies	**243**
Allard payments	**81**
Policing Opportunity	
Policy Opportunities	
Historic Records	**309**
Policing Opportunity Other:	
Bank Holiday Overtime Reserve	**(936)**
Investment Reserve	
Investment Reserve	**12,926**
Total	**22,493**

The second category of reserves is that which the PCC is not able to use to provide services, the 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;

pensions reserves and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Pensions

Accounting standards require that the total future liabilities for the cost of pension payments to past and present Police Officers and Police Staff are fully reflected in the Balance Sheet. Accordingly, the Balance Sheet figures included within the accounts (see note 28) includes net liabilities of £188.5m (2017/18 £184.5m) for Police Staff and £3,651.3m (2017/18 Restated £3,432.5m) for Police Officers. This now includes an estimated impact on total liabilities following the recent Court of Appeal judgment in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. The statutory arrangements for funding the Police Officer deficit and the PCC's arrangements for funding the Police Staff deficit, however, mean that the financial position of the Group remains sound.

The Police Officer pension scheme is an unfunded scheme meaning there are no assets built up to meet the pension liabilities and cash has to be generated to meet pension payments as they fall due. Both Police Officers and the employer make contributions to the Police Pension Fund. Any difference between the pension income and the actual pensions paid out is reimbursed by the Home Office through a top up grant.

All Police Staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Kent County Council. Both the staff and the employer make contributions to the Scheme; however, the LGPS is a fully funded scheme meaning contributions are invested to help fund future liabilities. The amount the employer pays is determined by a valuation which takes place every three years.

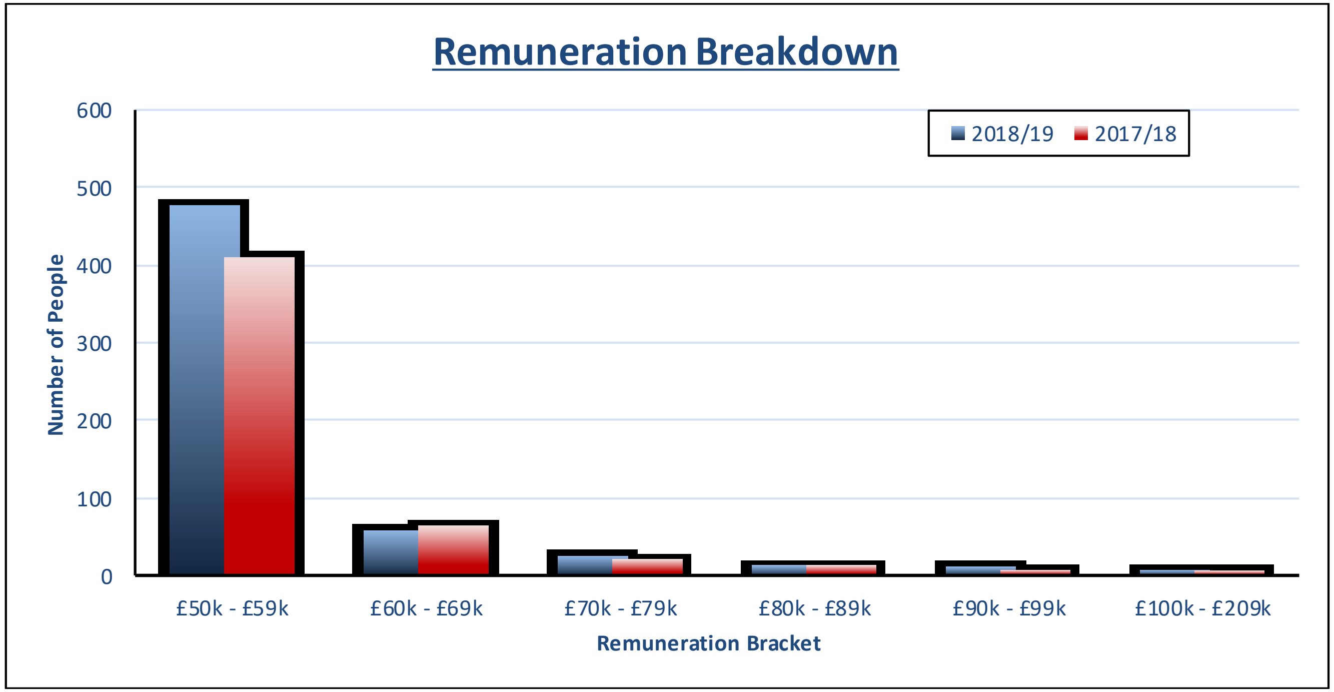
The latest triennial valuation took place in 2016 which resulted in an increase in the employer's pension contribution to 13.2% from 11.6% due to expected future liabilities on the Fund. The Pension Fund is currently in a strong position with no pension deficit to take into account. This allows the increase in contributions to be staged over the next 3-year period. 2018/19 was the second stage of this three stage increase which will result in an additional £1m contribution per annum by 2019/20. The next triennial valuation is due in autumn 2019 for the 2020/21 financial year.

During preparation of the data submission required for the actuarial valuation of the Police Pension Schemes for these accounts (note 28 – Defined Benefit Pension Schemes), an error was discovered in data used in the 2017/18 valuation whereby deferred pensions and pensions in payment included an annual pension increase, applicable from 1st April 2017. Data should have been based on pension at 31st March 2017, without the increase applied. A number of deferred pension cases, held as paper records when the data was prepared had also been omitted from the data submission. A revaluation of the Police Pension Schemes as at 31st March 2017 was carried out and the Force has re-stated its accounts. The revaluation amount of £134.6m has decreased the present value of the Police Pension Scheme defined benefit obligation and decreased the Pensions Reserve.

Officers' Remuneration

In 2018/19 Kent Police had 586 employees who earned over £50,000 compared to 516 in 2017/18. The increase in numbers has been driven by those earning between £50,000 and £60,000. Senior pay has seen an increase in the number of employees earning over £100,000 from 6 in 2017/18 to 7 in 2018/19. Full details of officer's remuneration can be found in note 6 in the Statement of Accounts.

Table 10: Officers Remuneration



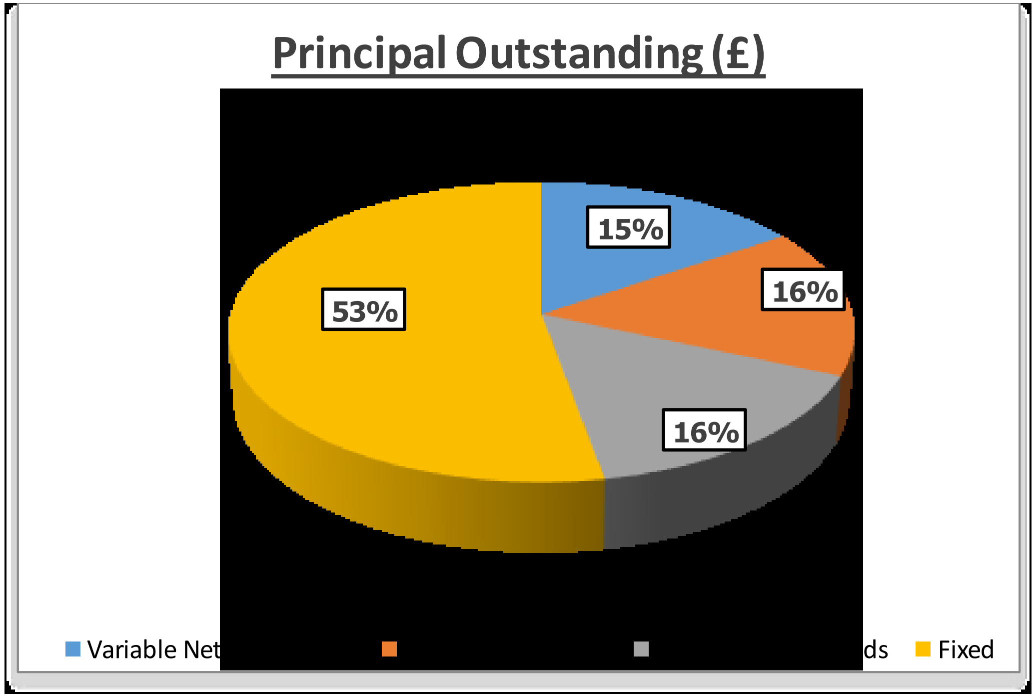
Treasury Management

The Treasury Management Strategy is updated annually by the CFO to the PCC to reflect the current financial environment. This is reviewed by the Joint Audit Committee (JAC) before being formally approved by the PCC before the start of each financial year. The JAC will receive updates during the year on performance against the strategy, once at the mid-year point and once at the end of the year. The CFO to the PCC has appointed Arlingclose as the PCC's treasury management advisors and they provide guidance and advice on investment opportunities, credit ratings, financial environment as well as the overall strategy.

The strategy for 2018/19 continued to allow the PCC to identify funds for longer term investment to be used to diversify into more secure and/or higher yielding asset classes. As part of the diversification of investments the PCC has invested in the CCLA (Churches, Charities and Local Authorities) a local authority property fund. Investment in a property fund offers enhanced returns over the longer term, which should help mitigate inflation risk, but can be more volatile in the short term. This is therefore a long-term investment.

The table below shows a breakdown of our investments by type.

Table 11: Treasury management



The total value of investments at the year-end amounted to £27.3 million. £4.8 million has been classified as long-term investments and £22.5 million as short-term investments and cash and cash equivalent.

The factors that impact on our cash flow during the year are:

- The acquisition and disposal of our assets. This has been broadly in line with our forecasts despite market conditions being more adverse.
- Unapplied grants and contributions.
- Receipt of government grant and local precepts. These were largely received in line with the agreed schedules.
- The level of our reserves.

Aside from the PFI contracts, the PCC has no external debt due to a longstanding policy of internal borrowing (i.e. using reserves) to fund capital expenditure.

The planned reduction in reserves, the investment programme and any potential impact from Brexit in 2019/20 will have some impact on the investment balances. This may mean that depending on the project, business case and the life expectancy of an asset the PCC may borrow to fund those with a longer life. Any decision to borrow will be made, like all decisions, with value for money for the tax payer in mind and only be done when it is the most cost-effective way of delivering a project. A decision to borrow will also take into account tax payer equity, this is where tax payers of today may be funding assets that future tax payers will use. Spreading the cost of a long-term asset over its life cycle will ensure that all taxpayers who benefit from the asset will be contributing to the cost. The impact of any slowdown in the property market especially as we move closer to the Brexit transition phase could impact on the ease and value of our asset sales. The PCC will continue to ensure that we extract maximum value for the tax payer from any sale of assets including the consideration of maintaining and holding the asset.

Performance and Value for Money

Kent Police are subject to a formal inspection regime undertaken by HMICFRS. This regime is a vital part of the assurance that the PCC seeks in holding the Force to account for Value for Money (VfM). The PCC receives a performance report that includes VfM at his Performance and Delivery Board where he holds the CC to account in public. The Force have delivered £100m of savings since 2010 with a further £31m required over the medium term. The Force have shown a consistent pattern of sensible forward planning and disciplined accelerated delivery of savings requirements but within a framework of clear service vision and use of technology and innovation to minimise front line impact.

As well as specific national studies, the HMICFRS regime covers an annual assessment of three main themes for each Force (referred to as the PEEL inspection): Efficiency, Effectiveness and Legitimacy. The efficiency element includes an assessment of the financial sustainability of the Force over the short and medium term. Her Majesty's Inspectorate recently concluded their latest PEEL inspection of the Force, reported in early May, HMICFRS have graded Kent Police as the best Police Force in the country. Kent Police now hold more 'Outstanding' grades – and for longer – than any other.

We are graded as Outstanding for Legitimacy (for the fourth year in a row), Outstanding for our Crime Data Integrity, Outstanding for our Efficiency, and Good for our Effectiveness.

Kent is one of three Forces nationally to be graded 'Outstanding' and has the highest rate of compliance amongst the three.

Risk

The PCC and the CC have risk registers both at a strategic and operational level. The strategic register is reviewed and challenged by the JAC on a quarterly basis. Both registers form the basis of the Internal Audit programme delivered by our internal auditors, RSM and reported to the JAC. The Force holds an annual review of all strategic risks chaired by the Deputy Chief Officer and with the PCC's CFO and a member of the Joint Audit Committee as panellists. All risks owners are invited to the meeting to explain the risk and its mitigation along with how it is being pro-actively managed by the Force.

The key risks for both are identified within the AGS published within these accounts. Brexit is identified as a key risk as at the time of writing how the UK will leave the EU is still to be determined. This has a significant impact from an operational policing level right through to strategic planning and the financial environment. There is considerable uncertainty over Government funding for policing in the future. The 2019/20 settlement was the final settlement under the Government's CSR with the next CSR due to be finalised in summer 2019. CSRs are normally 4 year settlements but it is somewhat unusual for a CSR to run between general elections so it is unclear how long this new CSR will be in place for. This makes it difficult to plan financial resources over the medium term, however, the assumptions included within the MTFP are prudent and the organisation is agile enough to respond to changing levels of resources.

The transition of the PCC's Independent Sexual Violence Advisor (ISVA) service to one provider, the initial engagement of a new service and the increasing demand for this service mean that this is a key risk for the PCC during 2019/20. There are robust procurement and contract monitoring arrangements in place to manage this risk but nevertheless this is a key service facing increasing pressure so remains a risk.

The Force has been challenged to recruit a further 180 new police officers over and above their normal recruitment levels (and the 200 recruited in 2018/19) and a further 14 police staff. This continues the biggest recruitment drive for Kent Police in a generation and the successful campaign run in 2018/19. Despite this there will undoubtedly be pressure on the Force to deliver these numbers and therefore remains a risk.

Medium Term Challenge

The 'Safer in Kent: The Community Safety and Criminal Justice Plan' was developed and approved by the PCC and is refreshed on an annual basis. This sets out the PCC's key priorities and objectives for the medium term. A brief Summary of the plan is as follows:

Leadership: Strong ethics, transparency and integrity at all times

Guiding principles:

- People suffering mental ill health need the right care from the right person
- Crime is important no matter where it takes place
- Vulnerable people must be protected from harm

The PCC's priorities for the Chief Constable to deliver are:

1. Put victims first
2. Fight crime and antisocial behaviour
3. Tackle abuse, exploitation and violence
4. Combat organised crime and gangs
5. Provide visible neighbourhood policing and effective roads policing
6. Deliver an efficient and accessible service

The PCC, will:

1. Hold the Chief Constable to account for the delivery of Kent Police's priorities
2. Enhance services for victims of crime and abuse
3. Commission services that reduce pressure on policing due to mental health
4. Invest in schemes that make people safer and reduce re-offending
5. Make offenders pay for the harm that they have caused
6. Actively engage with residents in Kent and Medway

Opportunities for the future:

1. Calling for more criminal justice powers for PCC's
2. Lobbying for a fairer funding settlement for Kent
3. Further collaboration with other organisations
4. Oversight of the police complaints process
5. Developing new crime prevention and diversion practices
6. Backing volunteering

On the 13th December 2018, the Policing Minister announced the provisional police grant allocation for each Force area for 2019/20. The headlines for England and Wales were:

- £970m additional funding for the Police service which includes:
  - £161m additional formula funding,
  - £153m of pension grant,
  - £59m additional funding for Counter Terrorism,
  - £90m additional funding to tackle Serious and Organised Crime and
  - £509m as a result of additional council tax flexibilities.
- Of the £970m approximately £813m is for local policing, namely
  - £509m precept
  - £143m pension grant
  - £161m additional Funding.
- Precept flexibility of up to £24 for all PCCs (or equivalents) in 2019/20.
- £161m additional grant funding, made up of £146m increase in core grant, £12m additional NICC payments and £2.7m precept grant.
- The settlement, including council tax and pension grant, represents an average cash increase (total funding including precept) of 7.1% between 2018-19 and 2019-20.
- £160m additional Counter Terrorism funding (announced at the 2018 Autumn Budget) equivalent to an annual increase of £59m; an 8% increase on total CT funding.

The settlement outlined the Policing Minister's four priority areas to "drive efficiency, productivity and effectiveness next year" in policing. These priorities are:

- Continued efficiency savings in 2019/20 through collective procurement and shared services. There will be an expectation that every Force contributes substantially to procurement savings and the Home Office will be working with the police to agree the "right Force level objectives for 2019/20 and 2020/21".
- Major progress expected to resolve challenges in investigative resource identified by HMICFRS, including recruitment of more detectives to tackle the shortfall.
- Continue to improve productivity, including smarter use of data to deliver £50m of productivity gains in 2019/20.
- Maintain a Serious Organised Crime (SOC) response that spans identification and management of local threats as well as support for national priorities.

The PCC is confident that through the budget and medium-term plan that Kent Police is already meeting or progressing towards these priorities.

Table 12: Medium Term financial plan

Table 12 outlines our revenue medium-term plan and we have a corresponding medium-term plan for our investment expenditure.

	Budget 2019/20 £m	Forecast 2020/21 £m	Forecast 2021/22 £m	Forecast 2022/23 £m	Forecast 2023/24 £m
Expenditure					
Pay (Officers and Staff)	272.1	280.2	288.5	297.0	305.6
Overtime	6.1	6.3	6.5	6.3	6.3
Premises Related	21.1	21.5	22.0	22.4	22.8
Transport	6.3	6.4	6.6	6.7	6.8
Other non-pay costs including IT, Supplies etc.	33.4	34.1	34.4	34.7	35.5
Additional Pressures identified	11.4	13.1	15.7	16.8	17.9
Cost of the OPCC	1.3	1.4	1.4	1.4	1.4
Commissioning and Victim Services	4.2	4.2	4.2	4.2	4.2
Additional Officers (2019/20)	7.0	7.4	7.8	8.2	8.4
Accumulated savings imbedded in the plan	(9.7)	(9.7)	(18.4)	(27.8)	(34.2)
Total Gross Spending on Police and Commissioning	**353.2**	**364.9**	**368.70**	**369.9**	**374.7**
Less Income:					
Specific Grant - Victims Funding	2.1	2.1	2.1	2.1	2.1
Specific Grants - Counter Terrorism	13.3	13.6	13.9	14.2	14.5
Locally Generated Income	20.4	20.7	21.1	21.5	22.0
Contribution from Reserves - new policies	3.6	2.5	1.1	0.7	0.7
Net Spending	**313.8**	**326.0**	**330.5**	**331.4**	**335.4**
Savings Required	**0.0**	**(8.7)**	**(9.4)**	**(6.4)**	**(6.4)**
Total Net Spending after savings	**313.8**	**317.3**	**321.1**	**325.0**	**329.0**
Funding:					
General Policing/ Legacy Council Tax/ Pension grants	190.7	190.8	190.8	190.8	190.8
Estimated Council Tax Surplus	1.2	1.0	1.0	1.0	1.0
Council Tax Precept	121.9	125.5	129.3	133.2	137.2
Total Net Financing	**313.8**	**317.3**	**321.1**	**325.0**	**329.0**

Additional Pressures identified for 2019/20 include the increase in pensions payments (£8m); motor insurance premium increase (£1.1m); Body worn video (£0.8m); additional staff posts (£1.0m) and increase in charges (£0.5m).

The Force have a good track record of identifying savings ahead of schedule and the Chief Constable has delivered £9.7m of savings to meet the gap in 2019/20 whilst protecting frontline policing and these have been removed from the 2019/20 budget figures. Once these savings are removed, £31.0m of savings are required by 2023/24.

The savings profile is as follows:

Table 13: Savings Profile

Savings	2019/20	2020/21	2021/2022	2022/23	2023/24	Total
Delivered	9.7	0	0	0	**0**	**9.7**
Required	0	8.8	9.4	6.4	**6.4**	**31.0**
Total	**9.7**	**8.8**	**9.4**	**6.4**	**6.4**	**40.7**

The £8.8m savings required for 2020/21 have already been identified by the Force and reviewed and agreed by the PCC and these will be delivered during 2019/20 in time for the 2020/21 budget.

The key themes driving investment can be summarised as follows:

- Clear links to operational requirements and the Safer in Kent Plan.
- Using technology and innovation to reduce demand and increase the time and focus officers can devote to core policing.
- Putting victims and witnesses at the heart of the service.
- Ensuring sound and reliable equipment and facilities for officers.
- Exploiting tangible efficiency and effectiveness opportunities in partnership with others.
- Maximising the efficiency and effectiveness of the estate

A summary of the planned schemes and projects and how they will be funded for 2019/20 to 2023/24 is displayed in Table 14. As per normal practice, actual release of funding next year and in future years will depend on the completion of sound business cases.

Table 14: Summary of planned schemes of projects against funding source

	2019/20 £m	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Expenditure						
IT	7.4	6.7	3.0	6.6	7.2	**30.9**
Estates	4.1	6.2	7.0	3.4	2.8	**23.5**
Transport	1.8	1.7	1.7	1.7	1.7	**8.6**
ANPR	0.3	0.3	0.3	0.3	0.3	**1.5**
Total	**13.6**	**14.9**	**12.0**	**12.0**	**12.0**	**64.5**
Funded by:						
Capital Grant	1.1	1.1	1.1	1.1	1.1	**5.5**
Capital Receipts and/or borrowing	6.0	11.7	5.1	9.3	4.4	**36.5**
Investment Reserve	6.5	2.1	5.8	1.6	6.5	**22.5**
Total	**13.6**	**14.9**	**12.0**	**12.0**	**12.0**	**64.5**

The investment programme is funded by a combination of investment reserves, capital grant received from the Government and the use of capital receipts from disposing of assets during the year. In regard to capital receipts all asset disposals are subject to a business case and require approval by the PCC.

Depending on the project, business case and life expectancy the PCC may borrow to fund the longer life assets. Any decision to borrow will be made, like all decisions, with value for money for the tax payer in mind and only be done when it is the most cost-effective way of delivering a project. A decision to borrow will also take into account tax payer equity, this is where tax payers of today may be funding assets that future tax payers will use. Spreading the cost of a long-term asset over its life cycle will ensure that all taxpayers who benefit from the asset will be contributing to the cost. This may apply to the decision to refurbish Ashford Police Station. The initial decision was to fund this project from the investment reserves, however, due to the long-term life of the asset, the favourable financial conditions and the ability to free up reserves to support recruitment this may be funded from long term borrowing.

The overall planned investment programme has been restricted to expenditure of £12m in each financial year. This is in line with the level of resources available to fund expenditure, the capacity to deliver the projects and expenditure achieved in previous years. This provides a clear focus on the key priority projects and reduce the amount of slippage that is typically incurred at the end of the year. It is dominated by IT projects, which include national obligations (i.e. ESN), joint projects with Essex and Kent only projects. The implementation of these IT projects is key to modernising the Force and the way it works and help drive savings from the organisation.

The PCC is keen to maximise the use of the police estate and considers all options from disposal through to refurbishment and income generation. The PCC is particularly keen to increase collaborative work on estates with our partners, particularly the Kent Fire and Rescue Service so that both organisations can benefit from efficiencies and increased understanding and collaborative work.

The PCC will be holding the Chief Constable to account for the delivery of the investment programme on a regular basis throughout the year.

Table 15: Reserves

Usable Reserves	31/03/2019 £m	31/03/2020 £m	31/03/2021 £m	31/03/2022 £m	31/03/2023 £m
General	9.1	9.8	10.0	10.0	10.1
Funding Volatility	2.8	1.5	0.6	0.1	0.0
Insurance	1.5	1.5	1.5	1.5	1.5
Change Management	7.4	4.6	2.8	2.8	0.3
Investment	5.8	0.5	0.5	5.2	0.2
PCC	0.9	0.7	0.6	0.4	0.4
POCA	1.0	1.0	1.0	1.0	1.0
Total	**28.5**	**19.6**	**17.0**	**21.0**	**13.5**

An important element of the PCC's financial strategy is the use of reserves over the life of the medium-term financial plan. These reserves are held for a number of reasons and are used to support the budget, fund investment in transformational projects and mitigate against financial risks.

The PCC has published a reserves strategy on the PCC's website which has the following key elements:

- A general non-earmarked reserve of a minimum 3% of the net budget will be maintained for unknown and/or unforeseeable events.
- A prudent approach to risk management will be maintained and accordingly earmarked reserves will be created to cover for possible significant risks.
- A prudent reserve to provide for the costs of change, especially in respect of redundancy and ill health retirements.
- In the interest of the council tax payer, the PCC will seek as far as possible to protect its 'non-debt' status and instead of borrowing for investment to build up and rely on reserves for that purpose over the long term beyond this plan.
- The PCC will take a long-term approach to protecting, maintaining and investing in all its assets supporting policing for the long term as well as short term.

Conclusion

Kent Police as a group including the PCC's office continues its strong track record of robust financial management. The PCC has continued to provide a clear vision for the future underpinned by a thorough understanding of the financial environment. The Chief Constable's has delivered on the increase in Police Officer numbers and will provide immediate benefits to the Force and to the public in Kent. The PCC's Commissioning strategy has provided funding across the County for a variety of projects that are now providing real, tangible outcomes for those requiring help and support.

Her Majesty's Inspectorate recently concluded their latest PEEL inspection. The grading will be published on 2 May 2019 which assesses Police Forces on their Efficiency, Effectiveness and Legitimacy. For previous HMICFRS review, Kent Police were graded as 'good', 'good' and 'outstanding' for Effectiveness, Efficiency and Legitimacy respectively. Kent was the only Force in the country to secure 'outstanding' for legitimacy and the only one that has received this three years running and within the efficiency element secured an 'outstanding' grade for understanding current and likely future demands.

The PCC continues to support those who have been victims of crime and is a keen advocate for tackling mental health issues and the impact on policing. The Restorative Justice service adds a further dimension to the group of victims and witness services provided out of the PCC's dedicated resource, Compass House in Ashford.

The settlement announcement in December 2018 and the PCC's precept decision has allowed the PCC and the Chief Constable to continue their ambitions for policing in Kent in the future. The recruitment of up another 180 additional officers on top of the 200 recruited in 2017/18 and approximately 100 police staff over the same period will provide additional resource for dealing with high risk, high harm crimes as well as the increased visibility so desired by the people of Kent.

The increase in budget pressures being identified both at a national and local level means that the Force will need to continue to endeavour to become ever more efficient and innovate in the way services are delivered. The benefits of the innovative use of technology will be shown over the next few years. This programme is key to unlocking further potential efficiencies and new ways of working. This will aid the Force in dealing with new and emerging crimes as well as maintaining support for more traditional crimes. The Force will still be required to deliver savings and continue to ensure that it plans delivery of savings ahead of time to help achieve the savings target and support delivery in future years.

The PCC has responded to scrutiny by the Home Office on the level of reserves held by policing bodies by striking an appropriate balance between supporting the budget and the recruitment of additional police officers; the investment programme and contingency planning.

Despite the increased flexibility in the precept, the financial environment is still challenging. The uncertainty of when and for how long a new Comprehensive Spending Review will appear as well as the quantum involved provides an uncertain future financial outlook. The uncertainty around the date of the UK leaving the EU and how is a significant burden for Kent Police both in terms of planning and resources. The Force have been key leaders on both a local and national level in determining the contingency planning required. However, the uncertainty remains and the challenge of dealing with business as usual as well as Brexit is a clear and present one. However, I am confident that the PCC and CC, the respective leadership teams and all those who work for Kent Police and Kent OPCC will continue to provide an outstanding service whilst maintaining robust financial management.

The PCC and Force have shown they can adapt to these changes in funding in a mature and pragmatic way. This enables quick, agile decision making in the short term without ever losing sight of the longer-term implications. It means the taxpayers of Kent can be assured that Kent Police is a going concern; delivering an efficient service both now and in the future.

Building a better
working world

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

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Kent for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Kent and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Kent and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Kent and Group Balance Sheet;
- Police and Crime Commissioner for Kent and Group Cash Flow Statement;
- Police Officer Pension Fund Account; and
- related notes 1 to 44.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Kent and Group as at 31 March 2019 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 2018/19.

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

Other information

The other information comprises the information included in the "*Statement of Accounts 2018/19*", other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

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

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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in November 2017, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Kent put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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 for the Statement of Accounts*" set out on page 34, 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 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's 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 [illegible]. 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 Police & Crime Commissioner (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 2019.

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 Kent 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 Kent, 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 Kent, for our audit work, for this report, or for the opinions we have formed.

MARK HODGSON
ERNST & YOUNG LLP

Date: 31 July 2019

Mark Hodgson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Cambridge

The maintenance and integrity of the Police & Crime Commissioner for Kent's web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner for Kent and the Chief Constable are required to:

- Make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the CFO for the PCC for Kent and the CFO of the CC for Kent;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Ensure that the statement of accounts is prepared in accordance with the Accounts and Audit Regulations 2015 and to approve the accounts within two months of the end of the period to which they relate.

Police and Crime Commissioner for Kent

31 July 2019

The Chief Finance Officer's Responsibilities:

The CFO is responsible for the preparation of the Kent Police Group statement of accounts which, in terms of the CIPFA Code of Practice on Local Authority Accounting in Great Britain ('the Code'), is required to present a true and fair view of the financial position of the Kent Police Group at the accounting date and its income and expenditure for the year ended 31 March 2019. The CFO is also responsible for certifying the accounts as correct with the CFO for the CC before their being presented for approval by the PCC for Kent.

In preparing this statement of accounts, I have:

- 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 were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Kent Police Group at 31st March 2019 and its income and expenditure for that period then ended.

Chief Finance Officer for the
Police and Crime Commissioner of Kent

31 July 2019

Annual Governance Statement 2018/19

1. This statement is expressed in the name of the PCC (subsequently to be referred to in this document as the PCC) and the accounts of the Chief Constable. It covers the financial year 2018-19 (but extends to cover the period to the signing of the Statements of Accounts on 31 July 2019). The PCC and the Chief Constable are responsible for ensuring that business is conducted in accordance with the law and proper standards and that public money is safeguarded and properly accounted for, and is used efficiently and effectively. More specifically, there are a number of statutory responsibilities that flow from the Police Reform and Social Responsibility Act 2011. (PRSRA)

2. In discharging these various responsibilities both are responsible for putting in place proper arrangements for the governance of their affairs including the management of risk.

3. The PCC and Chief Constable endorse the code of governance consistent with the principles of the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) Framework, "Delivering Good Governance in Local Government". This statement explains how the PCC and Chief Constable comply with that Code and also meet the statutory requirement to prepare an Annual Governance Statement (AGS). The PCC and Chief Constable endorse and comply with the CIPFA statement on the role of the Chief Finance Officer (CFO) in local government 2010 as set out in the application note, delivering good governance in local government. Both also endorse and comply with the relevant specific codes produced by both CIPFA and the Home Office arising out of, or related to the Police Reform and Social Responsibility Act (PRSRA) 2011. This includes both the July 2014 and April 2016 CIPFA Statement on the role of the CFO and relevant parts of the Account and Audit Regulations 2015 and the Home Office Financial Management Code of Practice.

4. The CIPFA/Solace framework was revised for 2016/17, and the AGS was reviewed and refreshed last year. The new presentation and layout of the revised AGS was found to be clear and user-friendly, and so this approach has been retained. The document is subdivided into a number of areas, all of which relate to one of the seven principles in the framework:

Principle A: behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.

Principle B: ensuring openness and comprehensive stakeholder engagement.

Principle C: defining outcomes in terms of sustainable economic, social and environmental benefits.

Principle D: determining the interventions necessary to optimise the achievement of the intended outcomes.

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

Principle F: managing risks and performance through robust internal control and strong public financial management.

Principle G: implementing good practices in transparency, reporting, and audit to deliver effective accountability.

The governance framework for the Office of the Police and Crime Commissioner (OPCC) was revised in 16-17 following the election of the new PCC for Kent, Mr Matthew Scott. This has been developed and refined over the past two years, but there have been few significant changes.

The framework enables the PCC to monitor the achievement of objectives including value for money, has been developed to reflect the PCC's priorities, and will continue to transform and adapt.

Kent Police has its own Governance Framework based around the same seven principles described above and linking directly to the College of Policing's Code of Ethics. The primary decision making forum for the Force is the Chief Officer Strategic Meeting which meets weekly and decides the strategy and direction of the Force. Below this are various other strategic and tactical boards including the Strategic Change Board, Force Resource Board and Directorate Boards each chaired by the relevant Chief Officer lead. Crucially the Force meets with and is held to account by the PCC via formal and informal mechanisms, including the Performance and Delivery Board and also weekly at Chief Constable and PCC meetings.

These frameworks remain an expression of the systems, processes, culture and values by which the work of the PCC, the OPCC, and Kent Police, is directed and controlled and how it accounts to, engages with, and provides leadership to the communities they serve.

Vision and Leadership: The Police and Crime Plan and Holding to Account, and the Control Strategy

- **The following demonstrates how we are meeting "Principle C"**

The Police and Crime Plan, 'Safer in Kent: The Community Safety and Criminal Justice Plan' sets out the PCC's strategic vision for Kent from April 2017 to March 2021. It also sets the PCC's priorities and direction for the Chief Constable.

The Plan sets out the basis for Leadership of the organisations as being strong ethics, transparency and integrity at all times. There are three guiding principles in the Plan, namely that 'People suffering from mental ill health need the right care from the right person'; 'Crime is important, no matter where it takes place'; and 'Vulnerable people must be protected from harm'. The delivery of the Safer in Kent Plan was subject to internal audit this year, and the OPCC received substantial assurance, with the report stating that 'governance and reporting mechanisms in place are well defined and operating well in providing support, scrutiny and internal assurance with regard to the priorities'.

The Police and Crime Plan also helps guide the agendas of the Police and Crime Panel (PCP), which meets regularly in public and is responsible for reviewing and reporting on the actions and decisions of the PCC. The Panel recently agreed the PCC's proposal for the precept, and reviewed and provided positive feedback on the revised Plan.

Below is an overview of the PCC's governance structure for holding the Chief Constable to account:

Key Principles: should be dynamic & risk-based; take account of, & have due regard for each parties distinct role

Informal Interaction (Daily)	Being sited together at Kent Police headquarters enables, & in many ways encourages, spontaneous face-to-face discussions.
Joint PCC/CC Briefing (Weekly)	A closed briefing which enables dialogue & discussion on a routine frequent basis. Opportunity for PCC to discuss elements of Police & Crime Plan delivery based on weekly themes, & receive updates on topical issues/operational matters.
Performance & Delivery Board (Quarterly)	Held in public during the day at Police HQ. Papers/presentations received from Force in advance & published. Opportunity for PCC to formally hold Chief Constable to account for performance against the Police & Crime Plan & related policing matters.
Joint Audit Committee (Quarterly)	Combined PCC & Chief Constable body. Scrutinises internal processes, spending & risk management policies. Has power to review finance issues referred by PCC &/or Chief Constable, monitors internal control processes, internal & external audit reports as well as annual statement of accounts.
Kent Police Culture Board (Quarterly)	Chief Constable chaired meeting, but PCC has standing invitation. Purpose is to continue the development of a culture which is consistent with PCC & Chief Constable's shared Mission, Vision, Values & Priorities.

One of the principle ways that the PCC holds Kent Police to account for delivery of the Safer in Kent Plan is through his quarterly Performance and Delivery Board. It is a meeting held in public, and the Chief Constable is required to attend and answer questions about policing in the county. The following Force papers are required in advance and published on the OPCC website: Safer in Kent Plan – Delivery & Performance; Inspections, Audits & Reviews; People; Finance; and Collaboration & Partnership Working Originally, the Force submitted separate papers relating to Force Performance and Police & Crime Plan Delivery, but the PCC determined that this was not necessarily helpful as the former directly links to the latter. As a result, from March 2018, the 'Safer in Kent Plan – Delivery & Performance' paper was introduced. Through the use of real life case studies and a variety of metrics, this paper has enabled the Chief Constable to better illustrate how the priorities are being delivered, and provided the PCC with greater assurance. As well as the Performance and Delivery Board, the PCC has a regular weekly briefing with the Chief Constable. The structure of this has changed during the year, with each briefing now having a specific focus based on weekly themes (i.e. HR & Recruitment; Finance, Savings & Estates; Vulnerability), and an emphasis on recent activity in support of the Police and Crime Plan. The PCC also conducts the Chief Constable's annual Personal Development Review and has a standing invitation to the Force Culture Board, chaired by the Chief Constable. In addition, the PCC receives bespoke briefings from the Force, feedback from the Independent Custody Visitors, senior OPCC staff attend key Force meetings, including the Force Performance Management Committee, OPCC staff routinely audit complaints recorded by Kent Police, and there is routine liaison and one-to-one engagement at Head of Department level.

The issue of mental health is considered a 'golden 'thread' by the PCC, and runs through all governance strands and arrangements. In addition to being represented on the Kent and Medway Mental Health Crisis Care Concordat Strategic Group, the PCC continues to chair a quarterly Mental Health & Policing Oversight Board. With Chief Officer and Chief Executive representation from Kent Police, Kent and Medway NHS and Social Care Partnership Trust (KMPT), West Kent Clinical Commissioning Group, Kent and Medway Sustainability and Transformation Partnership and South East Coast Ambulance Service, the purpose of the board includes:

- reviewing delivery of the Kent Police and KMPT Mental Health Strategy;
- maintaining a strategic overview of performance across mental health crisis care services in Kent and Medway;
- enhancing partnership working in order to support the delivery of safe, effective and timely care for those in crisis.

The work of this Board has developed and matured over the last year, allowing open and honest dialogue between partners, with a focus on ensuring those with mental health issues who come into contact with Kent Police for whatever reason, receive the right care, from the right person, at the right time.

Following a review of the Mental Health Crisis Care Concordat governance arrangements, it has now been agreed that the PCC's current Oversight Board will be refreshed in order to become the strategic decision making body for Kent and Medway. Administrative support will be provided by the OPCC and currently the Terms of Reference are being re-defined and the membership extended to include other partners, such as Kent County Council and North East London NHS Foundation Trust which provides mental health services for children and young people. Work is also underway to define the structures and processes that will sit beneath the strategic body; whilst a meeting was held in March with the new arrangements, the PCC chaired his first meeting where the new structures were entirely in place in July 2019.

The governance framework around managing crime is well established, with the OPCC having appropriate access to internal Kent Police data, as well as external data, including the quarterly Office of National Statistics (ONS) Crime in England and Wales Statistical Bulletins. To date, Kent Police is one of only four forces to be graded 'Outstanding' by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) for crime recording accuracy; however, ongoing work by individual Forces to improve crime recording accuracy makes interpretation of trends over time, and between Forces, difficult. As a result, within the Police and Crime Plan, the PCC makes it clear that progress will not be judged on stipulated numerical targets, but will instead consider other feedback, for example from HMICFRS reports and other independent publications.

The Force has a four year Control Strategy that is reviewed annually. It takes into account national policing issues, policing priorities for Kent (including joint working with other public sector agencies) and the direction set by the PCC. Nationally, there is a greater emphasis on protecting vulnerable people and communities: as a priority for the Home Secretary, it is subject to national scrutiny and independent inspection by HMICFRS. Kent Police has a fully embedded policing model built around vulnerability and the Control Strategy features many of the key themes – sexual exploitation, abuse, drugs, gangs, county lines, modern slavery and human trafficking. The Police, the PCC and other key bodies are working together to raise awareness of these issues in order to protect both adults and young people from harm, support victims of crime by guaranteeing their rights through the Victims' Code, tackle hate crime and ensure those perpetrating serious and heinous crimes are brought to justice.

The Force's Mission, Vision, Values and Priorities have been clearly communicated by the Chief Constable and are embedded within inSite, the Force's intranet and available to all officers and staff. These simple, clear and effective statements can be summarised by the Chief's mantras of 'Victims and Witnesses at the heart of everything'; 'Provide a quality service' and 'Do the right thing' which ties to the Code of Ethics.

The purpose of the Force Culture Board, chaired by the Chief Constable, is to continue the development of a culture which is consistent with the Mission, Vision, Values and Priorities. The Board helps ensure all officers and staff have an opportunity to raise issues with the Chief in an open and transparent forum. The Force uses an on-line tool, rolled out Force-wide which gives a 24/7 conduit for all staff to raise questions and make suggestions around continuous improvement and the use of resources. Each of these questions are reviewed by a Chief Officer along with the replies with regular reports going to the Chief Officer Strategic Meeting (COSM) summarising the activity and suggestions.

For four consecutive years, the HMICFRS have graded Kent Police 'Outstanding' for legitimacy. There is a substantial body of evidence behind this assessment, including the Force's Mission, Vision, Values and Priorities as well as the Culture Board.

Open and transparent communication and engagement, and accountability

- **The following demonstrates how we are meeting "Principles B and G"**

The PCC published his Police and Crime Plan, titled **Safer in Kent: The Community Safety and Criminal Justice Plan** in April 2018, and the PCC has determined that this will be refreshed annually. In accordance with the PRSRA 2011, the PCC is committed to consulting with victims and the wider community and to keeping the plan under review, particularly in light of changes to the Strategic Policing Requirement (SPR) and/or recommendations made by the Police and Crime Panel.

The PCC's third Annual Policing Survey was launched to the public in June 2018 as a short online survey primarily hosted on the OPCC website. The link was posted on social media, making use of the OPCC's Twitter and Facebook accounts, with targeted advertising to reach those residents who might not routinely engage with the police or the OPCC. Recognising that not all residents are online or users of social media, a leaflet was printed and disseminated by the PCC and his team at partnership meetings and public events, including the Kent Police Open Days and the Kent County Show. The survey was also printed inside a number of local authority magazines that were distributed to households, referenced in the OPCC monthly e-newsletter sent to more than 500 subscribers, and a link was included within all e-mails sent by OPCC staff.

The primary aim of the survey was to reach out to residents and offer them the opportunity to answer five key questions:

- How safe do you feel where you live, on a scale of 1 to 10? (1 = very unsafe / 10 = very safe)
  The average score was 6.5, with minimal variation across the differing communities of Kent
- The PCC is responsible for the Kent Police budget of £333.3m for 2018/19, or roughly £185 per person in the county. On a scale of 1 to 10, do you think the services you get represent value for that £185? (1 = very poor value for money / 10 = excellent value for money).
  The average score was 5 for value for money; younger people were likely to rate Kent Police more highly, with victims of crime giving a lower rating.
- In your view, what one type of crime or anti-social behaviour does your local area have the biggest issue with?
  The top three issues (the response was free text, with no pre-defined lists) were anti-social behaviour; substance misuse; and burglary/theft.
- Tell us one thing you think Kent Police does really well…
  The most popular response was 'fighting crime and keeping people safe', with responding to emergency calls, public engagement and

an efficient service also scoring highly. Again, this was a free text answer.

- Tell us one thing you think Kent Police could do better...
  'Recruiting more officers/having more visible patrols' scored most highly by a very considerable margin.

The survey closed in December 2018 with 1,400 responses received out of a population of roughly 1,800,000, a statistically significant rate. In addition to the survey, the consultation also took account of feedback received throughout the year, including at public 'Street Stalls', visits to community organisations, engagement with partners and correspondence received by the OPCC. Effective engagement of this nature is vital for the PCC, in terms of his legitimacy and to ensure that his plan reflects the needs and aspirations of Kent's residents.

The PCC again engaged in an open and transparent way in announcing his policing precept proposal for 2019/20. The decision to propose a £2-a-month increase was announced live on BBC Radio Kent, and the PCC participated in a one-hour phone-in that after to answer residents' questions. The proposal, along with Frequently Asked Questions was uploaded to the OPCC website and members of the public were invited to have their say by emailing the OPCC. Links to the proposal were posted on the OPCC's Twitter and Facebook pages, along with a short video. The PCC also discussed the proposal face-to-face with residents at various public engagements - including in Deal, Canterbury, Meopham, Medway and Swanley; with Kent MPs in London; and with representatives of the Kent Association of Local Councils.

In the interests of transparency, a report summarising the findings from the Annual Policing Survey was published on the OPCC website and submitted to the Kent and Medway Police and Crime Panel. It openly demonstrates how the public's views helped shape the spring 2019 refresh of the Safer in Kent Plan.

In terms of engagement with the Police and Crime Panel, the PCC meets with the Chair twice a year and there are agreed levels of information provision. The Panel agenda provides the opportunity for members to submit questions to the PCC in advance of each meeting and receive a verbal response. Panel members have a standing invitation to the Performance and Delivery Board, Joint Audit Committee and are also invited to ad hoc OPCC/Force events. Annually, at the invitation of the PCC, the Chief Constable provides a briefing to members so they can receive operational updates and engage with the Chief Constable direct. In January 2018, an informal workshop was held with Panel members to discuss the spring 2018 refreshed Police and Crime Plan and development of the 2018/19 budget. At the request of the Panel Chair, a similar workshop took place in January 2019. The first informal meeting between the PCC and members took place in April 2018 and was received positively by both parties. The OPCC have offered to facilitate further informal meetings to develop members' knowledge and enhance the working relationship.

Kent and Medway Fire and Rescue Authority have accepted the PCC's request to be appointed as an additional Member with voting rights as soon as permitted by legislation. In the meantime, the PCC attends and participates in all meetings on an informal non-voting basis.

In 2018/19, the PCC also took over as chair of the Kent Criminal Justice Board, holding criminal justice agencies to account and seeking to strengthen partnership working in the county to improve the efficiency and effectiveness of the system.

The PCC also hosts partners' briefing days at the OPCC and there is a regular cycle of visits to local Community Safety Partnerships and organisations/charities that have received OPCC funding.

The OPCC website is kept up to date, compliant with the necessary legislation and open and accessible. It has received a 'Comparing Police and Crime Commissioners' (CoPaCC) OPCC Transparency Mark in each of the previous three years and is currently being assessed for this year. It meets national accessibility standards and is available to view in a multitude of different languages; it is optimised for mobile devices; and allows users to request a meeting with the PCC, contact the Office, or submit Freedom of Information (FOI) /Subject Access requests (SARs) and also funding bids online.

The 2017/18 Annual Report was published and submitted to the Police and Crime Panel for public consideration, as were all major decisions which are documented in standard format and published on the website as per the requirements of the Specified Information Order. All reports, unless confidential, are published on the OPCC website, as are Meeting Notes from the Performance and Delivery Board and the minutes of the Joint Audit Committee (JAC).

The PCC has Schemes of Consent for the statutory officers and the Chief Constable, and all policies are owned by a specific individual.

These policies are reviewed regularly with the policy owner charged with ensuring they remain up-to-date and accurate with any changes consulted on and communicated to all officers and staff through email and or the intranet.

The Financial Regulations cover both organisations and are maintained between the Force and PCC's CFOs and reviewed annually. These are shared with budget holders and managers to ensure best practice and follow the schemes of consent outlined above.

The Force's Culture Board is open to all officers and staff. This is replicated across directorates and, along with an open, on-line communication tool on the intranet allows staff to express their ideas and receive replies to their questions and comments. This later tool has proven to be very widely used and is reviewed at a Chief Officer level to ensure the corporate replies are timely and comprehensive as well as being actioned if appropriate.

Kent Police has a contact management work-stream with one of the aspects being how the public interacts with it via the Kent Police website. Online crime recording and Live Chat are now operational and the accessing of some services such as payment of licenses, getting advice on frequently asked questions, and crime prevention tips. Enhancements have also been made to significantly improve the recruitment process for prospective new police officers and members of staff too. The new portal will also include functionality to enable public interaction which will be used to gauge public opinion on service quality, visibility and confidence in the service.

The Force maintains a Research Bureau which is responsible for undertaking surveys with the public of Kent. This helps inform the Force around public perceptions of policing, fear of crime and overall satisfaction with the service. The findings from this research help inform the Chief Officer Team around resource allocation and whether the Force is providing a quality service to the public it serves.

Decision making, and risk management

Including a review of the mitigation of the risks identified last year, and issues identified for this year

- **The following demonstrates how we are meeting "Principle F"**

The Force and the PCC have risk registers, both at a strategic and operational level. These are reviewed and challenged by the JAC. The Force strategic risk register is managed by a senior member of the Chief Constable's team and operational risks are managed at all levels throughout the organisation. The OPCC's risk register process is led by the PCC's CFO and features as part of routine discussion on overall delivery in both the PCC's weekly meetings with his senior team, and senior officers' management meetings. Understandably, the Force's risk management needs to be much more complex given the size of the organisation and the inherent risks in operational policing. There have been no audits of risk management this year, as the last audit for the OPCC provided substantial assurance, and although the Force received partial assurance, it has well embedded processes, with a number of enhanced features to provide additional assurance as detailed below. Both registers form part of the established management processes within respective operations and are used as a key driver for improvement. They heavily inform the Internal Audit programme delivered by our internal auditors and reported to the JAC.

The Force holds an annual review of all strategic risks chaired by the Deputy Chief Officer and with the PCC's CFO and a member of the JAC as panellists. All risks owners are invited to the meeting to explain the risk and its mitigation along with how it is being pro-actively managed by the Force. In addition to this challenge day, changes and updates to the Risk Register are reported to the Chief Officer Strategic Meeting (COSM) quarterly a process designed to ensure transparency and ensure all organisational risks are understood and balanced against resources and demand.

There is a comprehensive, interlinked approach to the governance and oversight of decision making and performance, as outlined under 'Vision and Leadership'. As well as a standing invitation to the Performance and Delivery Board, Police and Crime Panel members receive a briefing from the Chief Constable annually, and the minutes from the Board are supplied to the Panel on a regular basis. Recently published HMICFRS reports are a standing item at both the Performance and Delivery Board and the JAC and the Chief Executive in the OPCC regularly meets with the Deputy Chief Constable to review the reports and performance against them.

The Financial reports have become more detailed and are provided for scrutiny by the Chief Officer teams, the PCC, the relevant Force and PCC's Boards and the JAC. The JAC receives standing budget monitoring reports and reports on the Statement of Accounts.

There is the established framework of the Scheme of Consent, financial regulations and contract standing orders that both organisations adhere to, as well as the work of the internal and external auditors. The internal audit plan is set in consultation with both organisations and with direct reference to their respective risk registers. The *External Auditors provided the annual audit letter in 2017/18 which concluded that both organisations had put in place proper arrangements to secure value for money in their use of resources, and issued an unqualified opinion on the accounts for the last year*. Both the internal and the external auditors attend the JAC and have access to members when officers are not present to ensure all issues are raised when needed.

There is on-going work building and developing a performance framework that captures outcomes and benefits realisation to help demonstrate value for money (vfm) for both the PCC in holding the Force to account, and for commissioned services. The Force facilitated two Business Case masterclasses with speakers from the OPCC, Corporate Finance and also from PA Consulting, and have included areas such as procurement and forecasting.

The risks identified last year are outlined below, with the actions/mitigations taken, to provide assurance. The current areas of risk for this year are highlighted at the end of this section, with an outline of the work that will take place in respect of them.

The areas for development and opportunity in the broader governance framework are identified throughout this document and are summarised as an action plan at the end.

Risks identified in last year's AGS (17-18), and mitigations:

- Implementation of GDPR (General Data Protection Regulation), including specifically the risks around commissioning of services

OPCC: In the lead up to May 2018, an OPCC Implementation Plan aligned to the Information Commissioners Office 12 Steps Model to compliance was developed; it was updated regularly and monitored by the Chief Executive. Internal audit undertook an assessment of GDPR readiness and identified four management actions – all have subsequently been discharged. Prior to go-live, the OPCC website was updated – the Privacy Notice was published and promoted; public contact forms, including FOI and SAR amended; and other relevant information made available.

All e-mails sent by OPCC staff include a link to the Privacy Notice on the website. SMT responsibility for GDPR sits with the Head of Policy Coordination & Research. Through the formal HR review process, the Data Protection Officer (DPO) function was incorporated into a re-defined role titled 'Office & Data Protection Manager'. The incumbent had previous regulatory experience, and has undertaken further training to improve GDPR knowledge and understanding. There has been significant consideration regarding the PCCs commissioned services and ensuring the relevant processes and policies are adopted. All OPCC staff have been briefed and are aware of GDPR requirements; NCALT (National Centre for Applied

Learning Technologies, the national police e-learning organisation) training is available and completion is mandatory. Mapping of data flows has been undertaken and relevant internal policies updated. Consent has been obtained from newsletter subscribers. The office has been de-cluttered and the implementation of a 'clear desk' policy is in progress. There is on-going liaison with the Force Data Protection Officer in relation to advice and sharing of good practice.

Force: The Force began preparing for the Data Protection reforms in October 2017 and documented a detailed implementation plan with due regard to the available guidance from the Information Commissioner's Office. The work underpins our 4 year 'Information Assurance Strategy' and is supported by our 'DataSafe' communication campaign. A Strategic Development Officer was identified to drive activity and from January 2018 was jointly funded with Essex Police to ensure the collaborative departments were effectively supported.

A public facing 'Data Privacy Notice' has now been published on the Force web site and relevant posters are displayed in front counters and custody areas signposting the public to the notice. In addition a bespoke HR 'Data Privacy Notice' has been finalised and is now referenced in policy L1 which is the Force's overarching HR policy and will be provided to all new officers and members of staff, articulating how the Force will use their personal information. There is now a joint 'Data Protection Agreement' between Kent Police and Essex Police to provide transparency around Data Protection compliance in terms of collaborative departments. The agreement is jointly signed by the Senior Information Risk Owners in each Force. The overarching Information Management policy and the subsidiary detailed Standard Operating Procedures are held jointly with Essex Police and all have been updated to reflect the legislative changes.

A Record of Processing Activity (ROPA), also known as an Information Asset Register, has been completed for Kent Police and is currently in the processes of refinement to ensure all entries are consistent and informative. Kent Police have agreed to contribute, at minimal cost to the purchasing of a 'GDPR Assessment' software which should streamline this process going forward.

The training strategy is now in place, with circa 95% of officers & staff having completed the Data Protection 2018 e-learning package, with a 'refresher' planned for Q4 2019. Around 400 supervisors & managers have attended the quarterly 'intermediate level' Data Protection workshops and 'specialist' managers have undertaking external qualifications in relation to Data Protection/SIRO training.

The Procurement Department have confirmed that all new contracts have specific clauses relevant to GDPR legislation which have been reviewed and endorsed by our legal advisors. A risk remains that there is still substantial work involved in reviewing and amending existing contracts to ensure they are GDPR compliant. The Procurement Department are in the process of moving to a regional capability and thus the review work will be a key work stream across the seven forces during 2019.

Strategic oversight has been provided through the Force Security and Integrity Board, meeting quarterly.

- ***Implementation of Athena***

Joint: Over a number of years, Kent Police has been preparing for the launch of Athena with a dedicated team working across the organisation, as well as engaging with the Athena Management Organisation and Northgate Public Services. The Chief Constable also gave a commitment that he would not permit the launch until he was completely satisfied that Athena was fit for purpose. This included the back record conversion of 50 million Kent Police records from Genesis (the previous system) to Athena – the largest such transfer ever undertaken in Europe. Relevant command structures managed the go-live process, with senior OPCC representation attending Gold Group meetings; effective Force business continuity plans being implemented in the switch over period; and supportive partner agency engagement. Genesis has now been de-commissioned. Lessons were learnt from the previous implementations; Kent Police also never approached Athena as just the arrival of a new IT system – people, processes and technology were all carefully considered in the planning for a successful go-live.

Athena was successfully implemented in Kent on 8th November 2018, which included the successful migration of all Genesis records into Athena. This represented one of the largest and most complex IT programmes' in a generation for the Force. Whilst a considerable investment was made in the planning and mitigation of risk, the scale of the undertaking meant that significant technical and operational risk could not be eliminated entirely for implementation. Contingency and business continuity plans were developed and were shown to be effective when deployed during the implementation phase. Implementation resulted in minimal disruption to operational policing and external commentary provided positive feedback on the way the Force delivered implementation.

Officers and staff are benefitting from having access to eight other forces information, particularly intelligence - improving the service whilst increasing efficiency and effectiveness. When the Chief Constable has been out around the county, he has been asking officers and staff what they think, and the feedback has been positive; he has also recently taken feedback from attendees at a Force Culture Board who were similarly enthusiastic. Taking into account the enormity of the change, both in terms of IT and business processes, the implementation went well, with strong governance and accountability, and minimal disruption and impact on frontline policing.

- ***Crime recording*** (both improving the processes and holding the Chief Constable to account for this).

Force: HMICFRS have now completed both parts of the Tier 2 re-inspection. Part 1 took place between 1st and 5th October 2018, and Part 2 between 29th and 31st October 2018. Part 1 focussed on an examination of crime reports and incident records to test technical compliance with the Home Office Counting Rules and National Crime Recording Standards. Part 2 focussed on 'reality testing' by conducting interviews with key staff responsible for performance and policy in this area, and practitioners on Division and other departments. Both parts of the re-inspection went very well, and HMICFRS released their report with their findings on 15th January 2019. Their findings are broadly consistent with our own internal inspection team findings which show Kent having the highest Crime Data Integrity (CDI) compliance rates nationally, and this is a situation that has been consistent and is being maintained throughout 2018.

HMICFRS reported that Kent Police has substantially improved its crime recording accuracy, with excellent progress having been made since the 2017 report, with a statistically significant change in crime recording compliance across all areas. They commented that a thorough review of systems and processes both in the IMU (Investigation Management Unit) and in crime-recording generally has taken place. Extensive training, relevant to individuals' roles, has been undertaken and supervision, along with audit and governance, has improved. This is providing the Force with the necessary assurance that crime-recording standards are much improved. Also that the Force has 'mapped' its crime recording routes and processes especially in the IMU where the vast majority of crimes are recorded. Changes to the IMU systems and processes are supported by an effective feedback and QA process, because of this crime-recording standards are high.

HMICFRS noted that their latest audit found the Force recorded 96.6% of all reported crime – this compares to 83.6% in 2017. This compliance level is the highest nationally.

Chief Officers have approved the Data Audit Team (DAT) audit calendar for 2019, and Force governance of compliance issues is managed through the CDI Improvement Board, which was set up by Chief Officers to manage this.

OPCC: The Force set up a CDI Improvement Board with responsibility for delivering against the plan. This included the Force's internal inspection team receiving training from HMICFRS, conducting routine internal audits to monitor accuracy, and the Force Crime and Incident Registrar (FCIR) meeting regularly with the Chief Constable and Deputy Chief Constable. As the former FCIR, the OPCC Chief Executive also received all CDI Improvement Board papers and had a standing invitation to attend. The Chief Constable has provided updates on crime recording accuracy at his weekly briefing with the PCC, and also at the Performance and Delivery Board. Initially a paper in its own right, but subsequently included within the 'Safer in Kent Plan: Delivery & Performance' paper, the Force has regularly submitted comprehensive updates on CDI with the PCC challenging robustly on behalf of the public. This included substantive updates on action taken, governance and the latest crime data accuracy position. In October 2018, HMICFRS returned to conduct a re-inspection and graded Kent Police 'Outstanding', estimating that the Force records 96.6% of reported crimes – higher than any other force in England and Wales, and one of only two Forces to achieve this grading to date. In comparison to the 2017 findings, HMICFRS estimated that the improved accuracy meant the Force had recorded an additional 25,400 crimes; they also found that the Force had completed all the recommendations. There were a few areas where more work was required and HMICFRS will continue to monitor progress; like all police forces, Kent Police may be subject to a further unannounced inspection at any time. Therefore there is no room for complacency, and the PCC will continue to receive updates on crime data integrity at his weekly briefing with the Chief Constable and the Performance and Delivery Board as appropriate.

- ***Transfer of complaints/appeal functions***

The implementation of the changes have been delayed once more at the national level. The relevant Regulations are not due to be laid until Spring/Summer 2019; however with the delays to Brexit, this is looking less likely. In addition, as there is now a built in six-month implementation period, any further delays to the Regulations being laid would mean the changes taking place very close to the purdah period for PCC elections. The Association of Police and Crime Commissioners (APCC) has made representations on this, and the Home Office have taken these on board; this could however mean that the Regulations are not laid, or do not go live, until Spring/Summer 2020.

Locally, work has been undertaken to manage the risks around implementation. The PCC has made the decision to adopt model 1, which is only the appeals function. The clarity that this brings, and the fact that this is the statutory minimum, means the changes will be less complex.

All staff now have the requisite vetting level to access the complaints management system, Centurion, and are now operational, ensuring familiarity for when the changes take place. Reviews are also being undertaken in respect of using Centurion for wider correspondence management.

Extensive participation with the changes at the national level continues, with officers sitting on the various Home Office, Independent Office for Police Conduct (IOPC) and Centurion User groups, as well as feeding into national consultations. Staff are also attending all relevant roadshows and training, the latest being on the 16th January, as well as working on a regional basis.

It has also been agreed at the national level to stick to the 'original' timetable for the legislation and Statutory Guidance/Home Office Guidance, which means that these key documents will be ready for when the changes go-live, again reducing the risks around implementation.

- ***Ensuring a coherent approach to Restorative Justice (RJ)***

OPCC: The RJ service has been in place for approximately 18 months and is providing a much-improved service. The number of referrals have increased, particularly those from the Force. This has been enabled through the appointment of a Force RJ co-ordinator and the introduction of a RJ App on the Force mobile devices. The service continues to develop and opportunities continued to be explored to increase the awareness of RJ.

Force: Kent Police have a dedicated Restorative Justice Officer, located within the Witness Care Unit at Compass House. The RJ Officer is responsible for the development of Restorative Justice practice across the Force, maximising opportunities to refer our victims to the PCC commissioned service.

Over the last 12 months, the key focus has been the delivery or bespoke inputs to police officers across the Force, with the final phase of training scheduled to be completed by April 2019. The inputs seek to provide clear understanding of what Restorative Justice means, how it can help victims recover from harm, how to seek support and guidance from the RJ Officer and how to make referrals into the service.

The RJ Officer works in close collaboration with Restorative Solutions, also located from Compass House. The co-location of both internal and external facilitators has resulted in close working relationships with the Witness Care Unit, the RJ Officer and service provider. This has resulted in seeing the early identification of victims who wish to be referred for Restorative Justice and provides a seamless referral process for the victim.

Witness Care, working with the RJ Officer can proactively discuss Restorative Justice with victims as part of their needs assessments, ensuring we capture all their needs and required support. The RJ Officer will also oversee police referrals to the Restorative Solutions and is able to ensure relevant information is available, monitor progress and work collaboratively to achieve a positive experience for the victim.

- ***Capacity of current providers to continue with services to victims of sexual violence offences.***

OPCC: A new ISVA (Independent Sexual Violence Advisor) service was formally commissioned during 2018/19 commenced on 1st April 2019 and replace our current grant funded providers. This new service will provide a consistent approach across Kent and Medway and allow our service provider to manage demand more effectively across the County. In addition, the service will be looking at opportunities to engage with hard to access groups and increase collaborative working with other support providers. However, the significant demand on this service still provides a considerable risk and this will be monitored through the contract monitoring process.

Force: The Force has conducted a comprehensive review of Rape and Sexual Assault Investigation over the past year. Using best practice observed nationally, and through the augmentation of Force numbers through the 2018/19 precept increases, we have invested in 40 new Sexual Offence Liaison Officers (SOLOs) who work alongside rape and sexual assault investigators, but are dedicated to supporting victims from initial report and evidence gathering through to court. These officers have been highly trained through a modular approach of available specialist investigator programmes, together with bespoke elements to the role. All 40 officers will be actively deployed by February.

The Rape and Sexual Assault Investigation Strategic lead T/DCI Rose is working with both Family Matters and SOLOs to develop joint operating protocols / understanding in order to optimise the experience of victims calling for our service whilst minimising any risk of duplicity, overlap or confusion.

- ***Recruitment of additional officers and staff***

OPCC: In addition to cutting the cost of the OPCC and requiring Kent Police to find £9m in cost savings, the PCC took the decision to increase the 2018/19 policing precept by the maximum allowable amount of £12 (7.6%) for an average Band D property. Whilst a decision not taken lightly, this was to enable the Chief Constable to increase the total police officer establishment from 3252.5 Full Time Equivalent (FTE) at the end of March 2018 to 3,452.5 FTE by the end of March 2019 – its highest level since 2012 and requiring the recruitment of up to 200 additional officers.

The Chief Constable provided regular updates on recruitment at his weekly briefing with the PCC, and also at the Performance and Delivery Board within the 'People' paper. The CFO also has an open invitation to attend the fortnightly Force Resourcing Board which is where key stakeholders maintain an overview of establishment management and consider requests for change in line with Force priorities, funding and threat, risk and harm. As of 28 January 2019, the additional uplift in officers was achieved and the Force's establishment stood at 3,452.5 FTE; all the new police staff roles had also been recruited to. In light of the PCC's 2019/20 precept increase that will enable the recruitment of a further 180 additional officers, the PCC will continue to receive updates at his weekly briefing with the Chief Constable and the Performance and Delivery Board.

Force: The Force developed a recruitment plan for the 2018/19 financial year, setting an ambitious objective to recruit up to 514.00 FTE officers, which would account for the usual attrition rate plus the additional 200 officers funded by the increased precept. The Force employed a very proactive approach to recruitment in order to achieve the ambition. A fresh and vibrant marketing campaign was launched, supported by social and traditional media activity. Significant community engagement work, event attendance and outreach has been undertaken and ideas are continually fed into the campaign. There has been a focus on improving workforce representation and an enhanced positive action programme is being delivered and is well received. Partnerships have been developed with other emergency services and the armed forces and key events have been attended including the PCCs inaugural Bluelight jobs fair. There has been engagement with the College of Policing with regards to process improvement and streamlining to enhance the candidate experience, as well as the development and implementation of two specialist entry routes – Graduate Scheme and Investigate First. This work has led to a very positive position, and a full report was delivered to the JAC.

For the financial year ended 31st March 2019, the Force received 2834 applications. A total of 514.00 (fte) officers have been recruited and commenced employment (including 17 transfers in and 1 re-joiner) since 1st April 2018. This includes an intake of 100.00 on the 15th October 2018, which is the largest single intake that Kent Police have ever recruited. Based on the current numbers of applicants in the process and recent conversion rates the Force is confident that the remaining requirement has been achieved within the financial year.

Workforce representation has also been an area of focus during this campaign, a total of 29 of the 514 new recruits have self-declared as being from a Black, Asian or Minority Ethnic (BAME) background. This equates to 5.64% of joiners being from BAME communities during the period. This is a positive position and moving closer to be reflective of the economically active population in Kent which is currently reported as 6.73%. As at 31st March 2019, the percentage of BAME officers across the whole Force against the total officer headcount was 3.43%, which is a 0.46 percentage point increase when compared to 2.97% as at 31st March 2018. This is a net headcount increase of 25 (from 98 to 123). Similarly from a gender perspective 179 of the 514 new recruits are female officers. This equates to 34.82% of total joiners, this is a positive position compared to the overall percentage of female officers in Force which as at 31 March 2018 was reported as 29.05%. At 31st March 2019, the percentage of female officers against the total officer headcount was 30.21%, which is a percentage point increase of 1.16 when compared to 29.05% as at 31st March 2018. This represents a net headcount increase of 123 females (from 960 to 1038).

- ***Any Internal Audit reports with partial or no assurance.***

There were three Internal Audit reports with partial/no assurance from 17-18, on POCA, Leavers and Movers, and Firearms

i. The POCA (Proceeds of Crime Act) Cash, Property and Drugs Seizures.

This audit, which was across both Kent and Essex Forces, received a 'no assurance' opinion. To address this, the following actions were taken:

- A POCA Programme Board, chaired by the ACC for Serious Crime, was established to monitor progress against the actions and brings together professional leads, providing governance, accountability and support for improvements to be made.

- A POCA Working Group, which meets on a monthly basis and is chaired by the Head of the Serious and Economic Crime Unit (SECU) was established to review the audit, identify the key gaps and improve processes.

- The Working Group provided quarterly reports to the Management Board. In addition, there was a recommendations tracker to ensure close management of progress, monitored by the Working Group at its monthly meetings.

- A new POCA strategy (2018-21), developed by the ACC and Head of SECU and to be driven by the Board, was implemented to improve processes across both Forces. This has eight key areas of focus - Training and Communication, Money Laundering, Governance, Forfeiture and Cash Seizures, Enforcements, Criminal Finances Act, Confiscation and Restraint and Intelligence - with a number of actions sitting underneath each area, and the achievements against this are monitored by the Board.

- As well as the review of training, a number of Force-wide 'Spotlights' were issued on the Force's intranet to provide guidance, links to policy and key personnel. A new, permanent page on the Force's website was developed by the Financial Investigation Unit, to provide a particular focus on adherence to legislation when using powers under POCA.

- POCA would also feature in the 18-19 Internal Audit Plan to review progress made.

- Regular updates were provided to the Audit Committee on the progress on the audit.

ii. Leavers and Movers

Following the receipt of 17/18 Leavers and Movers Audit the following processes and improvements were implemented:

- Development of a report has facilitated a revised QA process being implemented to undertake reconciliation between the leavers report compared to the access control systems to ensure the system records are correctly updated to reflect the leaving date ensuring access to buildings and sites ceases on the leaving date.

- The return of uniform and equipment listed as "on loan" to the individual on SAP is now actioned within the return of Police owned items automated form process, which is generated via an automated email from the Business Centre as part of the leaving action. The process includes the return to uniform stores for the retention and redistribution of some items of uniform, for which re-use is appropriate e.g. formal coats, high visibility jackets etc. Checks have been undertaken to ensure the quality of returns and that this process is being complied with. With regard to the revised process for Leavers equipment returns (providing "kit boxes" for returns), this has been successfully piloted at Maidstone and Chelmsford and has reduced the numbers of lost equipment to nil during the trial period. This has now been handed over to the IT Services Asset Management team to conclude the rollout throughout the rest of Kent and Essex.

- A process for advising Professional Standards Department (PSD) of any leavers has been implemented and communications have been released to the Command Teams to remind them of the requirement to advise the Business Centre in a timely manner of any resignations, so that the appropriate documentation can be completed and sent to PSD prior to the individual leaving the organisation.

- The Line Manager's checklist has also been implemented in both Forces to support asset management with the introduction of a 'objects on loan' section, allowing a line manager to review the current objects on loan list with their staff member to ensuring an accurate record is held and any discrepancies resolved.

A further audit was carried out in 18/19 for Leavers and Movers and this time the audit received reasonable assurance.

iii. Firearms

Following the audit a delivery plan was instigated to review and improve the identified areas:

- All firearms purchased and input onto the Force Chronicle system by the Force armourer are now independently checked, and all data

has been reviewed in 2019 as part of the transition to the Single 7 Force Chronicle database.

- All armouries and destruction room are now covered by external and internal high definition CCTV so there is independent oversight over the security of firearms and Tasers and disposal of the weapons.

- Protocols for the key safes in the Kent Police Training Centre have been improved to ensure Tasers for training cannot be inappropriately accessed.

- Booking in and out processes for Tasers have been reinforced at Medway and Margate including weapons checks at the end of shift to account for missing items. Evidence has been obtained to show these processes work.

- There is now a standard operating procedure (SOP) in place for the disposal of firearms and Tasers.

Key risk areas for 19-20

These risks have been identified by the two organisations' CFOs, based on the highest rated risks in the risk registers, and also those which have the broadest impact (which may not necessarily equate to the highest scoring). Some of the highest-rated Force risks are not included, as they are inherent, on-going and relatively stable. This list also includes the internal audit reports where there is partial/no assurance. The work to mitigate these risks will be reported on in the next AGS.

- Broader financial environment
  The current medium term plan is highly dependent on national economic events. Government spending of which Policing is a fraction, is due a Comprehensive Spending Review in 2019/20. Usually these reviews occur in line with election cycles but the 2019/20 review is now out of sync. There is considerable uncertainty over the timing and length of the CSR, never mind the quantum that Policing and Kent in particular will receive. While our medium term planning processes are robust clearly the less certainty we have around funding or precept levels the more risk we carry in the plan.

- The new ISVA services
  The transition of services to one provider, the initial engagement of a new service and the increasing demand for this service mean that this is a key risk for the PCC during 2019/20. There are robust procurement and contract monitoring arrangements in place to manage this risk but nevertheless this is a key service facing increasing pressure so remains a risk.

- Transfer of complaints matters to OPCCs
  Whilst the PCC has chosen to only take the appellate function, this will still mean a significant number of risks will need to be managed. On the operational side, the transfer of this function will require input from the OPCC, the Force Professional Standards Department, Legal Services and HR as a minimum at the beginning. There are a number of practical issues around the systems that will need to be managed, as well as consideration given to legacy appeals.

  Recruitment will provide a number of difficulties, as it is a highly specialised role, and it is very difficult to predict demand owing to the significant changes to the complaints system that will take place at the same time.

  Before and during implementation, it will require a comprehensive internal and external communications plan, so that officers at all levels and the general public will know who will be handling their appeals, and why.

  There are also clear reputational risks, should the appeals be badly managed, or challenged by Judicial Review.

  It is also the first nationally mandated statutory transference of an element of operational policing to the Governance body.

- Brexit
  The Force has two strategic risks relating to Brexit as follows:

  Should the UK exit the EU with a "hard" deal or no deal this will have a significant impact on cross channel traffic and the Kent road network. As a result there may be shortages of food and essential items, increased crime and disorder and issues concerning information sharing and cross border enforcement. Kent Police and its partners, both local and national, have, and continue to plan for the mitigation of this risk.

  A Strategic Command Centre (SCC) and a Tactical Command Centre (TCC) have been established. Operation Brock has commenced with Highways England implementing a contra flow system on the M20 between junctions 8 and 9 and providing for the use of the former Manston Airport site to hold lorries if necessary. The effectiveness of this mitigation is being monitored. Tasking and Co-ordination Groups (TCGs) are being held every other day, with further operational TCGs called as required.

  Internal governance is also provided via quarterly reporting to Chief Officers at the Chief Officer's Strategic Meeting (COSM) and independent scrutiny is delivered by the Joint Audit Committee.

  The commercial impact on the Force of Brexit

Kent Police recognises that the UK's exit from the European Union (EU) could have implications for the supply of goods and services to the force due to changes to border checks and /or the status of EU citizens. This could result in disruption to the supply of essential equipment and delivery of services to the Force. Steps to mitigate the risk have been, and continue to be taken, at both a local and a national level. The Force has completed a Home Office led Commercial Impact Assessment to grade contracts on a high/medium/low basis. Follow up assessments have been conducted for any contracts graded as high or medium risk. The Force has, and continues to engage with suppliers in high risk areas.

Internal governance is in place via the Support Services Directorate Board and quarterly reporting to Chief Officers at the Chief Officer's Strategic Meeting (COSM) and independent scrutiny is provided by the Joint Audit Committee.

- POCA and Creditors audits; Contract Management advisory audit

i. POCA

a. This was reviewed as a joint audit for Kent Police and Essex Police and was found to have partial assurance in Kent. Although this represents an improving position it remains disappointing given the excellent progress that has been made around process and policy strengthening over the last twelve months. The weaknesses are around compliance with these policies and as a consequence a number of management actions (3 low and 3 medium) were made around ensuring compliance and dip checking practice against policy. A working group, chaired by the ACC for the Serious Crime Directorate remains in place to ensure these recommendations are implemented and maintained.

ii. Creditors

a. The audit returned a partial assurance rating with 1 High, 1 Medium and 2 Low recommendations being agreed between the auditors, Business Services and Corporate Finance. The High recommendation related to a change to the Payment Run process and its authorisation which was intended to make the process paperless. The process as implemented did not contain sufficient evidence of sign off (electronic or otherwise) in one instance and whilst there is no suggestion or evidence of fraudulent activity there is an obvious weakness in this. Business Services immediately reverted to the previous process once this weakness was identified, the CFO notified and invited to review the process and be part of any future process changes. The CFO is satisfied that this recommendation was immediately addressed and corrected and is no longer an issue.

b. The Medium recommendation related to the record keeping for changes to vender records. One record out of a sample of 10 changes had not been recorded on the spreadsheet used for this and therefore evidence did not exist of any checks having been made to verify the legitimacy of the change. Staff have been reminded of the necessity to record these changes by management and the monitoring sheet has been amended. This is also no longer considered to be a weakness.

iii. Contract Management (advisory)

a. Is an advisory audit around the use of delivery partners to assist Kent Police in areas where capacity and capability of employed staff may be insufficient to deliver a range of programmes including within Procurement, Estates and Information Technology. The main identified risks were around being able to provide copies of the signed contracts and evidence of contract monitoring activity with KPIs taking place to ensure value for money is obtained. Both of these areas have been addressed between the provisioning departments identified above and are now in place.

In all cases processes are in place by the Support Services Development Team and Corporate Finance to ensure the changes are embedded and that there is a suitable trail of evidence the changes have been made.

- Large scale terrorist attack

Prepare and Protect against Terrorist Attack Methodologies

The Force has a strategic risk concerning the Prepare and Protect response against terrorist attack methodologies. A considerable number of controls are in place and the management of the risk is considered to be business as usual. However, the risk remains on the Force Risk Register, at its target score, in acknowledgement of the on-going nature of the terrorism threat and the potential level of impact should an incident occur. The controls include plans to save life and to protect property and infrastructure, appropriate training of officers and staff, multi-agency work with appropriate partners including actual and table top exercises, the 24/7 deployment of armed officers, overt foot patrols including with dogs, an uplift in the number of firearms officers, the introduction of cross-border protocols and the identification and introduction of new tactics as appropriate. The response to this risk is reviewed via quarterly Gold and Silver level meetings, which can be undertaken more frequently if circumstances direct. There are dedicated Gold and Silver Commanders at C/Supt and Supt level. A South East Region Protect and Prepare working group focusses on planning and testing related plans to ensure that they remain fit for purpose. The Force reviews all of the terrorism plans every 6 months or earlier if required. The risk is the subject of comprehensive multi-faceted threat and risk assessment with mitigations which is subject to ongoing review and revisions

Internal governance is provided by various internal local and directorate level meetings including the Gold and Silver level meetings referred to above, specialist boards that sit under the Strategic Policing Requirement Board, The Firearms and Less Lethal Board, the Firearms Uplift Board and the quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee and the South East Region Protect and Prepare Board.

- On-going management of Athena

Athena is a dedicated police information system currently used by a consortium of 9 Forces. The Athena Management Office (AMO) co-ordinates activity on behalf of the consortium.

The Force has 8 risks in relation to Athena as follows:

i. Athena business continuity in relation to stability and performance issues

a. The risk relates to the loss of system availability or unacceptably poor system performance. A strengthened change control protocol in relation to the introduction of system changes, which includes a command structure to oversee any impact on end user experience, has been introduced. The supplier has been tasked with urgently developing a revised software release management process. This will enable quick time withdrawal of the release, as the best disaster recovery option, should any deployment prove to be problematic. The Deputy Chief Constable has actioned a table top exercise to develop and strengthen the business continuity process during a prolonged period of system outage. Work continues to ensure accurate end to end monitoring of system performance.

b. Internal governance is provided via the Strategic Athena Board and quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee. Scrutiny on behalf of the consortium of Forces is delivered through the Strategic Athena Management Board (SAMB) and the Athena Management Board (AMB).

ii. Athena Exploitation

a. This risk relates to the impact on the exploitation of the system of delayed take up by other Forces prejudicing the concept of multi-Force adoption, limiting opportunities for service improvements, the realisation of savings through collaborative initiatives and the potential for disenchantment with the system.

b. All of the Athena Forces, or groupings of Forces, have some level of resource in order to support and embed Athena in their area. Given the wide span of implementation and go live dates, Forces are at different stages and levels of maturity as far as their implementation and embedding of Athena is concerned. With this in mind it is proposed to rationalise and consolidate the various support teams in April 2020. Areas of business have been identified where processes and capability could be improved in order to maximise the use of this system. These issues vary from Force to Force and there are no immediate or obvious common concerns. A revised Athena Management Office structure has been implemented following an external review. This will progress the transformation agenda, support service management and deliver a stronger, intelligent client model. A full external technical review of system functionality has been undertaken. Engagement with the 7 Force Collaboration Programme will also ensure alignment on business changes that can be supported by Athena.

c. Internal governance is provided via the Strategic Athena Board and quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee. Scrutiny on behalf of the consortium of Forces is delivered through the Strategic Athena Management Board (SAMB) and the Athena Management Board (AMB).

iii. Athena reputation damage

This risk reflects the fact that the Force's reputation may be damaged by the compromised delivery of what is a major public sector IT programme and the attendant adverse coverage and commentary. Confidence within the consortium Forces may decline reducing the efficiency of collaborative initiatives.

a. Work has been undertaken to create and sustain a healthy supplier-client relationship including a strengthened Athena Management Office and the provision of specialist legal and procurement advice. A communication strategy has been developed and implemented to support the management of the reputation of Athena going forwards. Users are provided with training and regular communications via the intranet and are supported by the Athena Helpdesk. The aim is to improve the confidence of the consortium, stakeholders, Forces and users. The Athena Management Office (AMO) has moved to a hybrid model with a combination of AMO staff, with in-house expertise, and external private sector contractors to provide the optimum mix and blend of knowledge. It works closely with the service provider to review the stability of the system and to understand and address any issues.

b. Internal governance is provided via the Strategic Athena Board and quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee. Scrutiny on behalf of the consortium of Forces is delivered through the Strategic Athena Management Board (SAMB) and the Athena Management Board (AMB).

iv. Athena legal and contractual

a. This risk reflects the potential for legal or contractual dispute with the supplier leading to reputation damage, additional cost or a quick time move to an alternative system. Athena is a significant and expensive IT enabled change programme and, despite the best efforts and good faith of all concerned, there is the potential for legal / contractual dispute. The consortium retains the advisory services of Sharpe Pritchard for the provision of specialist contractual legal advice by a dedicated Partner. A contractual compliance review is underway and is expected to conclude in September 2019. However, in the light of the review's findings to date, the Commercial Strategy is being reviewed. A complex 9 Force consortium contract extension alignment is also being progressed and an accompanying strategy drafted. The Athena Management Board structure includes a commercial advisory group within its structure and this is comprised of procurement and commercial professionals. Supplier personnel are closely engaged and involved in the governance boards in order to ensure that they are held to account and are aware of any Force concerns. The commercial advisory group's work streams have included a piece of work to define and describe the amount of leverage the consortium has, and assessment of how this might influence its deliberations. A deed of variation associated with the Athena enhancement and improvement plan has been signed off and completed. Regular meetings are held between the supplier's Chief Executive and the chair of the Strategic Athena Management Board (SAMB) to promote and sustain an effective working relationship between the parties.

b. Internal governance is provided via the Strategic Athena Board and quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee. Scrutiny on behalf of the consortium of Forces is delivered through the Strategic Athena Management Board (SAMB), and the Athena Management Board (AMB). Supplier personnel are closely engaged and involved with the governance boards to ensure that it is held to account and is aware of any Force concerns.

v. Data extraction

a. This risk relates to the ability of the consortium Forces to extract data in bulk from Athena for analysis. Should it not be possible to do so management information processes such as the analysis of intelligence and performance data and the delivery of continuous improvement would be impaired with reputational and compliance/legal consequences.

b. A solution has been developed and is the process of being tested. The results of the testing completed to date are positive, and the Forces are developing transition plans as part of the implementation of the solution.

c. Internal governance is provided via the Strategic Athena Board and quarterly presentation of the risk to Chief Officers at the Chief Officer's Strategic Meeting (COSM). Independent scrutiny is provided by the Joint Audit Committee. Scrutiny on behalf of the consortium of Forces is delivered through the Strategic Athena Management Board (SAMB) and the Athena Management Board (AMB).

vi. PND uploading

a. This risk relates to the uploading of data to the Police National Database in order to be shared nationally with police Forces. The Athena Management Office is currently working with the supplier and the Home Office to develop a proposal to accelerate the timeline for resolving this risk. A detailed plan and timeline has been drawn up and this is being overseen and managed by the Athena Management Office through the programme and delivery board with exceptions being escalated to the chair of the Athena Management Board. All consortium Forces have committed to exacting data assurance and review timelines and are working towards successful accreditation of the solution. Should it be necessary to do so, provision exists within Athena for Forces to do a single record upload.

b. Management and oversight of this risk and the plan to mitigate it is being delivered at a national level.

vii. Legacy information within Athena/Police National Database (PND)

a. This risk relates to concerns identified in relation to data protection and the Management of Police Information Regulations in relation to certain legacy information within the system. A solution has been identified and is being implemented. The risk is owned by the Force Senior Information Risk Owner and governed via the Information Security and Integrity Committee. The SIRO has recently reviewed this risk and is satisfied that good progress is being made to resolve the issues identified.

viii. Resource Implications

a. This risk relates to the increased time that may be required to complete tasks and processes in Athena. Significant planning, testing and business process mapping has been completed together with the provision of role based training. Financial support was provided to Divisions/Departments to alleviate any short term business impact. Close monitoring of the system and management information was also undertaken to mitigate this risk. A System and Service Improvement plan (SSIP) has been implemented to drive the performance of the overall service to acceptable levels. System users are supported by the dedicated Athena Help Desk.

b. Internal governance of this risk is provided by the monthly Strategic Athena Board.

In addition, whilst not yet on the OPCC risk register, the potential risks around the 2020 elections form part of the horizon scanning work. Given that the build up to the elections will start in this financial year (potentially from around December) there are a number of related risks, such as:

- Increased number of FOIs/contacts with the Office from candidates seeking information.
- Increased attention from the media and political candidates in relation to the PCC, his work, and the Office.
- Increased scrutiny in relation to the work of the Office being politically restricted.

It is therefore thought important to highlight these matters as part of the AGS.

People and integrity

- **The following demonstrates how we are meeting "Principles A and E"**

The PCC has set out his personal commitment to acting with integrity and to the highest standards in his Police and Crime Plan (page 4), emphasising that he has signed and published the Committee on Standards in Public Life checklist and also his personal Code of Conduct which reflects the Seven Principles in Public Life. He is clear that he will hold the Chief Constable to account for the Code of Ethics forming the bedrock of standards and behaviour within Kent Police.

The Chief Constable personally chairs the Force Culture Board, a clear demonstration of how much the Force values integrity. At the Chief Constable's direction all directorates have their own Culture boards all contributing to the Force's 'Outstanding HMICFRS grading on Legitimacy.

Both organisations maintain an up to date gifts and hospitality register, and a record of Chief Officers' and PCC's expenses, all of which are publically available and are reported to the JAC annually. The OPCC website has been remapped so that transparency documents are now located on the webpages they relate to, making them easier to find.

Both organisations have up to date policies on complaints and whistleblowing, and there was a comprehensive report to the JAC in December 2018 on the latter point, which also covered fraud and counter corruption. This report will feature each year. The Force and OPCC handle all complaints and FOI requests as required by legislation and external organisations such as the Information Commissioner's Office (ICO) and the IOPC (formerly the IPCC). There is a mutual commitment to transparency, and the OPCC has a section on its website to reflect this, and ensures compliance with the Specified Information Order requirements.

Both the Force and the PCC's Office aim to attract, develop and support the best people, and to be employers of choice. There is a commitment to flexible working which is developing, whilst taking into account the organisations' specific needs. There is a strong commitment to the development of staff at all levels in both organisations, with staff being encouraged to gain further qualifications and experience through in house and external providers, and by mentoring. There are a number of overarching strategies in place that outline this, and are supported by policies and processes which both organisations adhere to as well as new initiatives such as 'Develop You' and the Ideas Drop.

The Force's Control Strategy is clear that the service to residents in Kent will be delivered professionally and above all ethically. The culture for the Force is set by the leadership and is supported by the Culture Board and the Internal Ethics Committee, which meet quarterly and have a set quorum of members plus additional inclusive representation from across the organisation.

There is a revamped 'Diversity and Inclusion' Board held by the Force and chaired by the Deputy Chief Constable, with attendance from the OPCC, and a related Diversity and Inclusion Strategy which is owned at Chief Constable level. Further information can be found in the response to last year's action plan.

The re-organisation of the Chief Officer Team and, specifically the elevation of the Director of Corporate Services, to Deputy Chief Officer with responsibility for all 'organisational' (non-operational) functions will serve to strengthen governance, objectivity and scrutiny going forward.

Medium term plan and value for money

- **The following demonstrates how we are meeting "Principle D"**

There is a comprehensive framework and process to support the organisations achieving the required outcomes via the Medium Term Financial Plan (MTFP); this sets the context for the on-going decisions over the life of the Police and Crime Plan.

The MTFP is updated regularly to reflect the changes in the social, governmental and financial environment, and any significant changes are reported to the Chief Officer Team and JAC each quarter.

The Police and Crime Plan, budget and MTFP are reported as a joint paper to the Police and Crime Panel, reflecting the need for them to be developed together, and there is a financial planning timetable and process that ensures they are integrated. This is also now reported to the JAC.

The communication between the CFOs, Chief Officers and PCC is at the heart of this process, and the regular meetings assist in determining the information needs which in turn inform the decision making. This cascades further to internal departments and partner agencies (covered in detail further on in the AGS), with clear guidance and protocols issued for day to day business and a defined process for business cases for future service delivery which encapsulates impact, benefits realisation and effective appraisals.

It should be noted that the Force received three 'substantial assurance' audits for its broader financial processes, namely debt collection and recovery; capital accounting and fixed assets; and payroll. There was also a substantial assurance for the OPCC's Treasury Management process, which overall can provide a very high level of assurance in this key area of management.

Value for money is a key element of the Safer in Kent Plan; it underpins everything the Force and PCC do, and is embedded within the two organisations and financial regulations. The external view on value for money is provided by the External Auditors, who state *both organisations have in place proper arrangements to secure value for money in their use of resources*, and by HMICFRS, who view the Force as 'good' with 'outstanding' features. The Force make extensive use of the HMICFRS vfm profiles to determine performance against their most similar Forces, which helps identify areas of potential strength and weakness, and is reported to the JAC.

The PCC also used his Annual Policing Survey to gauge the views of the public as to how much they perceive policing services in Kent to provide value for money, with the key points set out under Principles B and G. Of relevance, people rated the service they receive as **5/10** for value for money. Elsewhere the survey pointed to an overwhelming desire from the public for more visible police officers, suggesting at least some do not regard policing as value for money if they cannot literally 'see' evidence of police resources in their local area.

A procurement Governance Board has been established to provide both CFOs with a clear view of procurement issues. This Board will ensure better planning, shared procurement opportunities and helps drive value for money through improved procurement, locally, regionally and nationally, and will monitor the issues raised in the audit.

To enhance these arrangements there is scope to improve the linkages between financial and planning documents, and for further scrutiny and review of the Financial Regulations. The Financial Regulations are maintained between the Force and PCC's CFOs and reviewed annually. These are shared with budget holders and managers to ensure best practice and follow the schemes of consent outlined above

A new Financial Management Code of Practice is still outstanding, and while little change is expected any amendments required by the new code will be implemented during the year.

Working with partners, and commissioning

- **The following demonstrates how we are meeting "Principles A-G"**

Vision

Within the PCC's Police & Crime Plan he has made a commitment to collaborate with other organisations to tackle crime and community issues more effectively, particularly focusing on improved communication, making better use of limited resources and greater sharing of skills and expertise. This commitment is reflected in the commissioning approach of the PCC, as working with partners to reduce crime, anti-social behaviour and to support victims is vital.

The PCC supports both statutory partners, charities, voluntary and community groups through either grants, funding opportunities or formally commissioned services to ensure that collaborative working can be undertaken to reduce crime, anti-social behaviour and support victims.

There is an overarching **Commissioning Strategy**, which is publically available, which sets out the PCC's approach. The framework has been developed for 19/20 and the full overarching strategy is published for the new financial year, specifically focussing on grant monitoring processes and grant-giving conditions. This document forms part of the Police and Crime Plan and clearly sets out the governance processes for funding so that there is transparency in decision making and oversight of the outcomes achieved. In addition, details of the timelines for all funding streams, including when they open, when decisions will be made and when monitoring is due are included. This ensures that there are clear expectations from the outset and that resources can be managed accordingly. Whilst commissioning and partnerships are naturally aligned it is not necessary to always link working with partners with the provision of funding. The PCC actively engages with a range of partners to support delivery of the Police & Crime Plan priorities. This can be demonstrated through the engagement with a wide variety of partnership groups and activities, such as Community Safety Partnerships (CSPs), and the Kent Criminal Justice Board, which the PCC now chairs. This approach enables opportunities for collaborative working to identified and progressed.

MTFP/vfm

The PCC's website includes details of organisations funded, the project being delivered and the amount of funding received.

The Police and Crime Plan clearly sets out the financial arrangements and medium term budget for partners and commissioning. The Office follows all procurement guidelines as set out in the Financial Regulations, and the OJEU processes for the tendering of services where the threshold is reached. The Commissioning Strategy provides guidance on whether services should be commissioned or follow a grant process, and the best procurement route for services.

There are proportionate monitoring processes in place for all funding organisations, which includes the collation of returns into yearly reports, and there will be increased monitoring of how funds are spent, with greater expectations on partners this year. This ensures that the PCC's funds are being spent effectively and that the appropriate outcomes are being achieved. The Office is developing clear links to the Force to ensure that work with all our partners is interlinked and complementary.

Transparent communication, Engagement and Accountability

The Office is accountable to the Ministry of Justice (MoJ) for the Victims' Services grant and provides grant monitoring forms twice yearly, outlining what has been achieved including outcomes and outputs.

All organisations in receipt of funding from the PCC are subject to monitoring processes, which are clear from the outset. Failure to complete or provide satisfactory monitoring returns may impact on future funding for those organisations concerned. In addition, each organisation is issued with grant conditions to ensure compliance against certain delivery standards. Consultation exercises have been undertaken on grant funding processes and larger commissioning exercises, such as Restorative Justice and ISVA, where appropriate. In compliance with the MoJ Grant Agreement, the Support Services that have been commissioned or provided with the Grant, including referral services, are also specified in the Annual Report.

As well as the transparency in funding, via the website and the Safer in Kent Plan, there has been extensive engagement with partners, especially with organisations in receipt of funding (such as Community Safety Partnerships) to ensure sharing of good practice and to identify opportunities for collaboration. The OPCC will hold partners to account in greater depth, ensuring that the schemes funded support the aims of the Police and Crime Plan. There is also work to progress co-commissioning arrangements where appropriate, and an example of that is the Kent Integrated Domestic Abuse Service which is led by Kent County Council but it supported by the PCC through funding and alignment of the core victim services contract. Grant criteria is also utilised to manage funding duplication and to encourage cross-district border projects.

Decision-making and risk management

There has been one internal audit in this area, focussing on the broader commissioning project, which stated that the OPCC could take reasonable assurance in this area, and was positive about the work of the OPCC. It has been reviewed by the JAC, and in addition the Head of Department has presented to the JAC. There is also a specific risk register for the core victims' services contract.

The forms that support the PCC's commissioning are clear, with specific criteria and scoring processes, and all funding decisions are taken with clear reference to the Safer in Kent Plan, and how the project will support its objectives.

Decision-making is carried out using a scoring matrix which correlates to the bid criteria and demonstrates the links to the Safer in Kent Plan priorities.

People and Integrity

There has been extensive, tailored and on-going engagement with partners at all levels to ensure they not only understand the role of the PCC in commissioning, but how they can best engage with the Office and access the funding on offer.

Essex

Essex Police have been the Force's collaboration partner for a number of years. The Serious Crime Directorate provides intelligence and support to target and tackle anyone involved in serious criminality. The Directorate is one of the largest in UK policing dedicated to tackling serious and organised crime, with more than 1,100 officers and staff working together across both counties. The Support Services Directorate provides specialist services to Kent and Essex Police including Transport, Procurement, HR, transactional processing and IT.

The vision is to work with Essex police to reduce costs whilst increasing capability for both forces through the delivery of a first class service and achieving economies of scale.

Both directorates report to the Kent and Essex Collaboration Board. The Serious Crime Directorate is led by an ACC and is accountable to both Chief Constables. Support Services is led by the Director who also reports to the two Chiefs.

Joint audits are commissioned to assist with the governance of the collaborative directorates with reports going to both Force CFOs, the two Offices of the PCC and both JACs.

Recharges of costs are maintained and undertaken between Finance Departments for both Forces against detailed budgets which are constructed in line with the Section 22 agreements governing the collaboration agreements. These costs and budgets form part of the overall financial position of the Force and therefore are reported monthly to the Chief Officer Team and OPCC.

Opinion of the Internal Auditors

The following is the opinion of RSM:

For both the Office of the PCC, and for Kent Police, the Internal Auditors agreed and concluded that *"the organisations have an adequate and effective framework for risk management, governance and internal control.*

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

In their Annual Report, it was noted that there were two audits with partial assurance, on POCA and Creditors (and none with no assurance). They have been included in the 'key risk areas' for 19-20, as has the advisory audit on contract management. The outcomes and progress made in implementing management actions will be summarised in next year's AGS.

Statement on the effectiveness of the current governance framework and action plan summary

The PCC and the Chief Constable have a shared responsibility to ensure an annual review of the overall effectiveness of the governance system. The review is informed by the work of the internal auditors and key managers within the OPCC and the Chief Constable team (with collaboration benefits from sharing the same internal auditors with Essex). It is also informed by the comments of external agencies as they apply to Governance.

As noted above, as part of the agreed Internal Audit Plan for 2018/19, the auditors undertook a review of the Delivery of the Safer in Kent Plan. The aims of the review were to establish whether adequate and effective governance and monitoring arrangements are operating, the robustness of the process by which the OPCC holds the Force to account, and the adequacy and transparency of reporting in line with the plans objectives.

The audit found that the governance and reporting mechanisms are well defined and operating well in providing support, scrutiny and internal assurance with regard to the priorities within the Safer in Kent Plan. Specifically, they found that the process for holding the Force to account over delivery was well structured and based upon detailed and supportive narrative.

The view of the PCC, supported by his statutory officers and the Chief Constable supported by his Chief Officers is that overall the effectiveness of governance, risk management and controls remain generally sound. A number of actions have been identified from the AGS to enhance the control environment, and are collated into an action plan below.

Action Plan for 19-20

The below details (in order of appearance in the AGS, as opposed to ranking by importance) the areas for improving governance for both organisations in 19-20.

The below details (in order of appearance in the AGS, as opposed to ranking by importance) the areas for improving governance for both organisations in 19-20.

The PCC now chairs:

- the Mental Health Strategic Oversight Board
- The Criminal Justice Board

And is a member of:

- The Fire and Rescue Authority

Therefore the OPCC will monitor the arrangements, and how they develop and the impact over the coming year, to demonstrate efficacy and to look to improve governance arrangements.

Building and developing a performance framework that captures outcomes and benefits realisation to help demonstrate value for money (vfm) for both the PCC in holding the Force to account, and for commissioned services.

In relation to GDPR, refining the ROPA (information asset register); exploring how to develop refresher training for staff.

Ensuring the Procurement Department's move to a regional capability does not impact on service provision, and ensures that all GDPR matters are a key work stream during the transition.

Embed the final areas of work identified in HMICFRS's CDI inspection, in respect of timeliness of recording and third party professional reports.For the Force to recruit the number of officers as expected by the precept increase, and for the OPCC to effectively monitor this through existing governance arrangements. (Joint)

To effectively embed the work of the Procurement Governance Board.

The OPCC will hold partners to account in greater depth in relation to commissioned work, ensuring that the schemes funded support the aims of the Police and Crime Plan.

Appendix A

Response to the previous year's action plan
Continuing to improve the Kent Police's website functionality, including live chat, improved recruitment services and ways to gauge opinion

Live chat was soft-launched in August 2018. This is to provide the public with channel choice and to allow Kent Police to handle demand differently, giving greater flexibility both to the public and the Force – so we can allocate resources more intelligently. Live Chat has a steady uptake of around 30 chats per day at the time of writing this document and has had some notable public engagement successes where verbal conversation via 101 was not possible (or favoured) or where online crime reporting was not practical. This includes a domestic abuse incident in which the victim was able to silently contact Kent Police while the abusive partner was in the room. Live Chat has not yet been aggressively marketed while the Force

Control Room monitors the channel closely for benefit delivery and resourcing capability.

The recruitment pages have, in response to user feedback, seen the addition of details to help candidates prepare for interview; this includes information about our Force demographics, priorities and positive action initiatives, along with good/bad examples of application forms to assist with the applications process. Our applications tool, part of our website, has also been upgraded to streamline processes for applicants and give recruiting managers within the Force greater autonomy over placing adverts and tracking candidate activity.

There has been no further development on ways to gauge opinion. As the Force is moving to the national policing website this summer any development in this respect would not be in effect long enough to justify expenditure. Kent will adopt the same online opinion-gauging mechanisms as all other Forces. Examples on this can be found at https://www.met.police.uk/contact/af/contact-us/ - the website of the Met Police, who have already migrated to the national site.

The embedding of the new Diversity and Inclusion Strategy; the work of the Board in reviewing this, and Kent Police's work to recruit and retain a greater number of people from BAME backgrounds.

The Diversity and Inclusion Strategy 2018 to 2021 was launched in June 2018 by the Chief Constable. It has been embedded through the Diversity and Inclusion Board that is required to hold Divisions and Directorates to account for the delivery of the strategy. The strategy focuses on five key themes which are, Our People, Positive Action, Our Communities, Leadership, and Development and Progression. In addition the strategy also contains our Public Sector Equality Duty and Kent Police have added six additional overarching objectives to further the aims of the Equality Duty legal requirements. At the last diversity and Inclusion Board held in February 2019 (OPCC represented at meeting) a presentation was given about the substantial amount of work that has already been carried out by Divisions and Directorates, including a 'dashboard' giving a Force overview in some key areas. This is a three year strategy and the Force continues to build on what has already been achieved.

As at 31st March 2019, the percentage of BAME officers against the total officer headcount was 3.43%. This is a percentage point increase of 0.46 when compared to the 31st March 2018 (2.97%) and a net headcount increase of 25 from 98 to 123.
Of the 514.00 recruited for the financial year ending 31st March 2019, a total of 29.00 are BAME (5.64%). Note, this includes new recruits and officer transfers in from other Forces. Below shows the summary of total joiners from 2013/2014 to 2018/19.

Financial Year	Total Joiners	BAME	BAME %
2013/2014	162	3	1.85
2014/2015	193	4	2.07
2015/2016	225	4	1.78
2016/2017	289	12	4.15
2017/2018	226	7	3.10
2018/2019	514	29	5.64

Increase the governance around partnership funding, specifically improving the monitoring of how funds are committed by partner agencies

The PCC has improved its monitoring arrangements for partner agencies and it is expected to improve the outcomes. This will be continually monitored during the year. In addition, grant conditions have been improved to ensure there is clear level of expectation and requirements for the delivery of services funded by the PCC.

Develop the 'hold to account' function in respect of partner agencies, ensuring that their schemes support the aims of the Police and Crime Plan.

Improvements have been made to the reporting and scrutiny arrangements for partner organisations in receipt of funding from the PCC. This is particularly relevant for Community Safety Partnerships (CSPs) and other statutory partners receiving funding. They are now required to submit a business case prior to the start of the financial year, clearly articulating the use of the funding and how this supports the aims of the Police & Crime Plan. This business case has to be approved by the OPCC prior to any funding being released, with a subsequent monitoring required to establish outcomes achieved. This approach ensures that effective oversight and scrutiny can be maintained, along with identifying clear links to the Police & Crime Plan. In addition, the OPCC engages with Partnership Boards such as the Kent & Medway Domestic Abuse and Sexual Violence Strategy Group to ensure representation of the PCCs priorities. The PCC also chairs the Kent Criminal Justice Board which enables oversight of the criminal justice agencies in Kent.

Ensuring the reporting by the Force to the P&D Board demonstrates the linkages with the Police and Crime Plan and how the Force is producing demonstrable outcomes.

Originally, the Force submitted separate papers relating to Force Performance and Police & Crime Plan Delivery, but the PCC determined that this was not necessarily helpful as the former directly links to the latter. As a result, from March 2018, the 'Safer in Kent Plan – Delivery & Performance' paper was introduced. Through the use of real life case studies and a variety of metrics, this paper has enabled the Chief Constable to illustrate how the Police and Crime Plan priorities are being delivered with demonstrable outcomes, whilst also providing the PCC with greater assurance.

Develop and enhance the governance of the multi-agency approach to mental health, through the Board, to deliver improved and joined up services

The Mental Health & Policing Oversight Board has met quarterly, with a focus on partnership working to support the delivery of safe, effective and timely care for those in crisis. As well as facilitating discussions in relation to county-wide activities such as the Medway and Thanet Street Triage Schemes, through the PCC's national role, it has enabled partners to contribute to wider reform, such as the Independent Review of the Mental Health Act 1983. Through the development of a shared understanding of the issues faced in Kent, and each partner's role, capacity and capability, the Board has helped to deliver improved and more joined up services. However, in becoming the strategic decision making body for Kent and Medway, there will be even greater opportunities for the Board to do so in the future.

The Mental Health & Policing Oversight Board has met quarterly, with a focus on partnership working to support the delivery of safe, effective and timely care for those in crisis. As well as facilitating discussions in relation to county-wide activities such as the Medway and Thanet Street Triage Schemes, through the PCC's national role, it has enabled partners to contribute to wider reform, such as the Independent Review of the Mental Health Act 1983. Through the development of a shared understanding of the issues faced in Kent, and each partner's role, capacity and capability, the Board has helped to deliver improved and more joined up services. However, in becoming the strategic decision making body for Kent and Medway, there will be even greater opportunities for the Board to do so in the future.

Explore opportunities to collaborate with KFRS

Opportunities have been explored to collaborate with Kent Fire and Rescue Services (KFRS) and the ambulance service, (SECAmb) under the governance of the Emergency Services Collaboration Delivery Group. This joint meeting structure is well established at strategic and tactical level. A programme has been devised and a vision developed:

Our joint vision is for the emergency services of Kent to provide an exceptional response to the public through highly efficient and effective collaboration. We will identify and appropriately respond to those that are most vulnerable through our innovative ability to jointly manage demand and keep the public safe. When the public need us, we will provide an excellent response, resolving matters at first contact where possible and through a highly efficient customer journey. By enhancing our joint training, technology and business management we will achieve a fundamentally multi-service culture of interoperable working, providing a first class service to the communities of Kent.

The tri-service strategic areas of focus have included collaborative business management, managing demand, capacity, capability and connectivity. Key projects have included identifying the correct agency to focus on the vulnerable, estate sharing, joint training / use of equipment and shared responsibilities for forcing entry to premises. Further explorative opportunities will be taken to the next delivery group meeting in April 2019.

Improvements to information security, via the action plan implemented, to be embedded and monitored.

The Chief Constable launched our 'DataSafe' campaign in April 18, the objective being to identify and deliver the cultural, policy and procedural changes necessary to embed and value information quality and security across all that we do. The campaign was also designed to coincide with the UK's adoption of the GDPR regulations and the changes to the Data Protection Act, which necessitated a change within a number of business areas. The 'DataSafe' branding is now recognised and utilised across the Force as a means of communicating relevant key issues. Given it's prominence, the intention is now to continue beyond the initial 12 month campaign and sustain the 'DataSafe' branding well into the future. Recent developments include the investment in a permanent Records Management Team to drive compliance and the publication of a comprehensive Information Security Strategy, with accompanying Training Strategy. The start of the new year saw us test our response to a 'Cyber Attack' in partnership with colleagues from the National Cyber Security Centre and further strengthening the expertise within our Information Security and Governance Department.

Review the impact of the Treasury Management Code of Practice and implement any relevant changes to strategies.

This has been removed and the relevant changes incorporated into the Treasury Management Strategy.

Alan Pughsley QPM
Chief Constable for Kent
31 July 2019

Matthew Scott
Police and Crime Commissioner for Kent
31 July 2019

Core Financial Statements

Comprehensive Income and Expenditure Statements

(for the year ended 31st March 2019)

The **Comprehensive Income and Expenditure Statement** shows the accounting cost in the year of providing services in accordance with generally accepted proper practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different to the accounting cost.

2017/18 Restated			Kent Police Group	2018/19		
Gross Expenditure	Gross Income	Group Net Expenditure		Gross Expenditure	Gross Income	Group Net Expenditure
£'000's	**£'000's**	**£'000's**		**£'000's**	**£'000's**	**£'000's**
71,629	(20,309)	**51,320**	Central Operations	67,833	(21,315)	**46,518**
2,447	(3)	**2,444**	Chief's Office	2,469	(33)	**2,436**
10,947	(1,101)	**9,846**	DCC Portfolio	11,085	(1,189)	**9,896**
136,316	(1,042)	**135,274**	Divisions	131,463	(936)	**130,527**
32,069	(1,060)	**31,009**	Serious Crime Directorate	31,143	(1,115)	**30,028**
69,088	(10,434)	**58,654**	Support Services	72,773	(10,751)	**62,022**
22,610	(585)	**22,025**	Local Policing and Partnerships	23,202	(392)	**22,810**
52,714	(351)	**52,363**	Corporate Charges	219,207	(349)	**218,858**
5,621	(2,237)	**3,384**	Office of the Police and Crime Commissioner	5,681	(2,221)	**3,460**
403,441	**(37,122)**	**366,319**	**Net Cost of Policing Services**	**564,856**	**(38,301)**	**526,555**

Comprehensive Income and Expenditure Statements (continued)

	2017/18 Restated		Kent Police Group		2018/19	
Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's		Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's
			Other Operating Expenditure			
		(321)	Net (Gains) / Losses on disposal of fixed assets			(158)
		(321)	**Total Other Operating Expenditure**			**(158)**
			Financing & Investment Income & Expenditure			
		104	Interest Element of Finance Leases			104
		3,979	Interest Payable on PFI Unitary Payments			3,914
		89,510	Pensions Interest Cost			99,484
		(356)	Investment Interest Income			(593)
		0	Income & expenditure in relation to investment properties & changes in their fair value			290
		93,237	**Total Financing & Investment Income & Expenditure**			**103,199**
			Taxation & Non Specific Grant Income			
		(1,956)	Capital Grants			(1,202)
		(97,172)	Precept Income			(106,682)
		(183,762)	Non-service related Government Grants			(183,762)
		(40,257)	Home Office Pension Grant			(43,659)
		(323,147)	**Total Taxation & Non Specific Grant Income**			**(335,305)**
		136,088	**Deficit for the year**			**294,291**
		3,662	(Surplus) / Deficit on Revaluation of Non-Current Assets			199
		284	(Surplus) / Deficit in the fair value of Property and Other Investment Funds			(85)
		70,747	Remeasurement of the net defined benefit liability			(47,513)
		210,781	**Total Comprehensive Income and Expenditure**			**246,892**

Comprehensive Income and Expenditure Statements (continued)

2017/18			Police and Crime Commissioner for Kent	2018/19		
Gross Expenditure	Gross Income	Group Net Expenditure		Gross Expenditure	Gross Income	Group Net Expenditure
£'000's	**£'000's**	**£'000's**		**£'000's**	**£'000's**	**£'000's**
4,781	(20,309)	**(15,528)**	Central Operations	7,161	(21,315)	**(14,154)**
173	(3)	**170**	Chief's Office	164	(32)	**132**
1,055	(1,101)	**(46)**	DCC Portfolio	1,090	(1,189)	**(99)**
4,324	(1,042)	**3,282**	Divisions	3,972	(936)	**3,036**
5,677	(1,060)	**4,617**	Serious Crime Directorate	5,042	(1,115)	**3,927**
40,665	(10,434)	**30,231**	Support Services	42,985	(10,752)	**32,233**
1,081	(585)	**496**	Local Policing and Partnerships	1,109	(392)	**717**
4,989	(351)	**4,638**	Corporate Charges	9,962	(349)	**9,613**
5,621	(2,237)	**3,384**	Office of the Police and Crime Commissioner	5,681	(2,221)	**3,460**
68,366	**(37,122)**	**31,244**	**Net Cost of Policing Services**	**77,166**	**(38,301)**	**38,865**
		302,144	Intra Group Funding For Chief Constable's Net Service Cost			316,510
		333,388	**Net Cost of Services**			**355,375**

Comprehensive Income and Expenditure Statements (continued)

2017/18			Police and Crime Commissioner for Kent	2018/19		
Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's		Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's
			Other Operating Expenditure			
		(321)	Net (Gains) / Losses on disposal of fixed assets			(158)
		(321)	**Total Other Operating Expenditure**			**(158)**
			Financing & Investment Income & Expenditure			
		104	Interest Element of Finance Leases			104
		3,979	Interest Payable on PFI Unitary Payments			3,914
		0	Pensions Interest Cost			0
		(356)	Investment Interest Income			(593)
		0	Income & expenditure in relation to investment properties & changes in their fair value			290
		3,727	**Total Financing & Investment Income & Expenditure**			**3,715**
			Taxation & Non Specific Grant Income			
		(1,956)	Capital Grants			(1,202)
		(97,172)	Precept Income			(106,682)
		(183,762)	Non-service related Government Grants			(183,762)
		(40,257)	Home Office Pension Grant			(43,659)
		(323,147)	**Total Taxation & Non Specific Grant Income**			**(335,305)**
		13,647	**Deficit / (Surplus) for the year**			**23,627**
		3,662	(Surplus) / Deficit on Revaluation of Non-Current Assets			199
		284	(Surplus) / Deficit in the fair value of Property and Other Investment Funds			(85)
		0	Remeasurement of the net defined benefit liability			0
		17,593	**Total Comprehensive Income and Expenditure**			**23,741**

The Movement in Reserves Statement

This statement shows the movement in year on the different reserves held by the Kent Police Group, analysed into 'useable' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the policing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes. 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 undertaken by the PCC for Kent.

Group Statement 2018/19	General Fund (Includes Earmarked reserves and Insurance Fund) £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Total Useable Reserve £'000's	Total Unusable Reserves Restated £'000's	Total Reserves Restated £'000's
BALANCE AS AT 1st APRIL 2018	**28,127**	**22,959**	**51,086**	**(3,444,853)**	**(3,393,767)**
Surplus / (Deficit) on the Provision of Services on an accounting basis	(294,291)	0	**(294,291)**	0	**(294,291)**
Other Comprehensive Income & Expenditure	0	0	**0**	47,399	**47,399**
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(294,291)	0	**(294,291)**	47,399	**(246,892)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	284,926	(13,174)	**271,752**	(271,752)	**0**
Net increase / decrease before transfers to Earmarked Reserves	**(9,365)**	**(13,174)**	**(22,539)**	**(224,352)**	**(246,891)**
Transfer to / (from) Reserves	3,961	(3,961)	**0**	0	**0**
Increase / (Decrease) in the year	(5,404)	(17,135)	**(22,539)**	(224,352)	**(246,891)**
BALANCE AS AT 31ST MARCH 2019	**22,723**	**5,825**	**28,548**	**(3,669,207)**	**(3,640,659)**

The Movement in Reserves Statement (Continued)

Group Statement 2017/18 Restated	General Fund (Includes Earmarked reserves and Insurance Fund) £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Total Useable Reserve £'000's	Total Unusable Reserves £'000's	Total Reserves £'000's
BALANCE AS AT 1st APRIL 2017	**32,822**	**28,706**	**61,528**	**(3,244,515)**	**(3,182,987)**
Surplus / (Deficit) on the Provision of Services on an accounting basis	(136,088)	0	**(136,088)**	0	**(136,088)**
Other Comprehensive Income & Expenditure	0	0	**0**	(74,693)	**(74,693)**
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(136,088)	0	**(136,088)**	(74,693)	**(210,781)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	133,847	(8,201)	**125,646**	(125,646)	**0**
Net increase / decrease before transfers to Earmarked Reserves	**(2,241)**	**(8,201)**	**(10,442)**	**(200,339)**	**(210,781)**
Transfer to / (from) Reserves	(2,454)	2,454	**0**	0	**0**
Increase / (Decrease) in the year	(4,695)	(5,747)	**(10,442)**	(200,339)	**(210,781)**
BALANCE AS AT 31ST MARCH 2018	**28,127**	**22,959**	**51,086**	**(3,444,853)**	**(3,393,767)**

The Movement in Reserves Statement (Continued)

PCC Statement 2018/19	General Fund (Includes Earmarked reserves and Insurance Fund) £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Total Useable Reserve £'000's	Total Unusable Reserves £'000's	Total Reserves £'000's
BALANCE AS AT 1st APRIL 2018	**28,127**	**22,959**	**51,086**	**175,051**	**226,137**
Surplus / (Deficit) on the Provision of Services on an accounting basis	(23,627)	0	**(23,627)**	0	**(23,627)**
Other Comprehensive Income & Expenditure	0	0	**0**	(114)	**(114)**
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(23,627)	0	**(23,627)**	(114)	**(23,741)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	14,262	(13,174)	**1,088**	(1,088)	**0**
Net increase / decrease before transfers to Earmarked Reserves	**(9,365)**	**(13,174)**	**(22,539)**	**(1,202)**	**(23,741)**
Transfer to / (from) Reserves	3,961	(3,961)	**0**	0	**0**
Increase / (Decrease) in the year	(5,404)	(17,135)	**(22,539)**	(1,202)	**(23,741)**
BALANCE AS AT 31ST MARCH 2019	**22,723**	**5,825**	**28,548**	**173,850**	**202,398**

The Movement in Reserves Statement (Continued)

PCC Statement 2017/18	General Fund (Includes Earmarked reserves and Insurance Fund) £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Total Useable Reserve £'000's	Total Unusable Reserves £'000's	Total Reserves £'000's
BALANCE AS AT 1st APRIL 2017	**32,822**	**28,706**	**61,528**	**182,202**	**243,730**
Surplus / (Deficit) on the Provision of Services on an accounting basis	(13,647)	0	**(13,647)**	0	**(13,647)**
Other Comprehensive Income & Expenditure	0	0	**0**	(3,946)	**(3,946)**
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	(13,647)	0	**(13,647)**	(3,946)	**(17,593)**
Adjustments between accounting basis and funding basis under regulations (Note 9)	11,406	(8,201)	**3,205**	(3,205)	**0**
Net increase / decrease before transfers to Earmarked Reserves	**(2,241)**	**(8,201)**	**(10,442)**	**(7,151)**	**(17,593)**
Transfer to / (from) Reserves	(2,454)	2,454	**0**	0	**0**
Increase / (Decrease) in the year	(4,695)	(5,747)	**(10,442)**	(7,151)	**(17,593)**
BALANCE AS AT 31ST MARCH 2018	**28,127**	**22,959**	**51,086**	**175,051**	**226,137**

The Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Kent Police Group. The net assets of Kent Police Group (assets less liabilities) are matched by the reserves held by the Kent Police Group. Reserves are reported in two categories: The first category of reserves are usable reserves, i.e. those reserves that the PCC for Kent 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). The second category of reserves is those that the PCC for Kent is not able to use to provide services. 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.

Group Restated	PCC	Notes		Group	PCC
31st March 2018	31st March 2018			31st March 2019	31st March 2019
£'000's	£'000's			£'000's	£'000's
			Property, Plant & Equipment		
179,180	179,180	15	Land and Buildings	174,087	174,087
16,781	16,781	15	Vehicles, Plant & Equipment	17,854	17,854
0	0	15	Assets under Construction	0	0
1,342	1,342	15	Surplus Assets	907	907
37	37		Heritage Assets	37	37
3,368	3,368	17	Investment Properties	3,014	3,014
			Intangible Assets		
3,733	3,733	18	Software	15,248	15,248
9,648	9,648	18	Assets under Development	0	0
214,089	**214,089**			**211,147**	**211,147**
			Long Term Assets		
14,728	14,728	21	Long Term Investments	4,801	4,801
279	279		Long Term Debtors	231	231
229,096	**229,096**		**Total Long Term Assets**	**216,179**	**216,179**

The Balance Sheet (Continued)

Group Restated 31st March 2018 £'000's	PCC 31st March 2018 £'000's	Notes		Group 31st March 2019 £'000's	PCC 31st March 2019 £'000's
29,419	29,419		Short Term Investments	19,443	19,443
334	334		Inventories	360	360
29,013	29,013	22	Short Term Debtors	35,243	35,243
9,132	9,132	23	Cash & Cash Equivalents	3,041	3,041
475	475	20	Assets Held for Sale	711	711
68,373	**68,373**		**Total Current Assets**	**58,798**	**58,798**
(28,972)	(26,060)	24	Short Term Creditors	(30,017)	(26,794)
(1,545)	(1,545)	27	Provisions falling due within one year	(2,284)	(2,284)
(30,517)	**(27,605)**		**Total Current Liabilities**	**(32,301)**	**(29,078)**
(41,931)	(41,931)	25	Long Term Creditors	(40,846)	(40,846)
(1,796)	(1,796)	27	Provisions falling due after one year	(2,655)	(2,655)
			Other Long Term Liabilities		
(3,616,992)	0	28	Police Officer & Police Staff Pension Liability	(3,839,834)	0
(3,660,719)	**(43,727)**		**Total Long term Liabilities**	**(3,883,335)**	**(43,501)**
(3,393,767)	**226,137**		**Net Assets**	**(3,640,659)**	**202,398**

The Balance Sheet (Continued)

Group Restated 31st March 2018 £'000's	PCC 31st March 2018 £'000's	Notes		Group 31st March 2019 £'000's	PCC 31st March 2019 £'000's
		13	**Usable Reserves**		
8,800	8,800		General Fund	9,100	9,100
16,229	16,229		Earmarked Revenue Reserves	12,121	12,121
22,299	22,299		Capital Reserve	5,378	5,378
660	660		Capital Contributions Unapplied Reserve	447	447
3,098	3,098		Insurance Fund	1,502	1,502
51,086	**51,086**		**Total Usable Reserves**	**28,548**	**28,548**
		14	**Unusable Reserves**		
58,679	58,679		Revaluation Reserve	57,242	57,242
(3,616,992)	0		Pensions Reserve	(3,839,834)	0
114,209	114,209		Capital Adjustment Account	114,279	114,279
(12)	(12)		Pooled Fund Adjustment Account	(12)	(12)
2,459	2,459		Collection Fund Adjustment Account	2,540	2,540
(2,912)	0		Short Term Accumulated Compensated Absences Account	(3,223)	0
(284)	(284)		Financial Instruments Revaluation Reserve	(199)	(199)
(3,444,853)	**175,051**		**Total Unusable Reserves**	**(3,669,207)**	**173,850**
(3,393,767)	**226,137**		**Total Reserves**	**(3,640,659)**	**202,398**

The Balance Sheet (Continued)

Balance Sheet for the Police and Crime Commissioner for Kent

These financial statements replace the unaudited financial statements certified by Mr. Rob Phillips, CFO for the PCC for Kent on 1st May 2019.

The PCC for Kent owns all of the assets and bank accounts of the Group and therefore the Group Balance sheet is in many respects identical to that of the PCC. The only differences are that the Group Balance sheet includes the net pension liability and the provision for compensated absences, both of which sit with the accounts of the Chief Constable of Kent Police.

Robert Phillips, Chief Finance Officer

for the Police And Crime Commissioner for Kent

31 July 2019

The Cash Flow Statement

The Cash flow Statement shows the changes in cash and cash equivalents of the Kent Police Group during the reporting period. The statement shows how Kent Police generates and uses 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 Kent Police are funded by way of taxation and grant income or from the recipients of the services provided by Kent Police. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to Kent Police's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowings) to Kent Police.

2017/18 £'000's	Cash Flow Statement for Kent Police Group	2018/19 £'000's
136,088	Net (surplus) or deficit on the provision of services	294,291
(142,729)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements (Note 29)	(280,269)
5,861	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities (Note 29)	3,414
(780)	**Net Cash flows from Operating Activities**	**17,437**
(1,724)	Investing Activities (Note 30)	(12,701)
795	Financing Activities (Note 31)	1,355
(1,709)	**Net increase or decrease in cash and cash equivalents**	**6,091**
7,423	Cash and cash equivalents at the beginning of the reporting period	9,132
9,132	**Cash and cash equivalents at the end of the reporting period (Note 23)**	**3,041**

The Cash Flow Statement (Continued)

All bank accounts are held in the name of the PCC for Kent and all cash flows are therefore attributable to the Office of the PCC.

2017/18 £'000's	Cash Flow Statement for PCC	2018/19 £'000's
13,647	Net (surplus) or deficit on the provision of services	23,627
(20,288)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements (Note 29)	(9,603)
5,861	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities (Note 29)	3,414
(780)	**Net Cash flows from Operating Activities**	**17,437**
(1,724)	Investing Activities (Note 30)	(12,701)
795	Financing Activities (Note 31)	1,355
(1,709)	**Net increase or decrease in cash and cash equivalents**	**6,091**
7,423	Cash and cash equivalents at the beginning of the reporting period	9,132
9,132	**Cash and cash equivalents at the end of the reporting period (Note 23)**	**3,041**

Notes to the Accounts

Notes supporting the comprehensive income and expenditure statement

Note 1 - Expenditure and Funding Analysis

(For the year to 31st March 2019)

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted proper practices. It also shows how this expenditure is allocated for decision purposes between the PCC and Force. Income and expenditure accounted for under generally accepted proper practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2017/18			Group Analysis	2018/19		
Net Expenditure chargeable to General Fund	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the CIES**		**Net Expenditure chargeable to General Fund**	**Adjustments between Funding and Accounting basis**	**Net Expenditure in the CIES**
£'000's	**£'000's**	**£'000's**		**£'000's**	**£'000's**	**£'000's**
43,937	7,383	51,320	Central Operations	41,770	4,748	46,518
2,166	278	2,444	Chief's Office	2,185	251	2,436
8,172	1,674	9,846	DCC Portfolio	8,533	1,363	9,896
122,221	13,054	135,274	Divisions	126,271	4,256	130,527
26,709	4,300	31,009	Serious Crime Directorate	27,011	3,017	30,028
45,038	13,615	58,654	Support Services	47,749	14,273	62,022
18,048	3,978	22,025	Local Policing and Partnerships	19,316	3,494	22,810
49,552	2,810	52,363	Corporate Charges	62,604	156,254	218,858
3,384	0	3,384	Office of the Police and Crime Commissioner	3,460	0	3,460
319,227	**47,092**	**366,319**	**Net cost of Services**	**338,899**	**187,656**	**526,555**

Note 1 - Expenditure and Funding Analysis (Continued)

2017/18			Group Analysis	2018/19		
Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES
£'000's	£'000's	£'000's		£'000's	£'000's	£'000's
(316,986)	86,755	(230,230)	Other income and expenditure	(329,534)	97,270	(232,264)
2,241	**133,847**	**136,088**	**(Surplus) or deficit**	**9,365**	**284,926**	**294,291**
32,822			Opening General Fund balance [1]	28,127		
(2,241)			Plus (Deficit)/Surplus on General Fund	(9,365)		
(2,454)			Transfer (From) General fund to Capital Receipts & Contributions Reserves	3,961		
28,127			Closing General Fund [1]	**22,723**		

[1] General Fund includes Earmarked Reserves and the Insurance Fund.

Note 1 - Expenditure and Funding Analysis (Continued)

2017/18 Restated			PCC Analysis	2018/19		
Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES
£'000's	£'000's	£'000's		£'000's	£'000's	£'000's
(15,744)	216	(15,528)	Central Operations	(15,011)	857	(14,154)
170	0	170	Chief's Office	132	0	132
(60)	14	(46)	DCC Portfolio	(114)	15	(99)
1,046	2,236	3,282	Divisions	938	2,098	3,036
4,141	476	4,617	Serious Crime Directorate	3,374	553	3,927
21,034	9,197	30,231	Support Services	21,397	10,836	32,233
366	130	496	Local Policing and Partnerships	593	124	717
2,746	1,892	4,638	Corporate Charges	7,620	1,993	9,613
3,384	0	3,384	Office of the Police and Crime Commissioner	3,460	0	3,460
17,083	**14,161**	**31,244**	**Net cost of Policing Services**	**22,389**	**16,474**	**38,865**
302,144	0	302,144	Intra Group Funding For Chief Constable's Net Service Cost	316,510	0	316,510
319,227	**14,161**	**333,388**	**Net cost of Services**	**338,899**	**16,474**	**355,375**

Note 1 - Expenditure and Funding Analysis (Continued)

2017/18			PCC Analysis	2018/19		
Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES		Net Expenditure chargeable to General Fund	Adjustments between Funding and Accounting basis	Net Expenditure in the CIES
£'000's	£'000's	£'000's		£'000's	£'000's	£'000's
(316,986)	(2,755)	(319,741)	Other income and expenditure	(329,534)	(2,214)	(331,748)
2,241	**11,406**	**13,647**	**(Surplus) or deficit**	**9,365**	**14,262**	**23,627**
32,822			Opening General Fund balance [1]	28,127		
(2,241)			Plus (Deficit)/Surplus on General Fund	(9,365)		
(2,454)			Transfer (From) General fund to Capital Receipts & Contributions Reserves	3,961		
28,127			Closing General Fund [1]	**22,723**		

[1] General Fund includes Earmarked reserves and the Insurance Fund.

Note 2 - Note to the Expenditure and Funding Analysis

Kent Police Group	2018/19			
Adjustments from General Fund to arrive at the comprehensive Income and Expenditure Statement amounts	**Adjustment for Capital Purposes (Note 1)**	**Net Change for Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
	£'000's	**£'000's**	**£'000's**	**£'000's**
Central Operations	857	3,890	0	4,747
Chief's Office	0	251	0	251
DCC Portfolio	15	1,348	0	1,363
Divisions	2,098	2,159	0	4,256
Serious Crime Directorate	553	2,464	0	3,017
Support Services	10,836	3,439	0	14,273
Local Policing and Partnerships	124	3,370	0	3,494
Corporate Charges	1,993	153,948	311	156,254
Office of the Police and Crime Commissioner	0	0	0	0
Net cost of Services	**16,476**	**170,869**	**311**	**187,656**
Other income and expenditure	(2,132)	99,484	(82)	97,270
Difference between General Fund (Surplus) or Deficit and Expenditure Statement (Surplus) or Deficit	**14,344**	**270,353**	**229**	**284,926**

Note 1 – This column adds in depreciation, impairments and revaluation gains and losses. It also adjusts for capital disposals with a transfer of the income on the disposal and the amounts written-off. MRP is deducted, adjustments are also made to recognise capital grant income.

Note 2 – This column shows the lines which have been affected by the removal of pension contributions and replaced with IAS 19 debits and credits.

Note 3 – Other differences includes Short Term Accumulated Absences and the Collection Fund adjustment.

Note 2 - Note to the Expenditure and Funding Analysis (Continued)

Kent Police Group	2017/18			
Adjustments from General Fund to arrive at the comprehensive Income and Expenditure Statement amounts	**Adjustment for Capital Purposes (Note 1)**	**Net Change for Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
	£'000's	**£'000's**	**£'000's**	**£'000's**
Central Operations	216	7,167	0	7,383
Chief's Office	0	278	0	278
DCC Portfolio	14	1,660	0	1,674
Divisions	2,236	10,818	0	13,054
Serious Crime Directorate	476	3,824	0	4,300
Support Services	9,197	4,418	0	13,615
Local Policing and Partnerships	130	3,848	0	3,978
Corporate Charges	1,893	737	182	2,810
Office of the Police and Crime Commissioner	0	0	0	0
Net cost of Services	**14,162**	**32,750**	**182**	**47,092**
Other income and expenditure	(2,973)	89,510	218	86,755
Difference between General Fund (Surplus) or Deficit and Expenditure Statement (Surplus) or Deficit	**11,189**	**122,260**	**400**	**133,847**

Note 2 - Note to the Expenditure and Funding Analysis (Continued)

PCC	2018/19			
Adjustments from General Fund to arrive at the comprehensive Income and Expenditure Statement amounts	**Adjustment for Capital Purposes (Note 1)**	**Net Change for Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
	£'000's	**£'000's**	**£'000's**	**£'000's**
Central Operations	857	0	0	857
Chief's Office	0	0	0	0
DCC Portfolio	15	0	0	15
Divisions	2,098	0	0	2,098
Serious Crime Directorate	553	0	0	553
Support Services	10,836	0	0	10,836
Local Policing and Partnerships	124	0	0	124
Corporate Charges	1,993	0	0	1,993
Office of the Police and Crime Commissioner	0	0	0	0
Net cost of Services	**16,474**	**0**	**0**	**16,474**
Other income and expenditure	(2,132)	0	(82)	(2,214)
Difference between General Fund (Surplus) or Deficit and Expenditure Statement (Surplus) or Deficit	**14,342**	**0**	**(82)**	**14,262**

Note 2 – Note to the Expenditure and Funding Analysis (Continued)

PCC	2017/18			
Adjustments from General Fund to arrive at the comprehensive Income and Expenditure Statement amounts	**Adjustment for Capital Purposes (Note 1)**	**Net Change for Pensions Adjustments (Note 2)**	**Other Differences (Note 3)**	**Total Adjustments**
	£'000's	**£'000's**	**£'000's**	**£'000's**
Central Operations	216	0	0	216
Chief's Office	0	0	0	0
DCC Portfolio	14	0	0	14
Divisions	2,236	0	0	2,236
Serious Crime Directorate	476	0	0	476
Support Services	9,197	0	0	9,197
Local Policing and Partnerships	130	0	0	130
Corporate Charges	1,892	0	0	1,892
Office of the Police and Crime Commissioner	0	0	0	0
Net cost of Services	**14,161**	**0**	**0**	**14,161**
Other income and expenditure	(2,973)	0	218	(2,755)
Difference between General Fund (Surplus) or Deficit and Expenditure Statement (Surplus) or Deficit	**11,188**	**0**	**218**	**11,406**

Note 3 – Prior Period Adjustment

During preparation of the data submission required for the actuarial valuation of the Police Pension Schemes for these accounts (note 28 – Defined Benefit Pension Schemes), an error was discovered in data used in the 2017/18 valuation whereby deferred pensions and pensions in payment included an annual pension increase, applicable from 1st April 2017. Data should have been based on pension at 31st March 2017, without the increase applied. A number of deferred pension cases, held as paper records when the data was prepared had also been omitted from the data submission. A revaluation of the Police Pension Schemes as at 31st March 2017 was carried out and the Force has re-stated its accounts. The revaluation amount of £134.6m has decreased the present value of the Police Pension Scheme defined benefit obligation and decreased the Pensions Reserve.

The following tables show the effects of these restatements within the accounts:

Effect on Balance Sheet 31 March 2018

	As previously stated 31st March 2018 £'000's	As restated 31st March 2018 £'000's	Correction 31st March 2018 £'000's
Police Officer & Police Staff Pension Liability	(3,751,592)	(3,616,992)	134,600
Total Long term Liabilities	**(3,795,319)**	**(3,660,719)**	**134,600**
Net Assets	**(3,528,367)**	**(3,393,767)**	**134,600**
Total Usable Reserves	**51,086**	**51,086**	**0**
Pensions Reserve	(3,751,592)	(3,616,992)	134,600
Other Unusable reserves	172,139	172,139	0
Total Unusable Reserves	**(3,579,453)**	**(3,444,853)**	**134,600**
Total Reserves	**(3,528,367)**	**(3,393,767)**	**134,600**

Note 3 – Prior Period Adjustment (Continued)

Effect on Comprehensive Income and Expenditure Statement 2017/18

	As previously stated 2017/18 £'000's	As restated 2017/18 £'000's	Correction 2017/18 £'000's
Net Cost of Policing Services	**366,319**	**366,319**	**0**
Deficit for the Year	**136,088**	**136,088**	**0**
(Surplus) / Deficit on Revaluation of Non-Current Assets	3,662	3,662	0
Deficit in the fair value of Property and Other Investment Funds	284	284	0
Remeasurement of the net defined benefit liability	205,347	70,747	(134,600)
Total Comprehensive Income & Expenditure	**345,381**	**210,781**	**(134,600)**

Effect on Movement in Reserves Statement – Usable Reserves 2017/18

	As previously stated 2017/18 £'000's	As restated 2017/18 £'000's	Correction 2017/18 £'000's
BALANCE AS AT 1st APRIL 2017	**(3,244,515)**	**(3,244,515)**	**0**
Surplus / (Deficit) on the Provision of Services on an accounting basis	0	0	0
Other Comprehensive Income & Expenditure	(209,293)	(74,693)	134,600
TOTAL COMPREHENSIVE INCOME & EXPENDITURE	**(209,293)**	**(74,693)**	**134,600**
Adjustments between accounting basis and funding basis under regulations (Note 9)	(125,646)	(125,646)	0
Net increase / decrease before transfers to Earmarked Reserves	**(334,938)**	**(200,339)**	**134,600**
Transfer to / (from) Reserves	0	0	0
Increase / (Decrease) in the year	(334,938)	(200,339)	134,600
BALANCE AS AT 31ST MARCH 2018	**(3,579,453)**	**(3,444,853)**	**134,600**

Note 3 – Prior Period Adjustment (Continued)

A PPA has been carried out on the Group's accounting treatment on joint operations with Essex Police and invoices paid on behalf of both Kent Police and Essex Police with the correct share recharged to Essex. The Group recognised the gross payable amount in expenditure and the percentage recharge in income. During the final audit it was highlighted the correct treatment for income against expenditure paid on behalf of another entity should be netted off against expenditure, as Kent Police are acting as an intermediary (per the Code 2.6 Principal and agent transaction) and not supplying a service/goods. During further investigation by Kent Police finance team it was agreed the joint operations are also amended and treated as per the "Police Accounting for Joint Operations – suggested approaches and key considerations (April 2015). The overall impact on Net Cost of Services is zero, however this adjustment has an overall impact against income and expenditure in the CIES of £8.6 million and £9.3 million in 2017/18 and 2018/19 respectively.

Effect on Group Comprehensive Income and Expenditure Statement 2017/18

Group	As previously stated 31st March 2018			As restated 31st March 2018			Correction 31st March 2018		
	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's
Central Operations	71,629	(20,309)	51,320	71,629	(20,309)	51,320	0	0	0
Chief's Office	2,698	(254)	2,444	2,447	(3)	2,444	(251)	251	0
DCC Portfolio	10,969	(1,123)	9,846	10,947	(1,101)	9,846	(22)	22	0
Divisions	136,316	(1,042)	135,274	136,316	(1,042)	135,274	0	0	0
Serious Crime Directorate	35,532	(4,523)	31,009	32,069	(1,060)	31,009	(3,463)	3,463	0
Support Services	73,935	(15,281)	58,654	69,088	(10,434)	58,654	(4,847)	4,847	0
Local Policing and Partnerships	22,619	(594)	22,025	22,610	(585)	22,025	(9)	9	0
Corporate Charges	52,714	(351)	52,363	52,714	(351)	52,363	0	0	0
Office of the Police and Crime Commissioner	5,621	(2,237)	3,384	5,621	(2,237)	3,384	0	0	0
Net Cost of Policing Services	**412,033**	**(45,714)**	**366,319**	**403,441**	**(37,122)**	**366,319**	**(8,592)**	**8,592**	**0**
Deficit for the year			**136,088**			**136,088**			**0**

Note 3 – Prior Period Adjustment (Continued)

Effect on Group Income and Expenditure Analysed by Nature 2017/18

Group	As previously stated 31st March 2018	As restated 31st March 2018	Correction 31st March 2018
Expenditure			
Employee benefits expenses	336,065	336,065	0
Other service expenses	53,738	58,329	4,591
Depreciation, amortisation and impairment	9,047	9,047	0
Interest payments	4,086	4,086	0
Pensions interest cost	89,510	89,510	0
Inter Force Recharges	13,183	0	(13,183)
Total expenditure	**505,629**	**497,037**	**(8,592)**
Income			0
Fees, charges and other Service income	(32,531)	(37,122)	(4,591)
Income from Council tax and Business Rates	(97,172)	(97,172)	0
Government grants and contributions	(185,718)	(185,718)	0
Home Office Pension top-up grant	(40,257)	(40,257)	0
Inter Force Recharges	(13,183)	0	13,183
Interest and investment income	(359)	(359)	0
Income in relation to investment properties & changes in their fair value	0	0	0
Gains on disposal of non -current assets	(321)	(321)	0
Total income	**(369,541)**	**(360,949)**	**8,592**
			0
(Surplus) or Deficit on the Provision of Service	**136,088**	**136,088**	**0**

Note 3 – Prior Period Adjustment (Continued)

Effect on PCC Comprehensive Income and Expenditure Statement 2017/18

Group	As previously stated 31st March 2018			As restated 31st March 2018			Correction 31st March 2018		
	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's	Gross Expenditure £'000's	Gross Income £'000's	Group Net Expenditure £'000's
Central Operations	4,781	(20,309)	(15,528)	4,781	(20,309)	(15,528)	0	0	0
Chief's Office	178	(254)	(76)	173	(3)	170	(5)	251	246
DCC Portfolio	1,055	(1,123)	(68)	1,055	(1,101)	(46)	0	22	22
Divisions	4,324	(1,042)	3,282	4,324	(1,042)	3,282	0	0	0
Serious Crime Directorate	6,072	(4,523)	1,549	5,677	(1,060)	4,617	(395)	3,463	3,068
Support Services	41,690	(15,281)	26,409	40,665	(10,434)	30,231	(1,025)	4,847	3,822
Local Policing and Partnerships	1,081	(594)	487	1,081	(585)	496	0	9	9
Corporate Charges	4,989	(351)	4,638	4,989	(351)	4,638	0	0	0
Office of the Police and Crime Commissioner	5,621	(2,237)	3,384	5,621	(2,237)	3,384	0	0	0
Net Cost of Policing Services	**69,791**	**(45,714)**	**24,077**	**68,366**	**(37,122)**	**31,244**	**(1,425)**	**8,592**	**7,167**
Intragroup Funding for Chief Constable's Net Service Cost			**309,311**			**302,144**			**(7,167)**
Net Cost of Services			**333,388**			**333,388**			**0**

Note 3 – Prior Period Adjustment (Continued)

Effect on PCC Expenditure and Funding Analysis 2017/18

PCC	As previously stated 31st March 2018			As restated 31st March 2018			Correction 31st March 2018		
	Net Expenditure chargeable to General Fund £'000's	Adjustments between Funding and Accounting basis £'000's	Net Expenditure in the CIES £'000's	Net Expenditure chargeable to General Fund £'000's	Adjustments between Funding and Accounting basis £'000's	Net Expenditure in the CIES £'000's	Net Expenditure chargeable to General Fund £'000's	Adjustments between Funding and Accounting basis £'000's	Net Expenditure in the CIES £'000's
Central Operations	(15,744)	216	(15,528)	(15,744)	216	(15,528)	0	0	0
Chief's Office	(76)	0	(76)	170	0	170	246	0	246
DCC Portfolio	(82)	14	(68)	(60)	14	(46)	22	0	22
Divisions	1,046	2,236	3,282	1,046	2,236	3,282	0	0	0
Serious Crime Directorate	1,073	476	1,549	4,141	476	4,617	3,068	0	3,068
Support Services	17,212	9,197	26,409	21,034	9,197	30,231	3,822	0	3,822
Local Policing and Partnerships	357	130	487	366	130	496	9	0	9
Corporate Charges	2,746	1,892	4,638	2,746	1,892	4,638	0	0	0
Office of the Police and Crime Commissioner	3,384	0	3,384	3,384	0	3,384	0	0	0
Net Cost of Policing Services	**9,916**	**14,161**	**24,077**	**17,083**	**14,161**	**31,244**	**7,167**	**0**	**7,167**
Intra Group Funding For Chief Constable's Net Service Cost	309,311	0	309,311	302,144	0	302,144	(7,167)	0	(7,167)
Net cost of Services	**319,227**	**14,161**	**333,388**	**319,227**	**14,161**	**333,388**	**0**	**0**	**0**
Other income and expenditure	**(316,986)**	**(2,755)**	**(319,741)**	**(316,986)**	**(2,755)**	**(319,741)**	**0**	**0**	**0**
Surplus or deficit	**2,241**	**11,406**	**13,647**	**2,241**	**11,406**	**13,647**	**0**	**0**	**0**
1 Opening General Fund balance	32,822			32,822			0		
Plus (Deficit)/Surplus on General Fund	(2,241)			(2,241)			0		
Transfer (From) General fund to Capital Receipts & Contributions Reserves	(2,454)			(2,454)			0		
Closing General Fund 1	**28,127**			**28,127**			**0**		

Note 3 – Prior Period Adjustment (Continued)

Effect on PCC Income and Expenditure Analysed by Nature 2017/18

PCC	As previously stated 31st March 2018	As restated 31st March 2018	Correction 31st March 2018
Expenditure			
Employee benefits expenses	990	990	0
Other service expenses	53,738	58,329	4,591
Depreciation, amortisation and impairment	9,047	9,047	0
Interest payments	4,086	4,086	0
Pensions interest cost	0	0	0
Inter Force Recharges	6,016	0	(6,016)
Intra group funding for Chief Constables net service cost	309,311	302,144	(7,167)
Total expenditure	**383,188**	**374,596**	**(8,592)**
Income			
Fees, charges and other Service income	(32,531)	(37,122)	(4,591)
Income from Council tax and Business Rates	(97,172)	(97,172)	0
Government grants and contributions	(185,718)	(185,718)	0
Home Office Pension top-up grant	(40,257)	(40,257)	0
Inter Force Recharges	(13,183)	0	13,183
Interest and investment income	(359)	(359)	0
Income in relation to investment properties & changes in their fair value	0	0	0
Gains on disposal of non -current assets	(321)	(321)	0
Total income	**(369,541)**	**(360,949)**	**8,592**
			0
(Surplus) or Deficit on the Provision of Service	**13,647**	**13,647**	**0**

Note 4 - Material Items of Income and Expense

IAS 19 uses the principle that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable. The expected return is based on market expectations at the beginning of the period for returns over the entire life of the related obligation. During 2018/19 the impact to the Net Cost of Services totalled £160.2m. The significant increase predominately relates to the change under IAS 26, for the recent Court of Appeal judgement in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. The estimated impact on the total liabilities at 31st March 2019 has been allowed for as a past service cost, impacting the Net Cost of Services by £152m

Calculations have been carried out in accordance with International Accounting Standard 10 'Employee Benefits' ("IAS19") by Hymans Robertson LLP and Barnet Waddingham LLP for Police and Police Staff respectively.

There are no other material items of income and expense reported in 2018/19.

Note 5 – Grant Income

The PCC for Kent credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2018/19.

All grants are analysed for outstanding conditions which would require any unspent amounts to be repaid. There are no repayments due as for 2018/19 as all grant conditions have been met.

2017/18 £'000's		2018/19 £'000's
	Credited to Taxation and Non-specific Grant Income	
170,464	· Non-service related Government Grant	170,464
13,298	· Council Tax Freeze Grant	13,298
183,762	**Total non-service related grants**	**183,762**
40,257	· Home Office Pension Grant	43,659
1,956	· Capital Grant & Contributions	1,202
225,975	**Total**	**228,623**
	Credited to Net Cost of Services	
11,859	· Counter Terrorism	11,851
30	· National Security Grants	19
340	· Designated Security Post Grant	113
2,111	· Ministry of Justice	2,116
246	· Innovation Fund Grant	1
0	· Op Blythe (Brexit)	820
14,586	**Total**	**14,920**

Note 6 – Officers' Remuneration

In accordance with Regulation 4 of the Accounts and Audit Regulations 2015 the Authority has a specific requirement to disclose the number of employees whose taxable remuneration falls within certain brackets. The table illustrates the number of employees whose remuneration, excluding pension contributions was £50,000 or more in bands of £5,000.

The amended Regulations introduce a requirement to disclose individual remuneration details for senior employees whose salary is £50,000 or more per year. For these employees their salaries are listed individually by way of job title. Additionally persons whose salary is £150,000 or more per year must be identified by name.

A senior employee is considered one whose salary is greater than £50,000 per year (calculated pro rata for part time employees) and who is responsible for the management of Kent Police to the extent that the person has power to control the major activities of the service, in particular activities involving the expenditure of money, whether solely or collectively with other persons. This includes the PCC, their Chief of Executive and CFO all National Police Chiefs' Council (NPCC) ranking police officers, the Director of Essex and Kent Support Services, the Director of Corporate Services and the Force CFO.

2017/18		Number of Employees Remuneration Band (£)	2018/19	
GROUP	PCC		GROUP	PCC
258	2	50,000 – 54,999	305	2
152	0	55,000 – 59,999	172	0
54	0	60,000 – 64,999	41	0
10	0	65,000 – 69,999	17	0
10	1	70,000 – 74,999	12	0
11	0	75,000 – 79,999	13	1
3	1	80,000 – 84,999	8	0
10	0	85,000 – 89,999	5	1
7	1	90,000 – 94,999	8	0
0	0	95,000 – 99,999	3	1
0	0	100,000 – 104,999	1	0
1	0	105,000 – 109,999	0	0
0	0	110,000 – 114,999	1	0
1	0	115,000 – 119,999	0	0
1	0	120,000 – 124,999	2	0
0	0	125,000 – 129,999	0	0
0	0	130,000 – 134,999	1	0
0	0	135,000 – 139,999	0	0
0	0	140,000 – 144,999	0	0
1	0	145,000 – 149,999	0	0
1	0	150,000 – 154,999	1	0
0	0	155,000 – 159,999	0	0
0	0	160,000 - 164,999	0	0
0	0	165,000 – 169,999	0	0
0	0	170,000 – 174,999	0	0
0	0	175,000 – 179,999	0	0
0	0	180,000 - 184,999	0	0
0	0	185,000 - 189,999	0	0
0	0	190,000 - 194,999	0	0
0	0	195,000 - 199,000	0	0
0	0	200,000 - 204,999	0	0
1	0	205,000 - 209,999	1	0
521	**5**	**Total**	**591**	**5**

Note 6 – Officers' Remuneration (continued)

Post Title	Note	Salary including allowances	Perf'nce. Related Pay	Expenses Allowances	Other Payments (Police Staff)	Benefits in kind	Other Payments (Police Officers only)	Total remuneration (excl pension contributions)	Pension contributions	Total remuneration (including pension contributions)
		2018/19								
Group and PCC										
The Kent Police and Crime Commissioner		86,558	0	0	0	0	0	**86,558**	10,474	**97,032**
Police and Crime Commissioner Chief of staff / Chief Executive		95,694	0	0	0	0	0	**95,694**	11,579	**107,273**
Police and Crime Commissioner Chief Finance Officer		75,797	0	0	0	0	0	**75,797**	9,171	**84,968**
CC and Group										
Chief Constable, Mr Alan Pughsley		208,479	0	0	0	3,097	0	**211,576**	0	**211,576**
Deputy Chief Constable	1	29,846	0	0	0	0	0	**29,846**	0	**29,846**
Deputy Chief Constable, Mr Antony Blaker	2	112,886	0	0	0	6,484	0	**119,370**	23,215	**142,585**
Assistant Chief Constable (Central Operations), Mr Anthony Blaker	2	19,032	0	0	0	0	0	**19,032**	3,940	**22,972**
Assistant Chief Constable (Central Operations)	3	28,664	0	0	0	979	0	**29,643**	4,649	**34,292**
Assistant Chief Constable (Central Operations)	4	80,184	0	0	0	4,433	0	**84,617**	16,744	**101,361**
Assistant Chief Constable (Serious Crime Directorate)	5	113,440	0	0	0	5,364	0	**118,804**	23,208	**142,012**
Assistant Chief Constable (Serious Crime Directorate)	6	60,348	0	0	0	3,531	0	**63,879**	11,058	**74,937**
Assistant Chief Constable (Local Policing & Partnerships)	7	87,719	0	0	0	0	0	**87,719**	15,110	**102,829**
Assistant Chief Constable (Local Policing & Partnerships)	8	37,587	0	0	0	0	0	**37,587**	7,850	**45,437**
Director of Essex & Kent Support Services, Mr Mark Gilmartin	9	152,244	0	0	0	0	0	**152,244**	18,210	**170,454**
Director of Corporate Services		120,942	0	0	0	0	0	**120,942**	14,634	**135,576**
Director of Corporate Communications	10	96,700	0	0	0	0	0	**96,700**	30,451	**127,151**
Chief Finance Officer to the Chief Constable		93,143	0	0	0	0	0	**93,143**	10,617	**103,760**
Director of Human Resources	11	122,018	0	0	0	0	0	**122,018**	14,554	**136,572**
Total		**1,621,281**	**0**	**0**	**0**	**23,888**	**0**	**1,645,169**	**225,464**	**1,870,632**

Note 6 – Officers' Remuneration (continued)

Notes

1. Deputy Chief Constable left post on 11th June 2016 and was replaced by Mr Anthony Blaker.
2. Mr Anthony Blaker left the post of Assistant Chief Constable (ACC) for Central Operations on the 3rd June 2018 to become the new Deputy Chief Constable on the 4th June 2018.
3. Temporary/ACC (Central Operations) appointed between 23rd April 2018 to 17th June 2018.
4. The new ACC (Central Operations) appointed on the 18th June 2018.
5. ACC (Serious Crime Directorate) is a shared post, 50:50 Kent Police and Essex Police. Full costs are shown against Kent as the employing Force. From 4th September 2018 the ACC (Serious Crime Directorate) has been on secondment.
6. Temporary/ACC (Serious Crime Directorate) position was filled on 4th September 2018
7. The ACC (Local Policing and Partnerships) left post on 18th November 2018.
8. Temporary/ACC (Local Policing and Partnerships) started in post on 19th November 2018.
9. Director of Essex & Kent Support Services is a shared post, 50:50 Kent Police and Essex Police. Full costs are shown against Kent as the employing Force
10. The Director of Corporate Communications started in post on the 14th June 2018, Employer pension contributions include the buyback of unpaid leave.
11. Director of Human Resources is a shared post, 50:50 Kent Police and Essex Police. Full costs are shown against Kent as the employing Force. The Director of Human Resources started in post on the 3rd April 2018.

Note 6 – Officers' Remuneration (continued)

					2017/18					
Post Title		**Salary including allowances**	**Perf'nce. Related Pay**	**Expenses Allowances**	**Other Payments (Police Staff)**	**Benefits in kind**	**Other Payments (Police Officers only)**	**Total remuneration (excl pension contributions)**	**Pension contributions**	**Total remuneration (including pension contributions)**
Group and PCC										
The Kent Police and Crime Commissioner	1	85,000	0	0	0	0	0	**85,000**	10,285	**95,285**
Police and Crime Commissioner Chief Executive		94,200	0	0	0	0	0	**94,200**	0	**94,200**
Police and Crime Commissioner Chief Finance Officer		74,614	0	0	0	0	0	**74,614**	9,028	**83,642**
CC and Group										
Chief Constable, Mr Alan Pughsley		205,362	0	0	0	2,469	0	**207,831**	0	**207,831**
Deputy Chief Constable, Mr Paul Brandon		150,724	0	0	0	0	0	**150,724**	0	**150,724**
Assistant Chief Constable (Serious Crime Directorate)	2	79,475	0	0	0	2,082	0	**81,557**	16,217	**97,774**
Assistant Chief Constable (Central Operations)		107,187	0	0	0	6,478	0	**113,665**	22,007	**135,672**
Assistant Chief Constable (Local Policing & Partnerships)		124,085	0	0	0	0	0	**124,085**	23,598	**147,683**
Chief Finance Officer to the Chief Constable		89,734	0	0	0	0	0	**89,734**	10,264	**99,998**
Director of Essex & Kent Support Services, Mr Mark Gilmartin	3	149,894	0	0	0	557	0	**150,451**	17,925	**168,376**
Director of Corporate Services		119,054	0	0	0	0	0	**119,054**	13,572	**132,626**
Head of Programme (Athena)	4	49,729	0	0	0	0	0	**49,729**	0	**49,729**
Total		**1,329,058**	**0**	**0**	**0**	**11,586**	**0**	**1,340,644**	**122,896**	**1,463,540**

Note 6 – Officers' Remuneration (continued)

Notes

1. The Kent PCC has given £10k from his salary to charity via the Give as you Earn scheme.
2. Temporary Assistant Chief Constable (ACC) (Serious Crime Directorate) was filled by an Essex Officer to 2nd July 2017 and then from 3rd July 2017 this position was filled by a Kent Officer (please refer to Essex Statement of Accounts for Essex Officer pay). The ACC for SCD is a shared post 50:50 Kent Police and Essex Police. Full costs are shown in the Kent accounts as Kent is the employing Force.
3. The Director of Support Services is a shared post, 50:50 Kent Police and Essex Police. Full costs are shown against Kent as the employing Force.
4. Head of Programme (Athena) left post on 4th February 2018.

Note 7 – Termination Benefits

At 31st March 2019 Kent Police is still undergoing restructures as part of the plans to meet ongoing savings requirements. This follows Government announcements in the funding settlement of the continued need to reduce costs and maximise efficiency, despite permitting PCCs to increase the precept by £12.00 per Band D property without requiring a referendum.

In order to meet the challenge of the funding settlement the PCC and Chief Officer team agreed to embark on a rigorous review of all services. This review recommended a reduction in staff numbers over the four years whilst maintaining front-line services where possible. Despite the stated objective of managing these reductions through natural wastage as people voluntarily leave the organisation there has been redundancy amongst Police staff.

Kent Police terminated the contracts of eight employees in 2018/19, incurring costs of £0.223m (£0.084m in 2017/18). These payments were made to staff made redundant mostly on a voluntary basis, as part of the Kent Police rationalisation of the service. Payments were made to staff in accordance with Kent Police policy L1280, available on the Kent Police website and are calculated on a combination of age, length of service and pay scale of the employee at the time of their leaving the organisation.

The following table shows the number of people leaving the organisation through redundancy in bands of £20,000.

2017/18				Cost to Kent Police	2018/19			
Number of people	Redundancy Cost	Pension Cost	Total		Number of people	Redundancy Cost	Pension Cost	Total
	£'000's	£'000's	£'000's	£'000's		£'000's	£'000's	£'000's
5	42	11	**53**	0 – 20	3	24	2	**26**
1	16	15	**31**	20 – 40	5	128	22	**150**
0	0	0	**0**	40 – 60	1	13	34	**47**
6	**58**	**26**	**84**	**Total**	**9**	**165**	**58**	**223**

Note 8 – External Audit Costs

2017/18			2018/19	
PCC	Group		PCC	Group
£'000's	£'000's		£'000's	£'000's
39	58	Fees payable in respect to External Audit Fees	30	44
39	**58**	**Total**	**30**	**44**

In 2018/19 the above fees were incurred relating to external audit, carried out by our appointed external auditors, Ernst & Young LLP.

Notes to the movement in reserves statement

Note 9 – 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 Kent in the year in accordance with proper practice to the resources that are specified by statutory provisions as being available to the PCC for Kent to meet future capital and revenue expenditure.

Group

Group 2018/19	General Fund £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Earmarked Reserves £'000's	Total Useable Reserves £'000's	Total Unusable Reserves £'000's
Included in the Comprehensive Income & Expenditure Account					
Capital grants & contributions applied	(1,201)	1,201	0	**0**	0
Reversal of amortisation of tangible and intangible assets	1,674	0	0	**1,674**	(1,674)
Reversal of charges for depreciation & impairment	7,454	0	0	**7,454**	(7,454)
Revenue contribution towards Capital Reserves	0	0	0	**0**	0
Reversal of gains or losses on revaluation charged / credited to the Comprehensive Income and Expenditure Account	80	0	0	**80**	(80)
Revaluation Gains on PPE	2,417	0	0	**2,417**	(2,417)
Amount of Non-current assets written off on disposal	1,597	0	0	**1,597**	(1,597)
Capital Expenditure financed from capital receipts	0	(10,714)	0	**(10,714)**	10,714
Capital grants credited to the Comprehensive Income & Expenditure Account	0	0	0	**0**	0
MRP Charged to Comprehensive Income & Expenditure Account	(1,340)	0	0	**(1,340)**	1,340
Donated Assets	0	0	0	**0**	0
Capital Reserve					
Transfer cash proceeds on asset disposals to capital receipts reserve	(1,477)	1,477	0	**0**	0
Transfer To / From Reserves	0	0	0	**0**	0
Transfers to Capital Financing requirement	5,138	(5,138)	0	**0**	0
Pensions Reserve					
Reversal of pension charges made during the year	(79,744)	0	0	**(79,744)**	79,744
Pension payments appropriated to the pension reserve	350,099	0	0	**350,099**	(350,099)
Collection Fund Adjustment Account					
Reversal of Collection Fund Adjustments	(81)	0	0	**(81)**	81
Accumulated Compensated Absences Account					
Reversal of leave accrual	311	0	0	**311**	(311)
Financial Instruments Adjustment Account					
Impairments	0	0	0	**0**	0
Total	**284,926**	**(13,174)**	**0**	**271,752**	**(271,752)**

Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations (Continued)

Group 2017/18	General Fund £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Earmarked Reserves £'000's	Total Useable Reserves £'000's	Total Unusable Reserves £'000's
Included in the Comprehensive Income & Expenditure Account					
Capital grants & contributions applied	(1,956)	1,956	0	**0**	0
Reversal of amortisation of tangible and intangible assets	1,010	0	0	**1,010**	(1,010)
Reversal of charges for depreciation & impairment	7,278	0	0	**7,278**	(7,278)
Revenue contribution towards Capital Reserves	0	0	0	**0**	0
Reversal of gains or losses on revaluation charged / credited to the Comprehensive Income and Expenditure Account	107	0	0	**107**	(107)
Revaluation Gains on PPE	652	0	0	**652**	(652)
Amount of Non-current assets written off on disposal	3,855	0	0	**3,855**	(3,855)
Capital Expenditure financed from capital receipts	0	(9,123)	0	**(9,123)**	9,123
Capital grants credited to the Comprehensive Income & Expenditure Account	0	0	0	**0**	0
MRP Charged to Comprehensive Income & Expenditure Account	(792)	0	0	**(792)**	792
Donated Assets	0	0	0	**0**	0
Capital Reserve					
Transfer cash proceeds on asset disposals to capital receipts reserve	(4,080)	4,080	0	**0**	0
Transfer To / From Reserves	0	0	0	**0**	0
Transfers to Capital Financing requirement	5,114	(5,114)	0	**0**	0
Pensions Reserve					
Reversal of pension charges made during the year	(76,351)	0	0	**(76,351)**	76,351
Pension payments appropriated to the pension reserve	198,609	0	0	**198,609**	(198,609)
Collection Fund Adjustment Account					
Reversal of Collection Fund Adjustments	218	0	0	**218**	(218)
Accumulated Compensated Absences Account					
Reversal of leave accrual	182	0	0	**182**	(182)
Financial Instruments Adjustment Account					
Impairments	0	0	0	**0**	0
Total	**133,847**	**(8,201)**	**0**	**125,646**	**(125,646)**

Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations (Continued)

Police & Crime Commissioner

Police & Crime Commissioner 2018/19	General Fund £'000's	Capital Reserve & Capital Contributions Unapplied Reserve £'000's	Earmarked Reserves £'000's	Total Useable Reserves £'000's	Total Unusable Reserves £'000's
Included in the Comprehensive Income & Expenditure Account					
Capital grants & contributions applied	(1,201)	1,201	0	**0**	0
Reversal of amortisation of intangible assets	1,674	0	0	**1,674**	(1,674)
Reversal of charges for depreciation & impairment	7,454	0	0	**7,454**	(7,454)
Revenue contribution towards Capital Reserves	0	0	0	**0**	0
Reversal of gains or losses on revaluation charged / credited to the Comprehensive Income and Expenditure Account.	80	0	0	**80**	(80)
Revaluation Gains on PPE	2,418	0	0	**2,418**	(2,418)
Amount of Non-current assets written off on disposal	1,597	0	0	**1,597**	(1,597)
Capital Expenditure financed from capital receipts	0	(10,714)	0	**(10,714)**	10,714
Capital grants credited to the Comprehensive Income & Expenditure Account	0	0	0	**0**	0
MRP Charged to Comprehensive Income & Expenditure Account	(1,340)	0	0	**(1,340)**	1,340
Donated Assets	0	0	0	**0**	0
Capital Reserve					
Transfer cash proceeds on asset disposals to capital receipts reserve	(1,477)	1,477	0	**0**	0
Transfer To / From Reserves	0	0	0	**0**	0
Transfers to Capital Financing requirement	5,138	(5,138)	0	**0**	0
Collection Fund Adjustment Account					
Reversal of Collection Fund Adjustments	(81)	0	0	**(81)**	81
Financial Instruments Adjustment Account					
Impairments	0	0	0	**0**	0
Total	**14,262**	**(13,174)**	**0**	**1,088**	**(1,088)**

Note 9 – Adjustments between Accounting Basis and Funding Basis under Regulations (Continued)

Police & Crime Commissioner 2017/18	General Fund	Capital Reserve & Capital Contributions Unapplied Reserve	Earmarked Reserves	Total Useable Reserves	Total Unusable Reserves
	£'000's	£'000's	£'000's	£'000's	£'000's
Included in the Comprehensive Income & Expenditure Account					
Capital grants & contributions applied	(1,956)	1,956	0	**0**	0
Reversal of amortisation of intangible assets	1,010	0	0	**1,010**	(1,010)
Reversal of charges for depreciation & impairment	7,278	0	0	**7,278**	(7,278)
Revenue contribution towards Capital Reserves	0	0	0	**0**	0
Reversal of gains or losses on revaluation charged / credited to the Comprehensive Income and Expenditure Account	107	0	0	**107**	(107)
Revaluation Gains on PPE	652	0	0	**652**	(652)
Amount of Non-current assets written off on disposal	3,855	0	0	**3,855**	(3,855)
Capital Expenditure financed from capital receipts	0	(9,123)	0	**(9,123)**	9,123
Capital grants credited to the Comprehensive Income & Expenditure Account	0	0	0	**0**	0
MRP Charged to Comprehensive Income & Expenditure Account	(792)	0	0	**(792)**	792
Donated Assets	0	0	0	**0**	0
Capital Reserve					
Transfer cash proceeds on asset disposals to capital receipts reserve	(4,080)	4,080	0	**0**	0
Transfer To / From Reserves	0	0	0	**0**	0
Transfers to Capital Financing requirement	5,114	(5,114)	0	**0**	0
Collection Fund Adjustment Account					
Reversal of Collection Fund Adjustments	218	0	0	**218**	(218)
Financial Instruments Adjustment Account					
Impairments	0	0	0	**0**	0
Total	**11,406**	**(8,201)**	**0**	**3,205**	**(3,205)**

Note 10 – Income and Expenditure Analysed by Nature

2017/18 Restated £'000's	Group	2018/19 £'000's
	Expenditure	
336,065	Employee benefits expenses	488,719
58,329	Other service expenses	64,919
9,047	Depreciation, amortisation and impairment	11,138
4,086	Interest payments	4,033
89,510	Pensions interest cost	99,484
497,037	**Total expenditure**	**668,293**
	Income	
(37,122)	Fees, charges and other Service income	(38,220)
(97,172)	Income from Council tax and Business Rates	(106,682)
(185,718)	Government grants and contributions	(184,964)
(40,257)	Home Office Pension top-up grant	(43,659)
(359)	Interest and investment income	(609)
0	Income in relation to investment properties & changes in their fair value	290
(321)	Gains on disposal of non -current assets	(158)
(360,949)	**Total income**	**(374,002)**
136,088	**(Surplus) or Deficit on the Provision of Service**	**294,291**

Note 10 – Income and Expenditure Analysed by Nature (Continued)

2017/18 Restated £'000's	PCC	2018/19 £'000's
	Expenditure	
990	Employee benefits expenses	1,029
58,329	Other service expenses	64,919
9,047	Depreciation, amortisation and impairment	11,138
4,086	Interest payments	4,033
0	Pensions interest cost	0
302,144	Intra group funding for Chief Constables net service cost (Includes Inter Force Pay recharges expenditure)	316,510
374,596	**Total expenditure**	**397,629**
	Income	
(37,122)	Fees, charges and other Service income	(38,220)
(97,172)	Income from Council tax and Business Rates	(106,682)
(185,718)	Government grants and contributions	(184,964)
(40,257)	Home Office Pension top-up grant	(43,659)
(359)	Interest and investment income	(609)
0	Income in relation to investment properties & changes in their fair value	290
(321)	Gains on disposal of non -current assets	(158)
(360,949)	**Total income**	**(374,002)**
13,647	**(Surplus) or Deficit on the Provision of Service**	**23,627**

Note 11 – Revenue from Contract with Service Recipients

In accordance with the Code, Kent Police needs to recognise revenue from contracts with service recipients on accrual basis.

All income streams recorded during 2018/19 were reviewed and assessed in terms of contracts and/or service recipients to identify whether a given income stream falls within the scope of IFRS 15 Revenue from Contract within Service Recipients and findings from that exercise are summarised in the following table:

	PCC		Group	
	2017/18	2018/19	2017/18	2018/19
	£'000's	£'000's	£'000's	£'000's
General Fund	17,008	17,856	17,008	17,856
Other Operating Income	4,176	1,754	4,176	1,754
Revenue from contracts with service recipients	**21,184**	**19,610**	**21,184**	**19,610**
Impairment of receivables	(288)	(33)	(288)	(33)
Total	**20,896**	**19,577**	**20,896**	**19,577**

The vast majority of the Force's income streams are taxation, grant & contributions and income from collaboration income based which are out of scope for IFRS 15, therefore most other income streams which are within the scope of IFRS 15 are individually immaterial to the Force.

As a consequence of our analysis of the income streams, we have concluded that there is no impact on our accounts as a consequence of adopting IFRS 15 in this financial year.

Note 12 – Transfer to/from Earmarked Reserves

This note sets out the amounts set aside from earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2018/19.

	As at 31st March 2018	Transfers in	Transfers out	**As at 31st March 2019**
	£'000's	£'000's	£'000's	**£'000's**
General Fund	**8,800**	300	0	**9,100**
Risk				
Localisation of Council Tax Benefit Reserve	**700**	0	(538)	**162**
Grant Cut Volatility Reserve	**4,100**	2,542	(6,642)	**0**
Insurance	**3,098**	899	(2,495)	**1,502**
Change				
Invest to save	**1,522**	100	(1,109)	**513**
PCC Recruitment Support	**0**	5,100	(2,100)	**3,000**
Redundancy, Relocation & Regulation A20	**4,810**	0	(1,050)	**3,760**
Policing Opportunity	**0**	0	0	
Policy Opportunities	**1,219**	3	(1,206)	**16**
POCA Incentivisation	**1,012**	792	(802)	**1,002**
Policing Opportunity Other:	**0**	0	0	
OPCC Budget Roll Forward	**1,085**	0	(138)	**947**
Budget Roll Forward	**777**	968	(952)	**793**
Op Morris - Vehicle Seizure	**68**	0	(12)	**56**
Bank Holiday Overtime Reserve	**936**	936	0	**1,872**
Total	**28,127**	**11,640**	**(17,044)**	**22,723**

Note 13 – Usable Reserves

31st March 2018 £'000's		31st March 2019 £'000's
8,800	**General Fund**	9,100
	Risk	
700	Localisation of Council Tax Benefit Reserve	162
4,100	Grant Cut Volatility Reserve	0
3,098	Insurance	1,502
	Change	
1,522	Invest to save	513
0	PCC Recruitment Support	3,000
4,810	Redundancy, Relocation & Regulation A20	3,760
	Policing Opportunity	
1,219	Policy Opportunities	16
22,959	Capital Reserve Capital Contributions Unapplied Reserves	5,825
1,012	POCA Incentivisation	1,002
2,866	Other	3,667
51,086	**Total**	**28,548**

Movements in the PCC for Kent's usable reserves are detailed in the Movement in Reserves Statement and note 12.

General Fund

The General fund reserve has been increased to hold a minimum of 3% of net revenue expenditure.

Localisation of Council Tax Benefit Reserve

It is anticipated that Kent Police will incur additional cost from changes to council tax benefits. A reserve has been created to mitigate these costs.

Grant Cut Volatility Reserve

The PCC for Kent transferred a proportion of a previous years' underspend to this reserve in order to provide for anticipated budget deficit over the medium term, given the volatile nature of public grant funding.

Note 13 – Usable Reserves (Continued)

Insurance Reserve
This reserve is held to cover our potential liabilities in any insurance claim. In order to keep our insurance premiums at a reasonable level we self-insure to a significant degree. This level is suggested by our Insurance advisors as an appropriate amount to keep in reserve should we incur a large insurance claim.

Invest to Save
This reserve will be used to fund projects or schemes which yield savings for the PCC for Kent in excess of the cash outlay required to deliver the savings. These projects are agreed at a strategic level and deliver on-going cashable savings. The PCC invites the CC to make bids against this in the year 2019/20.

PCC Recruitment Support
This reserve has been set aside by the PCC for Kent to support the recruitment of new officers and staff under New Horizon 2.

Redundancy, Relocation and Regulation A20
The PCC for Kent has agreed to create a reserve to off-set potential costs relating to the re-structuring of the Service following significant budget reductions over the medium term.

Policy Opportunities
The PCC for Kent has agreed to use a proportion of previous years underspends to provide a reserve which they intend to use to support visible policing and related initiatives.

Investment Reserve
This reserve is an amalgamation of the receipts from the sale of non-current assets Kent Police no longer requires operationally; unallocated capital grant from the Home Office and transfers from previous years revenue budget. This reserve is earmarked for the purchase of significant capital schemes in future years such as Mobile Policing and asset replacement programmes such as police cars and IT servers.

Capital Reserve and Capital Contributions Unapplied Reserves (see breakdown in the table below)
This reserve is built up from contributions from revenue, the sale of surplus non-current assets and assets held for sale. The funds received from disposal of non-current assets can only be used for capital expenditure, whereas transfer from revenue can be used for either capital or revenue. Refer to table below for breakdown:

31st March 2018 £'000's		31st March 2019 £'000's
18,345	Investment Reserve	5,378
3,954	Usable Capital Receipts	0
660	Capital Contributions Unapplied Reserves	447
22,959		**5,825**

Note 13 – Usable Reserves (Continued)

31st March 2018 £'000's	Capital Reserve	31st March 2019 £'000's
27,791	**Balance at 1st April**	**22,299**
2,553	Transfer from Earmarked Reserves	(3,895)
(4,928)	Transfer from Revenue	(5,204)
4,866	Proceeds of disposals	1,477
(7,983)	Financing of non-current assets	(9,299)
22,299	**Balance at 31st March**	**5,378**

31st March 2018 £'000's	Capital Contributions Unapplied Reserve	31st March 2019 £'000's
915	**Balance at 1st April**	**660**
886	Receipts and transfers during the year	131
(1,141)	Financing of non-current assets	(344)
660	**Balance at 31st March**	**447**

Proceeds of Crime Act Incentivisation

This reserve shows the amount the PCC for Kent has received from the Government as a proportion of the assets seized under the Proceeds of Crime Act 2002. It has been agreed that this money will be used to fund additional resources to increase asset seizures.

Other

Includes the following:

- OPCC Budget Roll Forward – The PCC for Kent transferred a proportion of its office underspend to this reserve. This funding is then used to support a number of special projects during the year for both the PCC and the Force.
- Budget Roll Forward – The PCC for Kent transferred a proportion of a previous years' underspend to this reserve in order to provide for anticipated budget deficit over the medium term, given the volatile nature of public grant funding.
- Op Morris – A self-funding operation across Kent Police designed to disrupt offending behaviour by depriving offenders of their vehicle.

Note 13 – Usable Reserves (Continued)

- Bank Holiday Reserve – The PCC for Kent has created a reserve in order to manage the Bank Holiday Overtime between years. Bank holidays fluctuates from year to year, where there are fewer Bank Holidays than usual the funding is transferred into the reserve to cover expenditure in years when there are a greater number of bank holidays.

Note 14 – Unusable Reserves

Movements in the PCC for Kent's unusable reserves are detailed in the Movement in Reserves Statement on page 67.

31st March 2018 Restated £'000's	Unusable Reserves	31st March 2019 £'000's
58,679	Revaluation Reserve	57,242
(3,616,992)	Pensions Reserve (Group only)	(3,839,834)
114,209	Capital Adjustment Account	114,279
(12)	Financial Instruments Adjustment Account	(12)
2,459	Collection Fund Adjustment Account	2,540
(2,912)	Short term accumulated compensated absences account (Group only)	(3,223)
(284)	Pooled Fund Adjustment Account	(199)
(3,444,853)	**Total**	**(3,669,207)**

Note 14 – Unusable Reserves (Continued)

Revaluation Reserve

The Revaluation Reserve contains the gains made by the PCC for Kent 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.

2017/18 £'000's	Revaluation Reserve	2018/19 £'000's
63,207	**At 1st April**	**58,679**
0	Upward revaluation of assets	2,507
(3,662)	Downward revaluation of assets and impairment losses not charged to the Surplus / Deficit on the Provision of Services	(4,041)
(8)	Difference between fair value of depreciation and historical cost depreciation	(905)
0	Accumulated gains on assets sold or scrapped	(333)
(858)	Amount written off to the Capital Adjustment Account	1,335
58,679	**At 31st March**	**57,242**

Pensions Reserve (Group Accounts Only)

2017/18 Restated £'000's	Pensions Reserve	2018/19 £'000's
(3,423,987)	**At 1st April**	**(3,616,992)**
(70,747)	Actuarial gains or (losses) on pensions assets and liabilities	47,513
(198,609)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the Provision of Services in the Comprehensive Income & Expenditure Account	(350,099)
76,351	Employer's pension contributions and direct payments to pensioners payable in the year	79,744
(3,616,992)	**At 31st March**	**(3,839,834)**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The PCC for Kent accounts for post-employment benefits in the Comprehensive Income and Expenditure

Note 14 – Unusable Reserves (Continued)

Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PCC for Kent makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the PCC for Kent has set aside to meet them, this shortfall is met by the Home Office through the Top-up Grant. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from 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 Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the PCC for Kent as finance for the costs of acquisition, construction and enhancement.

The Account contains accumulated gains and losses on Investment Properties and gains recognised on donated assets that have yet to be consumed by the PCC for Kent.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2014, the date that the Revaluation Reserve was reset to hold such gains.

Note 14 – Unusable Reserves (Continued)

Capital Adjustment Account (Continued)

2017/18 £'000's	Capital Adjustment Account	2018/19 £'000's
116,330	**At 1st April**	**114,209**
	Additional adjustments for IFRS	
	Reversal of items of capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(7,278)	· Charges for depreciation and impairment of non-current assets	(7,454)
0	· Charges for Impairment / rev loss	0
(759)	· Revaluation Gains/(Losses) on Property, Plant & Equipment	(2,496)
(1,010)	· Amortisation of intangible assets	(1,674)
(3,855)	· Amount of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	(1,597)
0	· Donated Assets	0
	Adjusting amounts written out of the Revaluation Reserve:	
866	Net written out amount of the cost of non-current assets consumed in the year	1,238
	Capital financing applied in the year:	
6,912	· Use of Capital Reserve to finance new capital expenditure	9,299
2,211	· Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,415
792	· Capital repayment on PFI	1,340
	Movements in the market value of debited or credited to the Comprehensive Income & Expenditure Statement:	
0	Investment Properties	0
0	Assets Held for Sale	0
0	Transfer from Revaluation Reserve	0
	Movement in the Donated Assets Account credited to the Comprehensive Income & Expenditure Statement:	
0	Recognition of Heritage Assets	0
114,209	**At 31st March**	**114,279**

Note 14 – Unusable Reserves (Continued)

Collection Fund Adjustment Account

2017/18 £'000's	Collection Fund Adjustment Account	2018/19 £'000's
2,677	**At 1st April**	**2,459**
(218)	Amount by which Council Tax Income credited to the Comprehensive Income & Expenditure Statement are different from the cost of settlements chargeable in the year in accordance with statutory requirements.	81
2,459	**At 31st March**	**2,540**

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund. This reflects the PCC for Kent's share of any under or over payments and potential bad debts relating to non-payment of Council Tax to Local Authorities.

Short-term Accumulated Absences Account (Group Accounts Only)

2017/18 £'000's	Short-term Accumulated Absences Account	2018/19 £'000's
(2,730)	**At 1st April**	**(2,912)**
2,730	Unused amounts reversed in year	2,912
(2,912)	Additional liability calculated in year	(3,223)
(2,912)	**At 31st March**	**(3,223)**

The 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, e.g. annual leave entitlement and time off in lieu of payment carried forward at 31st March 2019. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

Note 14 – Unusable Reserves (Continued)

Pooled Fund Adjustment Account

2017/18 £'000's	Pooled Fund Adjustment Account	2018/19 £'000's
0	**At 1st April**	**(284)**
(284)	Adjustment to fair value of property fund investments	85
(284)	**At 31st March**	**(199)**

The Pooled Fund Adjustment Account absorbs the changes in fair value of investments. The movement in the pooled fund adjustment account is reported in other comprehensive income and expenditure, and gains and losses and will only be charged to the CIES when these assets are sold.

Notes supporting the balance sheet

Note 15 – Property, Plant and Equipment

	Land & Buildings £'000's	Vehicles, Plant & Equipment £'000's	Surplus Assets £'000's	Assets under Construction £'000's	Total £'000's
Cost or Valuation					
At 1st April 2018	180,449	49,454	1,346	0	**231,249**
Reclassifications of Investment Properties	0	0	0	(9)	**(9)**
Reclassifications of Surplus Assets	0	0	0	0	**0**
Reclassifications of AUC	516	0	12	(528)	**0**
Reclassifications of Held for Sale	(310)	0	(401)	0	**(711)**
Additions	0	6,540	0	537	**7,077**
De-recognition - disposals	(366)	(2,608)	0	0	**(2,974)**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(1,264)	0	(46)	0	**(1,310)**
Revaluation increases / (deceases) recognised in the Surplus / Deficit on the Provision of Services	(2,621)	0	0	0	**(2,621)**
Assets Not adding value - recognised in RR	(259)	0	0	0	**(259)**
Assets Not adding value - recognised in I&E	(80)	0	0	0	**(80)**
As at 31st March 2019	**176,065**	**53,386**	**911**	**0**	**230,362**

Note 15 – Property, Plant and Equipment (Continued)

	Land & Buildings £'000's	Vehicles, Plant & Equipment £'000's	Surplus Assets £'000's	Assets under Construction £'000's	Total £'000's
Accumulated Depreciation & Impairment					
At 1st April 2018	(1,270)	(32,673)	(4)	0	**(33,947)**
Depreciation for the year	(2,566)	(4,875)	(14)	0	**(7,455)**
Depreciation on disposals	5	2,017	0	0	**2,022**
DPN written out to the Revaluation Reserve	1,352	0	13	0	**1,365**
DPN written out to the I&E	500	0	0	0	**500**
Depreciation on reclassification of surplus assets	0	0	0	0	**0**
Depreciation on reclassification of Investment properties	0	0	0	0	**0**
Depreciation on reclassification of asset held for sale	0	0	2	0	**2**
At 31st March 2019	**(1,979)**	**(35,531)**	**(3)**	**0**	**(37,514)**
Net Book Value					
At 31st March 2019	**174,087**	**17,854**	**907**	**0**	**192,848**
At 31st March 2018	**179,180**	**16,781**	**1,342**	**0**	**197,302**

Note 15 – Property, Plant and Equipment (Continued)

	Land & Buildings £'000's	Vehicles, Plant & Equipment £'000's	Surplus Assets £'000's	Assets under Construction £'000's	Total £'000's
Cost or Valuation					
At 1st April 2017	184,831	46,968	2,798	0	**234,597**
Reclassifications of Investment Properties	2,378	0	0	(27)	**2,351**
Reclassifications of Surplus Assets	939	0	(939)	0	**0**
Reclassifications of AUC	322	0	36	(358)	**0**
Reclassifications of Held for Sale	(475)	0	0	0	**(475)**
Additions	0	5,150	0	385	**5,535**
De-recognition - disposals	(660)	(2,664)	(830)	0	**(4,154)**
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(5,510)	0	245	0	**(5,265)**
Revaluation increases / (deceases) recognised in the Surplus / Deficit on the Provision of Services	(1,054)	0	36	0	**(1,020)**
Assets Not adding value - recognised in RR	(216)	0	0	0	**(216)**
Assets Not adding value - recognised in I&E	(107)	0	0	0	**(107)**
As at 31st March 2018	**180,449**	**49,454**	**1,346**	**0**	**231,248**

Note 15 – Property, Plant and Equipment (Continued)

	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	Assets under Construction	Total
	£'000's	£'000's	£'000's	£'000's	£'000's
Accumulated Depreciation & Impairment					
At 1st April 2017	(696)	(30,366)	(10)	0	**(31,073)**
Depreciation for the year	(2,729)	(4,517)	(33)	0	**(7,278)**
Depreciation on disposals	3	2,210	7	0	**2,220**
DPN written out to the Revaluation Reserve	1,799	0	19	0	**1,819**
DPN written out to the I&E	367	0	0	0	**367**
Depreciation on reclassification of surplus assets	(13)	0	13	0	**0**
Depreciation on reclassification of Investment properties	0	0	0	0	**0**
Depreciation on reclassification of asset held for sale	(0)	0	0	0	**(0)**
At 31st March 2018	**(1,270)**	**(32,673)**	**(4)**	**0**	**(33,945)**
Net Book Value					
At 31st March 2018	**179,180**	**16,781**	**1,342**	**0**	**197,302**
At 31st March 2017	**184,135**	**16,602**	**2,788**	**(0)**	**203,526**

The entire Kent Police estate was revalued for the 2016/17 Statement of Accounts on 31st December 2016. As part of the 5 year rolling programme of revaluations Kent Police carried out a revaluation of more than 20% of its' properties on 31st October 2018. On 31st March 2019 an impairment and market review took place to confirm the properties values as of 31st March 2019.

The valuations have been made in accordance with the with the Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards'), International Financial Reporting Standards (IFRS) and Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code'). The valuation was prepared by Guy Harbord FRICS partner in Wilks Head Eve who are an external organisation and have no ties to Kent Police.

Useful lives vary between classes of asset but are summarised in the table.

Asset Class	Useful life
Land	999 years
Buildings	1 – 60 years
Plant & Equipment	1 – 40 years
Vehicles	1 – 15 years
Van trailers	10 years

Note 15 – Property, Plant and Equipment (Continued)

Regularity of Revaluation

Kent Police carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years. All valuations were carried out internally. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors.

The significant assumptions applied in estimating the current values of property are:

- Operational purpose-built Police Buildings with integral active Custody to be valued to Depreciated Replacement Cost and Market Value – This reflects the specialised nature of these assets and that they are not traded in the open market – and that we need to identify any significant variation from DRC to MV.
- Operational purpose-built Police Buildings with non-integral active Custody and Private Finance Initiative Police Buildings to be valued to Depreciated Replacement Cost for Custody elements and Existing Use Value for non-Custody elements. – The DRC element reflects the specialised nature of these Custody assets and that they are not traded in the open market. The EUV elements reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.
- Operational purpose-built Police Buildings with closed Custody to be valued to Existing Use Value – This reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.
- Operational non-purpose-built Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
- Residential Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
- Secure Tenancy Residential Police Buildings to be valued to Existing Use Value (SH) – This reflects the secure tenancy status of occupiers of the assets but that they are not so specialised that they could not be traded in the open market.
- Surplus buildings to be valued to Market Value - This reflects that the assets could be traded in the open market.

Revaluation Timescale	GBV at 31st March 2019		
	Other Land and Buildings	Vehicle, plant and Equipment	Surplus Assets
	£'000's	£'000's	£'000's
Revaluations performed in 2018/19	96,804	0	906
Revaluations performed in 2017/18	78,956	0	0
Revaluations performed in 2016/17	127	0	0
Revaluations performed in 2015/16 *	0	0	0
Revaluations performed in 2014/15 *	0	0	0
Total Valuation	**175,887**	**0**	**906**

* The entire Kent Police estate was revalued for the 2016/17 Statement of Accounts.

Note 16 – Leases

Police and Crime Commissioner for Kent as Lessee

Finance Leases

Kent Police has one building subject to a finance lease and that is the Transport Workshops at Quarry Wood, Aylesford. This contract was entered into in June 2000 for a period of 21 years. Historic costs for the building were £1.6m. The asset acquired under this lease is carried as Property, Plant and Equipment in the Balance Sheet at the following net amount:

2017/18 £'000's		2018/19 £'000's
1,999	Property, Plant & Equipment	2,032

The PCC for Kent is committed to making annual repayments consisting of interest and repayment of capital, as the asset is classified as a Finance Lease only the interest of £0.104m per annum is charged to the Comprehensive Income and Expenditure Statement. As the Transport Department is a support service this cost is apportioned across the objective analysis categories according to the number of staff in each segment of service.

The future minimum lease payments due under the contract in future years are:

2017/18 £'000's		2018/19 £'000's
182	Not later than one year	182
363	Later than one year and not later than five years	182
0	Later than five years	0
545	**Total**	**364**

Note 16 – Leases (Continued)

Operating Leases

2017/18 £'000's		2018/19 £'000's
176	Vehicle leases	172
298	Premises	299
271	Photocopiers	267
745	**Total**	**738**

The PCC for Kent have contractual arrangements in place for the following:

- Vehicles for Superintendents, Chief Officers and some staff.
- A number of premises across the county where it has either been impossible or impracticable to purchase operational property.
- Photocopiers and multi-function devices (printing, photocopying, faxing and scanning).

These are classified as operating leases with the full lease amount being charged to the Net Cost of Services in the Comprehensive Income and Expenditure Statement as follows in the table above.

The future minimum lease payments due under the contracts in future years are:

2017/18 £'000's			2018/19 £'000's
	Premises		
516	·	Not later than one year	533
854	·	Later than one year and not later than five years	1,961
2,387	·	Later than five years	3,262
	Vehicles		
187	·	Not later than one year	106
134	·	Later than one year and not later than five years	33
0	·	Later than five years	0

Note 16 – Leases (Continued)

The pattern for lease payments decreasing as time progresses in the above table does not allow for the renewal of leases or for taking on new agreements as existing ones come to an end. For example, new vehicle leases will be entered into as new staffs become eligible or an existing contract expires.

All values relating to leases on the Balance Sheet are at present value and not discounted due to the relative short-term duration of the lease agreements and the materiality of the amounts involved.

Police and Crime Commissioner for Kent as Lessor

The PCC for Kent leases out property under operating leases for the following purposes:

Housing – the PCC for Kent has a number of houses that it lets to individuals. These were returned to us by Kent County Council in 1995 complete with sitting tenants. The terms of each agreement are such that either party can terminate the agreement with a month's notice.

Telecoms masts – The PCC for Kent rents space on either buildings or its own masts to telecommunications providers such as mobile phone companies. These are long contracts but can be terminated at short notice by either party. There is a drive within the mobile telecommunications industry to collaborate / merge, so it is possible or indeed likely that some of this revenue may be withdrawn in future as companies merge.

Premises – There are currently three instances where Kent Police leases out part of its premises to partners such as the Crown Prosecution Service or Highways Agency for a commercial rent. Such agreements are only undertaken where space is available, such an undertaking is mutually beneficial and would not compromise Kent Police's impartiality or provision of service.

The future minimum lease payments receivable under leasing agreements are cancellable by either party at short notice.

Note 17 – Investment Properties

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2017/18 £'000's	2018/19 £'000's
Rental income from investment properties	38	36
Net gain / (loss) from fair value adjustments	0	(290)

The PCC for Kent has no contractual obligations to purchase, construct or develop investment property or repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2017/18 £'000's	2018/19 £'000's
At 1st April	**6,804**	**3,368**
Additions:		
- Purchases	0	0
- Subsequent expenditure	0	0
Disposals	(1,085)	(73)
Net gain / loss from fair value adjustments	0	(290)
Transfers:		
- to / from inventories / AUC	27	9
- to / from Property, Plant & Equipment	(2,378)	0
- to / from Assets held for sale	0	0
Other Changes – sale of properties	0	0
At 31st March	**3,368**	**3,014**

A Full revaluation of investment properties took place on 31st October 2018. The valuations have been made in accordance with Royal Institution of Chartered Surveyors (RICS) Valuation – Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards'), International Financial Reporting Standards (IFRS) and Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code'). The valuation was prepared by Guy Harbord FRICS partner in Wilks Head Eve who are an external organisation and have no ties with Kent Police.

Note 18 – Intangible Assets

The PCC for Kent account for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and internally generally software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC for Kent. The useful lives assigned to the major software suites used by the PCC for Kent are:

Internally Generated Assets	Other Assets
0 - 3 years	Data Consultancy - Suspect Interview Recording, BES12 Licences for mobile policing, Data Consultancy for Special Branch project and Tranman Upgrade
4 - 6 years	DAMS (Digital Asset Management Solution) Athena Innovation Fund, Data Consultancy for Infrastructure Modernisation, SAP Licences & Upgrade, Analytics Software, Public Service Network (PSN) Consultancy, Single Desktop Programme (Microsoft Office upgrade), Joint Network Replacement, and Mobile First software application.
7 - 10 years	Data Software System for CCTV, DAMS (Digital Asset Management Solution), Smartcall (Force Control Room software) , Airbone Data link.

Note 18 – Intangible Assets (Continued)

2018/19

	Internally generated assets £'000's	Other Assets £'000's	Intangible assets under development £'000's	Right to Use Asset £'000's	Total £'000's
At 1st April					
Gross carrying amounts	668	10,007	9,648	0	**20,323**
Accumulated amortisation	(668)	(6,274)	0	0	**(6,942)**
Net carrying amount at the start of year	**0**	**3,733**	**9,648**	**0**	**13,382**
Additions:					
Reclassifications of Assets under Development	0	0	(9,648)	9,648	**0**
Internal development	0	0	0	0	**0**
Purchases	0	1,148	0	2,489	**3,637**
Assets reclassified as held for sale	0	0	0	0	**0**
Other disposals	0	(184)	0	0	**(184)**
Revaluation increases or decreases	0	0	0	0	**0**
Impairment losses recognised or reversed directly in the Revaluation Reserve	0	0	0	0	**0**
Impairment losses recognised in the (Surplus) / Deficit on the Provision of Services	0	0	0	0	**0**
Reversals of past impairment losses written back to the (Surplus) / Deficit on the Provision of Services	0	0	0	0	**0**
Amortisation for the period	0	(1,132)	0	(542)	**(1,674)**
Other changes	0	87	0	0	**87**
Net carrying amount at the end of the year	**0**	**3,652**	**0**	**11,596**	**15,248**
Comprising					
Gross carrying amounts	668	10,971	0	12,137	**23,776**
Accumulated amortisation	(668)	(7,319)	0	(542)	**(8,529)**
Total	**0**	**3,652**	**0**	**11,596**	**15,248**

Note 18 – Intangible Assets (Continued)

2017/18

	Internally generated assets £'000's	Other Assets £'000's	Intangible assets under development £'000's	Right to Use Asset £'000's	Total £'000's
At 1st April					
Gross carrying amounts	668	8,315	7,980	0	**16,963**
Accumulated amortisation	(667)	(5,415)	0	0	**(6,082)**
Net carrying amount at the start of year	**1**	**2,900**	**7,980**	**0**	**10,881**
Additions:					
Reclassifications of Assets under Development	0	0	0	0	**0**
Internal development	0	0	0	0	**0**
Purchases	0	1,920	1,668	0	**3,588**
Assets reclassified as held for sale	0	0	0	0	**0**
Other disposals	0	(229)	0	0	**(229)**
Revaluation increases or decreases	0	0	0	0	**0**
Impairment losses recognised or reversed directly in the Revaluation Reserve	0	0	0	0	**0**
Impairment losses recognised in the (Surplus) / Deficit on the Provision of Services	0	0	0	0	**0**
Reversals of past impairment losses written back to the (Surplus) / Deficit on the Provision of Services	0	0	0	0	**0**
Amortisation for the period	(1)	(1,009)	0	0	**(1,010)**
Other changes	0	150	0	0	**150**
Net carrying amount at the end of the year	**(0)**	**3,733**	**9,648**	**0**	**13,382**
Comprising					
Gross carrying amounts	668	10,007	9,648	0	**20,323**
Accumulated amortisation	(668)	(6,274)	0	0	**(6,942)**
Total	**0**	**3,733**	**9,648**	**0**	**13,382**

Note 19 – Capital Expenditure and Capital Financing

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

2017/18 £'000's		2018/19 £'000's
42,695	**Opening Capital Financing Requirement**	41,903
	Capital Investment	
5,535	Property, Plant and Equipment	7,069
0	Investment Properties	8
3,588	Intangible Assets	3,637
	Source of Finance	
(6,912)	Capital Receipts	(9,299)
(2,211)	Government Grants and other contributions	(1,415)
0	Direct Revenue contributions	0
(714)	Repayment of PFI	(1,262)
(78)	Lease	(78)
41,903	**Closing Capital Financing Requirement**	**40,562**

Note 20 – Assets Held for Sale

2017/18 £'000's		2018/19 £'000's
757	**As at 1st April**	**475**
	Assets newly classified as held for sale	
475	- Property, Plant & Equipment	711
0	Revaluation losses	0
0	Revaluation gains	0
0	Impairment losses	0
0	Assets declassified as held for sale	0
0	- Property, Plant & Equipment	0
(757)	Assets sold	(475)
0	Transfers from non-current to current	0
0	Other movements	0
475	**As at 31st March**	**711**

There was only two property classified as an Asset Held for Sale at 31st March 2019.

Note 21 – Financial Instruments

The term financial instrument refers to any contract that gives rise to a financial asset and a financial liability or equity instrument with the PCC for Kent. For Kent Police this includes temporary investments, trade debtors and creditors as well as the Insurance Provision and Finance Leases.
There have been no substantive changes in the PCC for Kent's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from previous periods unless otherwise stated in this note.

Financial instrument Balances

The financial assets disclosed in the Balance sheet are analysed across the following categories:

Financial Assets	Fair value through profit and loss (Avaliable for sale 2017)		Amortised (Loans and receivables 2017)		Fair value through other comprehensive Income		Total per Financial Asset	Total per Financial Asset
	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's
Short Term:								
Cash and Cash equivalent	0	0	9,132	3,041	0	0	9,132	3,041
Investments	0	0	29,000	19,443	0	0	29,000	19,443
Impaired investment	0	0	419	0	0	0	419	0
Loans made for services purposes	0	0	0	0	0	0	0	0
Trade and other receivable	0	0	7,438	9,327	0	0	7,438	9,327
Derivatives	0	0	0	0	0	0	0	0
Equity Investment	0	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0	0
Total Short Term	**0**	**0**	**45,989**	**31,812**	**0**	**0**	**45,989**	**31,811**
Long term:								
Cash and Cash equivalent	0	0	0	0	0	0	0	0
Investments	9,716	4,801	5,012	0	0	0	14,728	4,801
Impaired investment	0	0	0	0	0	0	0	0
Loans made for services purposes	0	0	279	231	0	0	279	231
Trade and other receivable	0	0	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0	0	0
Equity Investment	0	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0	0
Total Long Term	**9,716**	**4,801**	**5,291**	**231**	**0**	**0**	**15,007**	**5,032**
Total per category								
Cash and Cash equivalent	0	0	9,132	3,041	0	0	9,132	3,041
Investments	9,716	4,801	34,012	19,443	0	0	43,728	24,244
Impaired investment	0	0	419	0	0	0	419	0
Loans made for services purposes	0	0	279	231	0	0	279	231
Trade and other receivable	0	0	7,438	9,327	0	0	7,438	9,327
Derivatives	0	0	0	0	0	0	0	0
Equity Investment	0	0	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0	0	0
Total Financial Assets	**9,716**	**4,801**	**51,280**	**32,042**	**0**	**0**	**60,996**	**36,843**

Note 21 – Financial Instruments (Continued)

Reconciliation with Balance Sheet

31st March 2018 Long term £'000's	31st March 2018 Short term £'000's	Investments	31st March 2019 Long term £'000's	31st March 2019 Short term £'000's
14,728	0	Long Term Investments	4801	0
279	0	Long Term Debtors	231	0
0	29,419	Short Term Investments	0	19443
0	29,012	Short Term Debtors	0	35243
0	9,132	Cash & Cash equivalents	0	3041
15,007	**67,563**	**Total Investments**	**5,032**	**57,728**

The Debtors lines on the Balance Sheet include £25,916k (2017/18 - £21,575k) within short term debtors that do not meet the definition of 'Financial Instruments'.

Financial liability Balances

The financial liabilities disclosed in the Balance sheet are analysed across the following categories:

Financial Liabilities	Fair value through profit or loss		Amortised Costs		Fair value through Other Comprehensive Income	
	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's
Trade and other payables	0	0	20,027	19,011	0	0
Loans and borrowings	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Finance Leases	0	0	78	78	0	0
PFI Arrangements	0	0	1,262	1,007	0	0
Total Short Term	**0**	**0**	**21,367**	**20,096**	**0**	**0**
Trade and other payables	0	0	0	0	0	0
Loans and borrowings	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Finance Leases	0	0	156	78	0	0
PFI Arrangements	0	0	41,775	40,768	0	0
Total Long Term	**0**	**0**	**41,931**	**40,846**	**0**	**0**
Total Financial Liabilities	**0**	**0**	**63,298**	**60,942**	**0**	**0**

Note 21 – Financial Instruments (Continued)

Reconciliation with Balance Sheet

31st March 2018		Investments	31st March 2019	
Long term £'000's	Short term £'000's		Long term £'000's	Short term £'000's
0	28,972	Short Term Creditors	0	30,017
41,931	0	Long Term Creditors	40,846	0
41,931	**28,972**		**40,846**	**30,017**

The Creditors lines on the Balance Sheet include £9,922k (2017/18 - £8,566k) within short term creditors that do not meet the definition of 'Financial Instruments'.

Financial instruments not measured at fair value includes cash and cash equivalents, trade and other receivables, trade and other payables, and loans and borrowings.

Due to their short-term nature, the carrying value of cash and cash equivalents, trade and other receivables, and trade and other payables approximates their fair value.

Note 21 – Financial Instruments (Continued)

Financial Instruments Gains / Losses

The gains and losses in the Comprehensive Income and Expenditure Statement in relation to financial instruments consist of the following:

	Financial Liabilities		Financial Assets				
	Amortised Cost	Fair Value through Profit & Loss	Loans & Receivables	Fair Value through Other Comprehensive Income	Fair Value through Profit & Loss	2018/19 Total	2017/18 Total
	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's	£'000's
Interest expense							
- PFI	3,914	0	0	0	0	3,914	3,979
- Finance lease	104	0	0	0	0	104	104
- Other	3	0	0	0	0	3	3
Losses on de-recognition	0	0	0	0	0	0	0
Losses from change in fair value	0	0	0	0	0	0	0
Impairment losses (Reversal)	0	0	(197)	0	0	(197)	0
Fees paid	0	0	0	0	0	0	0
Interest payable and Similar charges	**4,021**	**0**	**(197)**	**0**	**0**	**3,824**	**4,086**
Interest Income	0	0	(392)	0	0	(392)	(245)
Interest accrued on impaired assets	0	0	0	0	0	0	0
Dividend income	0	0	0	0	(216)	(216)	(114)
Gains on de-recognition	0	0	0	0	0	0	0
Gains from changes in fair value	0	0	0	0	0	0	0
Interest and investment income	**0**	**0**	**(392)**	**0**	**(216)**	**(609)**	**(359)**
Net impact on surplus/deficit on provision of services	**4,021**	**0**	**(590)**	**0**	**(216)**	**3,215**	**3,727**
Gains on revaluation	0	0	0	0	0	0	0
Losses on revaluation	0	0	0	0	0	0	0
Amounts recycled to surplus/deficit on provision of services	0	0	0	0	0	0	0
Impact on other comprehensive income	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Gain/Loss for the Year	**4,021**	**0**	**(590)**	**0**	**(216)**	**3,215**	**3,727**

Note 21 – Financial Instruments (Continued)

All the financial assets and liabilities carrying amounts at amortised cost are equal to their fair value, except for the PFI financial liabilities

31st March 2018		Financial	31st March 2019	
Carrying amount	Fair value	Instruments	Carrying amount	Fair value
£'000's	£'000's		£'000's	£'000's
		Financial Liabilities:		
(41,775)	(62,080)	PFI Long Liability	(40,768)	(63,246)
(1,262)	(1,262)	PFI Short Liability	(1,007)	(1,007)

Note 21 – Financial Instruments (Continued)

Financial instruments measured at fair value

Financial Instruments	Level 1		Level 2		Level 3	
	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's	31st March 18 £'000's	31st March 19 £'000's
Short term Financial assets:						
Cash and Cash equivalent	9,132	3,041	0	0	0	0
Investments	29,000	19,443	0	0	0	0
Impaired investment	419	0	0	0	0	0
Loans made for services purposes	0	0	0	0	0	0
Trade and other receivable	7,438	9,327	0	0	0	0
Derivatives	0	0	0	0	0	0
Equity Investment	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0
Total Short term Financial assets	**45,989**	**31,812**	**0**	**0**	**0**	**0**
Long term Financial Assets:						
Cash and Cash equivalent	5,012	0	0	0	0	0
Investments	9,716	4,801	0	0	0	0
Impaired investment	0	0	0	0	0	0
Loans made for services purposes	279	231	0	0	0	0
Trade and other receivable	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Equity Investment	0	0	0	0	0	0
Debt Securities	0	0	0	0	0	0
Total Long term Financial assets	**15,007**	**5,032**	**0**	**0**	**0**	**0**
Total Financial assets	**60,996**	**36,843**	**0**	**0**	**0**	**0**
Short term Financial Liability						
Trade and other payables	20,027	19,011	0	0	0	0
Loans and borrowings	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Finance Leases	0	0	78	78	0	0
PFI Arrangements	0	0	1,262	1,007	0	0
Total Short term Financial Liabilities	**20,027**	**19,011**	**1,340**	**1,085**	**0**	**0**
Long term Financial Liability						
Trade and other payables	0	0	0	0	0	0
Loans and borrowings	0	0	0	0	0	0
Derivatives	0	0	0	0	0	0
Finance Leases	0	0	156	78	0	0
PFI Arrangements	0	0	62,080	63,246	0	0
Total Short term Financial Liabilities	**0**	**0**	**62,236**	**63,324**	**0**	**0**
Total Financial Liabilities	**20,027**	**19,011**	**63,576**	**64,409**	**0**	**0**
Total	**81,023**	**55,854**	**63,576**	**64,409**	**0**	**0**

Note 21 – Financial Instruments (Continued)

There were no transfers between levels during the period.

The valuation techniques and significant unobservable inputs used in determining the fair value measurement of level 1, level 2 and level 3 financial instruments, as well as the inter-relationship between key unobservable inputs and fair value, are set out in the table below.

Valuation Techniques

Financial Instrument	Valuation techniques used
Cash and deposits - FVTPL	Fair value - Market prices
Investments - FVTPL	Fair value - Market prices
Investment - Amortised cost	Fair value - Market prices
Investments - FVTOCI	Fair value - Market prices
Finance Lease	Amortised cost table

During 2017, the Police and Crime Commissioner invested in the CCLA local authority property fund and this has been treated under the new standard for changes in the Fair value of investments – IFRS 9. This means the fair values gains and losses will be chargeable to the surplus or deficit on the provision of services as they arise. The fair value of the CCLA investment fund is £4.801m as at 31st March 2019 and the dividend received for 2018/19 amounts to £0.205m.

The investment of £4.989m (fair value as at 31st March 2018) in Payden & Rygel Sterling Investment Reserve Fund was sold in 18/19 to strengthen our cash flow position.

Note 22 – Short Term Debtors

31st March 2018 £'000's		31st March 2019 £'000's
13,902	Central Government bodies	17,183
3,047	Other Local Authorities	3,306
2,595	Payments in Advance	3,524
230	Staff Advance	663
9,239	Other Entities and Individuals	10,567
29,013	**Total**	**35,243**

Note 23 – Cash and Cash Equivalents

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

31st March 2018 £'000's		31st March 2019 £'000's
2,470	Cash held by the PCC for Kent and Bank current accounts	(3,817)
6,662	Short term deposits held by banks, local authorities and Building Societies	6,858
9,132	**Total Cash & Cash Equivalents**	**3,041**

The PCC for Kent also hold monies on behalf of third parties arising from its operational responsibilities. The cash amounts, not included in the above Balance Sheet totals, are as follows: See Note 24.

31st March 2018 £'000's		31st March 2019 £'000's
2,283	Proceeds of Crime Act monies (POCA)	3,178
623	Prisoners' property and lost cash	774
371	Other	492
3,277	**Total**	**4,444**

Note 24 – Short Term Creditors

31st March 2018 £'000's		31st March 2019 £'000's
2,912	Short-term accumulating compensated absences	3,223
7,333	Central Government bodies	6,264
5,828	Other local authorities	7,169
1	NHS Bodies	347
728	Receipts in advance	1,759
10,908	Other entities and individuals	10,249
27,710	Group Sub-total	**29,010**
1,262	Repayments due on PFIs within 1 year (see note 26)	1,007
28,972	**Group Total**	**30,017**

(i) Short term accumulating absences are part of the CC's accounts only. All other creditors form part of the PCC single entity accounts and those of the Group.

The PCC for Kent held £3.2m of monies in trust under the proceeds of Crime Act 2002 (2017/18 - £2.3m). This money was seized and banked under powers granted by the act and will be paid over to the Government on the conclusion of each successful prosecution. If defendants are found not guilty or no charges are made, the money is returned to the person(s) it was seized from.

In addition to this a further £1.3m was held in trust in relation to prisoner's property and deceased persons (2017/18 - £1.0m).

The above amounts have been excluded from the Balance Sheet as both Assets (Cash and Cash equivalents) and also Liabilities (Creditors).

Note 25 - Long term Creditors

31st March 2018 £'000's		31st March 2019 £'000's
41,775	PFI Long Term Liability	40,768
156	Capital Finance Lease	78
41,931	**Total**	**40,846**

Note 26 – Private Finance Initiative (PFI) Funded Schemes

Kent Police has two properties funded through PFI arrangements: North Kent Police station and Medway Police station, brought into service in May 2008 and December 2006 respectively. The PCC for Kent show these assets on its Balance Sheet and that they are depreciated and otherwise accounted for in line with other building assets in line with accounting regulations.

	North Kent £'000's	Medway £'000's	Total £'000's
Asset value recognised in the Balance Sheet.	**32,365**	**21,053**	**53,418**
Accumulated Depreciation Charges	(5,438)	(5,111)	(10,549)
Accumulated Impairment Charges	(14,114)	(8,396)	(22,510)
Accumulated Revaluations	13,808	8,094	21,902
Opening NBV as at 31.03.2018	**26,621**	**15,640**	**42,261**
Depreciation charges for 2018/19	(495)	(291)	(786)
Revaluation in 2018/19	720	0	720
Revised Net Book Value following revaluation as at 31.03.2019	**26,846**	**15,349**	**42,195**

Note 26 – Private Finance Initiative (PFI) Funded Schemes (Continued)

	North Kent £'000's	Medway £'000's	Total £'000's
Opening Balance Sheet liability resulting from PFI arrangements on recognition	**27,058**	**15,978**	**43,036**
Capital Repayment			
2018/19	(938)	(323)	(1,261)
Net Balance Sheet liability resulting from PFI arrangements as at 31st March 2019	**26,120**	**15,655**	**41,775**

Note 15, Property, Plant & Equipment includes the asset values for both North Kent and Medway police stations along with depreciation charges and where these are included on the PCC for Kent's Balance Sheet on page 71.

The following tables show the value of the assets held under PFI schemes, the liabilities arising from these schemes along with depreciation charges for the assets.

Although the payments made to the contractors are described as unitary payments, they have been calculated to compensate the contractors for the fair value of the services they provide over the life of the contracts, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The amounts due for the remainder of the contracts are shown in the table below.

Note 26 – Private Finance Initiative (PFI) Funded Schemes (Continued)

	Within one year	Within 2 to 5 years	6 to 10 years	11 to 15 years	16 to 20 years
	£'000's	£'000's	£'000's	£'000's	£'000's
North Kent					
Repayments of liability	667	3,307	5,461	9,848	6,837
Interest	2,410	9,044	9,215	6,085	1,095
Service Charges	2,053	8,737	12,208	13,812	7,001
Total	**5,130**	**21,088**	**26,884**	**29,745**	**14,933**
Medway					
Repayments of liability	340	2,885	4,800	7,097	533
Interest	1,388	5,107	4,782	2,261	47
Service Charges	1,357	5,776	8,070	9,130	491
Total	**3,085**	**13,768**	**17,652**	**18,488**	**1,071**

Rights to receive specified assets at the end of the concession period

Both PFI contracts are for 30 years and neither Party has the right or ability to extend this. The Medway contract expires in July 2034 and North Kent in July 2036 at which time the contractors are contractually required to hand the facilities and all furniture, fixtures and fittings provided under the contract, over to the 'Authority' in good condition.

Renewal and termination options

There are no options to renew the contracts. Termination is possible in accordance with the terms and conditions of the respective contract.

Other rights and obligations

The PFI contractors are contractually required to maintain the assets and deliver facilities management services in accordance with the contracts on a 'full risk transfer' basis to the contractors.

Note 27 – Provisions

A provision is a liability representing an amount set aside by the PCC for Kent for specific events or known costs which can be quantified with a degree of accuracy and which the PCC for Kent is reasonably certain it will have to pay. Specific provisions have been made for insurance claims for 2018/19 as follows:

2017/18 £'000's	Provisions include: Outstanding legal cases, injury & damage compensation claims, repayment of pension top up grant and provision to Information Commissioner	2018/19 £'000's
2,532	Balance as at 1st April	**3,341**
1,171	Additional provisions made in year	2,495
(362)	Claims paid in year	(898)
3,341	**Closing balance**	**4,939**

The insurance provision is split between amounts expected to be paid within one year 2018/19 - £2.285m (2017/18 - £1.545m) and those expected to be payable after one year 2018/19 £2.655m (2017/18 £1.796m).

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only)

Police Pension Scheme

When referred to the Police Pension Schemes this includes all Police Pension Schemes including the New Police Pension Scheme where additional disclosure has been provided under Note 32 – Accounting Policies.

Transactions Relating to Retirement Benefits

The Group recognises the cost of retirement benefits in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. The charge the Group is required to make against the Council Tax however, is based on the cash payable in the year and therefore the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement. The following transactions have been made in the Group's accounts during the year.

2017/18 Restated £'000's	Police Officer Pension Schemes (Combined)	2018/19 £'000's
	Comprehensive Income & Expenditure Statement	
	Cost of Services:	
84,700	Current service cost	73,500
200	Past service cost / (gain)	146,800
0	Effect of settlements	0
	Financing & investment Income & Expenditure:	
0	Interest income on plan assets	0
84,200	Interest costs on defined benefit obligations	94,800
0	Impact of Asset Ceiling on net interest	0
169,100	**Total post employment benefit charged to the (surplus) / deficit on the Provision of Services**	**315,100**
	Other post employment benefit charged to the Comprehensive Income & Expenditure Statement:	
(34,200)	Actuarial losses (gains) arising from change in demographic assumptions	(255,100)
(62,600)	Actuarial losses (gains) arising from change in financial assumptions	271,100
198,000	Other experience	(41,400)
270,300	**Total post employment benefit charged to the Comprehensive Income & Expenditure Statement**	**289,700**
	Movement in Reserves Statement	
(169,100)	Reversal of net charges made to the (surplus) / deficit on the Provision of Services for post employment benefits	(315,100)
	Actual amount charged to against the General Fund for Pensions in the year	
68,600	Actuarial Contributions to Fund	**70,900**

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Police Pension Scheme

Assets and Liabilities in Relation to Retirement Benefits

The following table reconciles the present values of the liabilities of the police pension schemes:

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation)

2017/18 Restated £'000's		2018/19 £'000's
3,230,800	**Benefit obligation at start of year**	**3,432,500**
84,700	Current Service Cost	73,500
84,200	Interest on Pension Liabilities	94,800
101,200	Actuarial losses/ (gains)	(25,400)
15,000	Contributions by scheme participants	15,200
200	Past Service Gains	146,800
(83,700)	Benefits paid / (received)	(86,000)
100	Transfers in from / (out to) other authorities	(100)
3,432,500	**Benefit obligation at end of year**	**3,651,300**

Reconciliation of Movements in the Fair Value of the Scheme (Plan)

2017/18 £'000's		2018/19 £'000's
0	**Opening Fair Value of Assets**	**0**
0	Expected return on assets	0
0	Actuarial gains (losses) on assets	0
68,600	Contributions by employer	70,900
15,000	Contributions by participants	15,200
100	Transfers in from / (out to) other authorities	(100)
(83,700)	Net benefits paid out	(86,000)
0	**Closing Fair Value of Assets**	**0**

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Police Pension Scheme

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 Restated £'000's	Police Pension Scheme (Combined)	2018/19 £'000's
3,432,500	Present value of Police Pension Scheme defined benefit obligation	3,651,300
0	Fair value of assets in the Police Pension Scheme	0
3,432,500		**3,651,300**
3,432,500	Net Liability arising from the defined benefit obligation	3,651,300

Basis for Estimating Assets and Liabilities (PPS)

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 Police Pension Schemes have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

The principal assumptions used in their calculations have been:

2017/18 Restated	Mortality assumptions:	2018/19
	Longevity at 65 (60 for Police Officers) for current pensioners:	
29.5	Men	27.3
31.5	Women	29.4
	Longevity at 65 (60 for Police Officers) for future pensioners:	
30.8	Men	28.4
32.8	Women	30.6
3.4%	Rate of inflation (RPI)	3.5%
3.4%	Rate of increase in salaries	3.5%
2.4%	Rate of increase on pensions	2.5%
2.7%	Rate of discounting for scheme liabilities	2.4%
90.0%	Take up of option to convert annual pension into retirement lump sum	90.0%

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Police Pension Scheme

The liabilities show the underlying commitments that the Group has in the long term to pay retirement benefits. The total liability of £3.7billion (£3.4billion – 2017/18 Restated) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit however, mean that the financial position of the Group remains healthy. Police Pensions are charged to the Police Pension Fund Account and any shortfall between the value of pensions paid in the year and the receipts into the Account from the employer and employee contributions is funded from the General Fund. A top-up grant from the Government is then claimed to cover the deficit or, in the event of a surplus, repaid to the Government.

McCloud Consideration

The Chief Constable of Kent Police, along with other Chief Constables and the Home Office, currently has 195 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 December 2018 the Court of Appeal (McCloud / Sergeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in an increase in the defined benefit obligation as at 31 March 2019.

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Local Government Pension Scheme

2017/18 £'000's	Local Government Pension Scheme	2018/19 £'000's
	Comprehensive Income & Expenditure Statement	
	Service Cost	
23,695	Current service cost	24,290
313	Past service cost / (gain)	5,823
0	(Gain) / Loss on curtailments & settlements	0
	Financing & investment Income & Expenditure:	
16,200	Interest costs	15,224
(10,890)	Expected return on assets in the scheme	(10,540)
191	Administration Expenses	202
29,509	**Total post employment benefit charged to the (surplus) / deficit on the Provision of Services**	**34,999**
	Other Post -employment Benefits charged to the Comprehensive Income and Expenditure Statement	
2,494	Return on plan assets (excluding amount included in net interest expense)	21,019
0	Actuarial (losses) gains arising from demographic assumptions	36,372
27,959	Actuarial (losses) gains arising from financial assumptions	(35,278)
0	Experience (losses) gains	0
0	Other	0
(944)	**Total post employment benefit charged to the Comprehensive Income & Expenditure Statement**	**12,886**
	Movement in Reserves Statement	
(29,509)	Reversal of net charges made to the (surplus) / deficit on the Provision of Services for post employment benefits	**(34,999)**
	Actual amount charged to against the General Fund for Pensions in the year	
7,751	Employers contribution payable to the scheme	**8,844**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed asset investments are based on gross redemption yields at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £31.6m (£13.4m - 2017/18).

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Local Government Pension Scheme

Pensions Assets and Liabilities Recognised in the Balance Sheet

2017/18 £'000's	Local Government Pension Scheme	2018/19 £'000's
	Present value of liabilities	
(586,553)	Local Government Pension Scheme	(625,024)
403,951	Fair value of assets in the Local Government Pension Scheme	438,212
(182,602)		(186,812)
0	Other movements in the liability /(asset)	0
	Net liability arising from defined benefit obligation	
(1,890)	Local Government Pension Scheme	(1,722)
(184,492)	**Total**	**(188,534)**

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Local Government Pension Scheme

Reconciliation of Present Value of the Scheme Liabilities

The following tables reconcile the present value of liabilities and assets of the Local Government Pension Scheme attributable to the Group.

2017/18 £'000's	Local Government Pension Scheme	2018/19 £'000's
580,321	**Balance bought forward**	**588,443**
23,695	Current service cost	24,290
16,200	Interest cost	15,224
3,939	Contributions by scheme participants	4,327
	Remeasurement (Gains) and Losses	
0	Actuarial (Gains) / Losses arising from changes in demographic assumptions	(36,372)
(27,959)	Actuarial (Gains) / Losses arising from changes in financial assumptions	35,278
0	Experience (Gains)/Losses on defined benefit obligation	0
313	Past service costs	5,823
0	Losses/(Gains) on curtailments	0
0	Liabilities assumed on entity combinations	0
(7,899)	Benefits paid / transfers paid	(10,117)
0	Liabilities extinguished on settlements	0
(167)	Unfunded pensions payments	(150)
588,443	**Balance carried forward**	**626,746**

Reconciliation of Present Value of the Scheme Liabilities

The Local Government Pension Scheme's assets consist of the following categories, by proportion of the total assets held:

31st March 2018 £'000's	31st March 2018 %		31st March 2019 £'000's	31st March 2019 %
269,557	67	Equities	300,542	69
3,090	1	Gilts	2,813	1
38,622	9	Other Bonds	39,759	9
50,790	13	Property	52,447	12
13,386	3	Cash	7,985	2
28,506	7	Absolute Return Fund	34,666	8
403,951	**100**	**Total**	**438,212**	**100**

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Local Government Pension Scheme

Reconciliation of the Movements in Fair Value of Scheme Assets

2017/18 £'000's	Local Government Pension Scheme	2018/19 £'000's
387,134	**Opening fair value of the scheme assets**	**403,951**
10,890	Interest Income	**10,540**
	Remeasurement gain / (loss)	
2,494	Expected return on assets	21,019
0	Other	0
0	The effect of changes in foreign exchange rates	0
7,751	Employer contributions	8,844
3,939	Contributions by employees into the scheme	4,327
(8,066)	Benefits paid	(10,267)
(191)	Other	(202)
403,951	**Closing fair value of scheme assets**	**438,212**

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

Local Government Pension Scheme

Basis for Estimating Assets and Liabilities (LGPS)

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 Local Government Pension Scheme (LGPS) liabilities have been assessed by Barnett Waddingham, an independent firm of actuaries. Estimates for the LGPS scheme are based on the 10-month valuation of the scheme as at 31 March 2019.

The principal assumptions used in their calculations have been:

2017/18	Local Government Pension Scheme	2018/19
Years	Mortality assumptions:	Years
	Longevity at 65 (60 for Police Officers) for current pensioners:	
23.1	Men	22.0
25.2	Women	24.0
	Longevity at 65 (60 for Police Officers) for future pensioners:	
25.3	Men	23.7
27.5	Women	25.8
%		%
3.3%	Rate of inflation (RPI)	3.4%
2.3%	Rate of inflation (CPI) on which Pensions are based	2.4%
3.8%	Rate of increase in salaries	3.9%
2.3%	Rate of increase on pensions	2.4%
2.6%	Rate of discounting for scheme liabilities	2.5%
50.0%	Take up of option to convert annual pension into retirement lump sum	50.0%

The liabilities show the underlying commitments that the Group has in the long term to pay retirement benefits. The total liability (£188.5m) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet.

Statutory arrangements for funding the deficit however, mean that the financial position of the Group remains healthy. The deficit on the Local Government Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

Note 28 – Defined Benefit Pension Schemes (Group Accounts Only) – (Continued)

McCloud Consideration

The Chief Constable of Kent Police, along with other Chief Constables and the Home Office, currently has 195 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 December 2018 the Court of Appeal (McCloud / Sergeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination

An allowance has been made for the recent Court of Appeal judgement in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively. The estimated impact on the total liabilities at 31 March 2019 has been allowed for as a past service cost and has resulted in an increase in the defined benefit obligation as at 31 March 2019.

Notes supporting the cash flow statement

Note 29 – Cash Flow Statement

2017/18 Group £'000's	2017/18 PCC £'000's	Adjustments to net surplus / deficit on the provision for non-cash movements	2018/19 Group £'000's	2018/19 PCC £'000's
(7,278)	(7,278)	Depreciation on non-current assets	(7,455)	(7,455)
(1,010)	(1,010)	Amortisation of intangible assets	(1,674)	(1,674)
(759)	(759)	Reversals of previous impairments and upwards revaluations	(2,497)	(2,497)
(61)	(61)	Increase / (decrease) in long term debtors	(48)	(48)
(2,267)	(2,085)	(Increase) / decrease in creditors	(1,301)	(989)
(4,457)	(4,457)	Increase / (decrease) in debtors	6,230	6,230
27	27	Increase / (decrease) in stock	26	26
(810)	(810)	(Increase) / decrease in provisions	(1,598)	(1,598)
(122,259)	0	Pensions liability	(270,355)	0
(3,855)	(3,855)	Carrying amount of non-current assets sold	(1,597)	(1,597)
0	0	Other non-cash items to be charged to the net surplus on the provision of services	0	0
(142,729)	**(20,288)**	**Total**	**(280,269)**	**(9,603)**

2017/18 Group £'000	2017/18 PCC £'000's	Adjustments for items in the net surplus or deficit on the provision of services that are investing or financing activities	2018/19 Group £'000	2018/19 PCC £'000's
4,080	4,080	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	1,477	1,477
96	96	Insurance Refund	277	277
245	245	Interest Received	392	392
(4)	(4)	Interest Paid	(15)	(15)
1,444	1,444	Capital Grants applied	1,283	1,283
5,861	**5,861**	**Total**	**3,414**	**3,414**

Note 30 – Cash Flow Statement – Investing Activities

2017/18 Group £'000's	2017/18 PCC £'000's	Investing Activities	2018/19 Group £'000's	2018/19 PCC £'000's
9,123	9,123	Purchase of property, plant & equipment, investment assets and intangible assets	10,714	10,714
384,224	384,224	Purchase of short-term and long-term investments	376,633	376,633
0	0	Other payments for investing activities	0	0
(4,080)	(4,080)	Proceeds from the sale of property, plant & equipment, investment property and intangible assets.	(1,477)	(1,477)
(96)	(96)	Insurance Refund	(277)	(277)
(389,206)	(389,206)	Proceeds from short-term and long-term investments	(396,619)	(396,619)
(245)	(245)	Other receipts from investing activities	(392)	(392)
(1,070)	(1,070)	Capital grant received (Government)	(1,070)	(1,070)
(374)	(374)	Capital grant received (non-Government)	(213)	(213)
(1,724)	**(1,724)**	**Net cash flows from investing activities**	**(12,701)**	**(12,701)**

Note 31 – Cash Flow Statement – Financing Activities

2017/18 Group £'000's	2017/18 PCC £'000's	Financing Activities	2018/19 Group £'000's	2018/19 PCC £'000's
792	792	Cash payments for the reduction of outstanding liabilities relating to finance leases and PFI contracts	1,340	1,340
3	3	Interest Paid	15	15
795	**795**	**Net cash flows from financing activities**	**1,355**	**1,355**

Note 31 – Cash Flow Statement – Financing Activities (Continued)

Financing Activities:	2017/18	Cash Flow Repayment	Non Cash Flow Reclassification to short term	2018/19
PFI Liability	41,775	(1,262)	(1,007)	39,506
Lease Liability	156	(78)		78
Interest paid miscellaneous		(3)		(3)
Interest paid - Temp Borrowing		(12)		(12)
Grand Total	**41,931**	**(1,355)**	**(1,007)**	**39,569**

Other notes

The Accounting Policies have been updated to include the changes to the 2018/19 Code. The following policies apply to the Kent Police Group Accounts and also apply to the Single Entity of the PCC for Kent unless otherwise stated.

Note 32 – Accounting Policies

i. General Principles

The Statement of Accounts summarises the PCC for Kent's (PCC for Kent) transactions for the 2018/19 financial year and its position for the year ended 31st March 2019 and also those of the Kent Police Group. The Accounts and Audit Regulations 2015 require the PCC for Kent to prepare an annual Statement of Accounts in accordance with proper practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 and the Chartered Institute of Public Finance and Accounting (CIPFA) in the United Kingdom 2018/19, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The requirements to use the going concern basis of accounting mean that Kent Police Group do not apply paragraph 25 of IAS 1 Presentation of Financial Statements mandating management to make an assessment of Kent Police Group's ability to continue as a going concern. But instead report on the impact of financial pressures in the Narrative Report – Telling the Story of the Financial Statements, and the relevant liquidity reporting requirements under the Code's adoption of IFRS 7 – Financial Instruments: Disclosures.

The 2018/19 Code Guidance Notes include additional clarification in relation to the Expenditure and Funding Analysis – to provide additional guidance to assist accounts preparers in the preparation of the note.

Any reference to the PCC for Kent hereafter in the Accounting Policies also includes the Kent Police Group unless expressly stated otherwise.

At midnight on the 21st November 2012 all property, rights, assets and liabilities which previously belonged to the Kent Police Authority were transferred to the PCC for Kent. This includes all property, plant and equipment and income. The CC's Accounts show all expenditure related to the delivery of policing services for the year including staff costs, pension costs and the provision for short term compensated absences whilst the PCC's Single Entity Accounts only show those costs directly related to the Office of the PCC.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the PCC for Kent transfers the significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the organisation.

Note 32 – Accounting Policies (Continued)

- Revenue from the provision of services is recognised when the organisation can measure reliably the percentage of completion of the transaction and it is probable that economic benefits or service potential associated with the transaction will flow to the organisation.

- Adoption of IFRS 15 - Revenue from contracts with customers is recognised when goods and or services are delivered and title passed. Activity is accounted for in the year that it takes place.

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.

- Interest receivable on investments and interest payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Acquisitions and Discontinued Operations

The PCC for Kent did not acquire or discontinue any operations in the year 2018/19.

iv. 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. Cash equivalents are investments that mature within three months, ninety days, from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC for Kent's cash management.

v. 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 Kent's financial performance.

Note 32 – Accounting Policies (Continued)

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

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

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

vii. Charges to Revenue for Non-Current Assets

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

- depreciation attributable to the assets used by the relevant 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 fixed assets attributable to the service.

The PCC for Kent is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

vii. Employee Benefits

Benefits Payable During Employment

The majority of staff costs are accounted for within the CC's Statement of Accounts as it is he who has direction and control over them. The PCC for Kent's Accounts only reflect those staff directly employed in the Office of the PCC for Kent. All staff costs are shown in the Kent Police Group statements.

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the PCC for Kent or Kent Police Group. An accrual is made for the cost of holiday entitlements or time off in lieu earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is

Note 32 – Accounting Policies (Continued)

charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Short-term compensated absences are those periods in which an employee does not provide services to the employer but continues to be paid. Compensated absences may be accumulating or non-accumulating.

Accumulating absences are those that are carried forward and can be used in future periods if the current entitlement is not used in full. For Kent Police this includes annual leave, flexi-leave and time off in lieu. Accumulating absences may be vesting or non-vesting. Where vesting, employees who leave are entitled to a cash payment in respect of any unused entitlement; where non-vesting, benefits lapse if an employee leaves before the vesting date.

For Kent Police vesting accumulated short term compensated absences are annual leave and time off in lieu only. Flexi-time is non-vesting. Short term accumulating compensated absences shall be:

- Recognised when employees render services that increases their entitlement to future compensated absences.
- Measured as the additional amount that Kent Police expects to pay as a result of unused entitlement that has accumulated at the Balance Sheet date including associated employer's national insurance contributions.

The Apprenticeship Levy was introduced from 1st April 2017. The Apprenticeship Levy is a charge on all large UK employers with a pay bill of over £3million per annum. Kent Police is required to pay 0.5% of its annual payroll into the Levy and these funds will be used to pay for new apprenticeships.

Payment of the levy is recognised as an employee expense and is recognised as such in accordance with the requirements of section 6.2 (Benefits Payable During Employment) of the code. The Apprenticeship Levy is payable through Pay As You Earn (PAYE) and is payable alongside income tax and national insurance and is accounted in the same way. Any amounts credited to income received in Kent Police's Apprenticeship Scheme will be accounted under Government Grant in accordance with section 2.3 (Government and Non-Government Grants). There were no apprenticeships during 2018/19 therefore no income was received.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the PCC for Kent or the CC for Kent to terminate an employee's contract before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to overheads in the Comprehensive Income and Expenditure Statement. Termination benefits are recorded in the accounts when Kent Police have confirmed and communicated their decision to the termination of the employment of an individual or group of individuals or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by Kent Police to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension

Note 32 – Accounting Policies (Continued)

enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Post-Employment Benefits

Kent Police participates in three different types of pension schemes for police officers and a single scheme for police staff. Post employee benefits are associated with the Kent Police Group and CC's Accounts, they do not materially affect the accounts of the Single Entity for PCC for Kent.

- The Police Pension Scheme (PPS), governed by the Police Pensions Regulations 1987 (as amended).
- The New Police Pension Scheme (NPPS), regulated under the Police Pension Regulations 2006.
- The 2015 Scheme, regulated under the Police Pension Regulations 2015.
- The Local Government Pensions Scheme, administered by Kent County Council.

As a result of requirements under International Accounting Standard 19 (IAS19) the net pensions liability is analysed into several components:

- Service cost – comprising:
  - current service cost being the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked;
  - past service cost – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs;
  - gains or losses on settlements and curtailments – the result of actions to relieve Kent Police of liabilities or events that reduce the expected future service or accrual of benefits of employees – debited or credited to the Surplus or Deficit on the Provision of Services in 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 – debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;

- Re-measurement of the net defined benefit liability – comprising:
  - expected return on assets – the annual investment return on the fund assets attributable to Kent Police, based on an average of the expected long-term return – credited to the Pension Reserve;
  - actuarial gains and losses arising on changes in demographic assumptions– changes in the net pensions liability that arise because experience has not reflected the demographic assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve;
  - actuarial gains and losses arising on changes in financial assumptions– changes in the net pensions liability that arise because experience has not reflected the financial assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – debited to the Pensions Reserve;

- contributions paid to the pension fund – cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

Note 32 – Accounting Policies (Continued)

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by Kent Police to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the impact to the General Fund of being required to account for retirement benefits based on cash flows rather than as benefits are earned by employees.

Accounting and Reporting by Pension Funds has been updated to reflect the 2018/19 Code's requirements for the new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Police Pension Schemes

All Police schemes are contributory occupational pension schemes with officers making varying levels of contributions dependent on their salary level. Contributions to both the old and new Police pension schemes have three tiers as follows:

Salary Level	Police Pension Scheme 2018/2019 (2017/2018) % Contribution Rate	New Police Pension Scheme 2018/2019 (2017/2018) % Contribution Rate	CARE Scheme From 1st April 2015 2018/2019 (2017/2018) % Contribution Rate
Under £27,000 pa	**14.25%** (14.25%)	**11.00%** (11.00%)	**12.44%** (12.44%)
£27,000 to £59,999 pa	**14.25%** (14.25%)	**12.05%** (12.05%)	**13.44%** (13.44%)
£60,000 pa or more	**15.05%** (15.05%)	**12.75%** (12.75%)	**13.78%** (13.78%)

The Police Pension Account was set up on 1st April 2006 to administer all Police pension schemes.

The Police pension schemes are defined benefit schemes (without managed pension assets). The employer's contribution for each serving officer is common to all schemes at 21.3% of pensionable pay. This is set nationally and is subject to a three-yearly review. Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19. The net liability and a pensions reserve incorporating all pension schemes have been recognised in the Balance Sheet, as have entries in the Comprehensive Income and Expenditure Account for movements in the asset / liability relating to the defined benefit schemes. Transfers into and out of the schemes representing joining and leaving the Police are recorded on a cash basis in the Pension Account as a result of the time taken to finalise the sums involved.

Note 32 – Accounting Policies (Continued)

The liabilities of the Police pension schemes attributable to Kent Police are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. and assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates and projections of earnings for current employees.

Liabilities as well as anticipated gains and losses are discounted to their value at current prices using a discount rate prescribed by the Funds' Actuaries.

The Local Government Pension Scheme

The Local Government Pension Scheme is a contributory occupational pension scheme with Police staff making contributions in accordance with the table below dependent on their salary level.

The Local Government Scheme is accounted for as a defined benefits scheme.

Salary Level	LGPS Rate up to 31st March 2019 %
Up to £14,100 pa	5.5
£14,101 to £22,000 pa	5.8
£22,001 to £35,700 pa	6.5
£35,701 to £45,200 pa	6.8
£45,201 to £63,100 pa	8.5
£63,101 to £89,400 pa	9.9
£89,401 to £105,200 pa	10.5
£105,201 to £157,800 pa	11.4
More than £157,801 pa	12.5

The liabilities of the pension fund attributable to Kent Police are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, and projections of projected earnings for current employees.

Liabilities are discounted to their value at current prices. The assets of the pension fund attributable to Kent Police are included in the Balance Sheet at their fair value:

- quoted securities – current bid price
- unquoted securities – professional estimate

Note 32 – Accounting Policies (Continued)

- unitised securities – current bid price
- property – market value.

Discretionary Benefits

Kent Police also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

ix. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when 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 are indicative of 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 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.

x. Financial Instruments

Adoption of IFRS9

The Kent Police Group has adopted IFRS 9 Financial Instruments with effect from 1st April 2018. The main changes include the reclassification of financial assets and the earlier recognition of the impairment of financial assets.

Financial Liabilities

Financial liabilities, which includes trade payables (creditors) are recognised on the Balance Sheet when the PCC for Kent becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost.

The PCC for Kent's financial liabilities comprise: Trade and other payable, a finance lease and two Private Finance Initiatives funded schemes (PFIS's).

Note 32 – Accounting Policies (Continued)

Financial Assets

When an authority first recognises a financial asset, it classifies it based on the authority's business model for managing the asset and the asset's contractual cash flow characteristics, as follows:

Amortised cost—a financial asset is measured at amortised cost if both of the following conditions are met:

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets measured at amortised cost are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the authority, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Fair value through other comprehensive income - financial assets are classified and measured at fair value through other comprehensive income if they are held in a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Fair value through profit or loss - any financial assets that are not held in one of the two business models mentioned are measured at fair value through profit or loss. Kent Police do not hold any investment within this category as of 31st March 2019.

Financial assets are classified into three types:

- Level 1 – Assets include listed stocks, bonds, funds or any assets that have a regular "mark to market" mechanism for setting a fair market value. These assets are considered to have a readily observable prices and therefore a reliable, fair market value.
- Level 2 – Assets are financial assets that do not have regular market pricing, but whose fair value can be determined based on other data values or market prices.
- Level 3 – Assets are assets whose fair value cannot be determined by using observable inputs or measures, such as market prices or models. Level 3 assets are typically very illiquid and fair values can only be calculated using estimates or risk adjusted value ranges.

The PCC for Kent's financial assets include: investments – bank and building society deposits, with other Local Authorities, money markets and CCLA local authority property fund; trade receivables (debtors) and cash and cash equivalents which are all classified as loans and receivables, also assets that have fixed or determinable payments but are not quoted in an active market.

Note 32 – Accounting Policies (Continued)

Expected Losses

The expected losses are calculated on trade creditors using a loss rate per ageing of the outstanding balances and the Floating Rates Notes loss is calculated using a probability of AAA investment default of 0.04% times 25% loss. The total expected loss for 2018/19 amounted to £120k and it was considered immaterial for the accounts.

Creditors ageing period	Loss rate
Current	0.50%
1 - 30 days past due	2.50%
31 -60 days past due	4.50%
61 - 90 days past due	7.50%
> 90 days past due	15.00%

xi. Foreign Currency Translation

Where the PCC for Kent has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

xii. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to PCC for Kent when there is reasonable assurance that:

- the PCC for Kent 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 Kent are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future 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.

Note 32 – Accounting Policies (Continued)

Monies advanced as grants and 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 (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where 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 reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xiii. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the PCC for Kent as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the PCC for Kent.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the PCC for Kent will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the PCC for Kent can be determined by reference to an active market. In practice, no intangible asset held by the PCC for Kent meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service line(s) in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds, the Capital Receipts Reserve.

xiv. Interests in Companies and Other Entities

The PCC for Kent has a contractual relationship with Kent County Council for some services including Treasury Management and Pensions administration. Collaborative work is on-going with Essex Police and 7 Forces aimed at increasing service provision and quality whilst reducing costs wherever possible. Examples of this include a joint Serious Crime Directorate as well as a number of support services functions. These are accounted for under IFRS 10, Consolidated Financial Statements; IFRS 11, Joint Arrangements & IFRS 12, Disclosure of Interests in Other Entities rules.

Note 32 – Accounting Policies (Continued)

The PCC for Kent does not however, have any interests in companies or other entities that have the nature of subsidiaries, associates or joint ventures except for the relationship between the PCC for Kent, the CC for Kent, Kent Fire and Rescue Service (KFRS) and West Midlands Police, and is therefore only required to prepare group accounts on this basis.

xv. Inventories

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. For Kent Police this includes specialist equipment such as speed cuffs and ASPs, as well as vehicles parts and fuel held at the Transport Services workshops. Uniform stores are contracted out to an external supplier with only sizing samples being retained centrally.

xvi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

The PCC for Kent also have several former police houses which it rents to private individuals on short term agreements. These assets are therefore classified as investment properties.

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are revalued sufficiently to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.
Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and for any sale proceeds, the Capital Receipts Reserve.

xvii. Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the PCC for Kent in conjunction with other partners that involve the use of the assets and resources of the partners rather than the establishment of a separate entity. The PCC for Kent recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

Note 32 – Accounting Policies (Continued)

The PCC for Kent has two such agreements:

- The Joint Serious Crime Directorate;
- The Joint Support Services Directorate which includes HR, Learning & Development, Information Services, Procurement, Transport and Business Services Department.

Each of these is jointly controlled between the Police Forces of Kent and Essex.

xviii. Heritage Assets

Accounting for Heritage Assets is in line with FRS30 and Code of Practice section 4.10. No single item held by the Kent Police Museum is considered to be above the PCC for Kent's de-minimis limit for capitalisation. In order to meet the requirements of the Code of Practice and FRS 30 (Heritage Assets) the estimated total value of the assets has been pooled and is shown as a single item. Individual item values have been ascertained by the museum curator and Force insurance team.

xix. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

The Police and Crime Commissioner for Kent as Lessee

Finance Leases

Property, plant and equipment held under finance leases are recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the PCC for Kent are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred.

Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

Note 32 – Accounting Policies (Continued)

Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the PCC for Kent at the end of the lease period).

The PCC for Kent is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and

revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting 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 (e.g. there is a rent-free period at the commencement of the lease).

The Police and Crime Commissioner for Kent as Lessor

Operating Leases

Where the PCC for Kent grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xx. Overheads and Support Services

Overheads are apportioned, and the costs of support services are fully allocated to the Net Cost of Services.

xxi. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as non-current assets. Spending on these assets is capitalised if the asset

Note 32 – Accounting Policies (Continued)

will bring benefits to the PCC for Kent for more than one year and was in excess of the PCC for Kent's agreed de-minimis level for capital expenditure of £12,000. All motorised vehicles are also classified as non-current assets regardless of their cost or value at acquisition.

Recognition

Expenditure on the acquisition, creation or enhancement of non-current assets is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the PCC for Kent and the cost of the item can be measured reliably. 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 as an expense to the Comprehensive Income & Expenditure Statement when it is incurred.

Measurement

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 Kent does not capitalise borrowing costs incurred whilst assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value. Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the Taxation and Non-Specific Grant Income line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the Donated Assets Account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance to the Capital Adjustment Account in the Movement in Reserves Statement.

Assets are then carried in the Balance Sheet using the following measurement bases:

- assets under construction – depreciated historical cost
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

IFRS 13 defines Fair value (FV) as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Therefore, the asset classes are measured as follows:

- Operational Buildings and non-specialised – Measured at Existing Use Value
- Surplus Assets – Measured at Fair Value in accordance with section 2.10 (IFRS 13)
- Non-active market / specialised – Measured at Depreciated Replacement Cost (RICS UKGN2). For example, Custody Buildings.

Note 32 – Accounting Policies (Continued)

IFRS 13 – Code impact

- Operational PPE measured at service potential (current value) – no change in measurement requirements.
- Surplus assets measured for their economic benefits at FV under IFRS 13 from 2015/16.
- Investment properties –highest and best use.
- Liabilities –best transfer price.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, such as a custody suite or police station with an integral custody suite, depreciated replacement cost (DRC) is used as an estimate of fair value.

Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

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

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) 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.

Impairment

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 possible 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 for the shortfall.

Note 32 – Accounting Policies (Continued)

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) 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.

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (ie assets under construction).

Depreciation is calculated on the following bases:

- buildings – straight-line allocation over the useful life of the property as estimated by the valuer;
- vehicles, plant, furniture and equipment – straight-line allocation over the useful life of each asset, as advised by a suitably qualified officer.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets 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.

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount 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. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Note 32 – Accounting Policies (Continued)

Assets classified as held for sale on the balance sheet satisfy the following criteria laid down by the International Accounting Standards Board:

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable, senior management must be committed to the plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to be completed within one year of the date of classification.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) 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 (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also 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 accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used for new capital investment. Receipts are appropriated to the 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 fixed 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.

xxii. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the PCC for Kent is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the PCC for Kent at the end of the contracts for no additional charge, the PCC for Kent carries the assets used under the contracts on its Balance Sheet as part of Non-current assets.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the PCC for Kent.

Note 32 – Accounting Policies (Continued)

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement;
- finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement;
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease);
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xxiii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives the PCC for Kent 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. For instance, the PCC for Kent may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the PCC for Kent becomes aware of the obligation and are 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 – where it becomes less than probable that a transfer of economic benefits will now 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 required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the PCC for Kent settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the PCC for Kent a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PCC for Kent. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Note 32 – Accounting Policies (Continued)

Contingent Assets

A contingent asset arises where an event has taken place that gives the PCC for Kent a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the PCC for Kent.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxiv. Reserves

The PCC for Kent sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the 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 that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC for Kent – these reserves are explained in the relevant policies.

xxv. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

Note 33 - Accounting Standards Issued, Not Adopted

Paragraph 3.3.2.13 of the 2018/19 Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

The standards that may be relevant for additional disclosures that will be required in 2018/19 and 2019/20 financial statements in respect of accounting changes that are introduced in the 2018/19 Code are:

- IFRS 16 Leases – Will require Local Authorities that are lessees to recognise most leases on their balance sheets as right-of-use assets with corresponding lease liabilities (there is recognition for low-value and short-term leases). In December 2018, CIPFA issued a Statement from the CIPFA/LASSAC Local Authority Accounting Board announcing that Implementation of IFRS 16 Leases to be deferred until 1st April 2020.

Note 34 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates.

The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amount of assets and liabilities in the next financial year are listed below:

Police Pension Schemes (Group Accounts Only)

The range of sensitivities regarding the principal assumptions used to measure the combined Police Pension Schemes' liabilities are set out below:

Sensitivity analysis	£'000's	£'000's	£'000's
Adjustment to discount rate	0.50%	0.00%	-0.50%
Present value of total obligation	3,275,725	3,651,300	4,026,875
Projected service cost	56,828	73,500	90,172
Adjustment to member life expectancy	+1 year	None	-1 Year
Present value of total obligation	3,760,844	3,651,300	3,541,756
Projected service cost	75,925	73,500	71,075
Adjustment to salary increase rate	0.50%	0.00%	-0.50%
Present value of total obligation	3,702,611	3,651,300	3,599,989
Projected service cost	73,641	73,500	73,359
Adjustment to pension increases and deferred revaluation	0.50%	0.0%	-0.50%
Present value of total obligation	3,948,005	3,651,300	3,354,595
Projected service cost	81,476	73,500	65,524

Note 34 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (Continued)

Local Government Pension Scheme

The sensitivities regarding the principal assumptions used to measure the Local Government Pension Scheme are set out below:

Sensitivity analysis	£'000's	£'000's	£'000's
Adjustment to discount rate	0.10%	0.00%	-0.10%
Present value of total obligation	612,728	626,746	641,099
Projected service cost	24,462	25,160	25,880
Adjustment to member life expectancy	+1 year	None	-1 Year
Present value of total obligation	648,973	626,746	605,282
Projected service cost	26,024	25,160	24,325
Adjustment to salary increase rate	0.10%	0.00%	-0.10%
Present value of total obligation	628,446	626,746	625,062
Projected service cost	25,160	25,160	25,160
Adjustment to pension increases and deferred revaluation	0.10%	0.00%	-0.10%
Present value of total obligation	639,392	626,746	614,392
Projected service cost	25,879	25,160	24,461

Police Pension Scheme and LGPS

Information from the Actuaries is reviewed against the information previously provided and market commentaries for reasonableness and compared with other Force's expectations and returns through the PACCTS network. The tables included above are taken directly from the actuarial statements.

Given the high values for the liabilities in the pension's schemes they are susceptible to small fluctuations in discount rates etc. causing relatively large variation in the values. This is why the sensitivity analysis tables have been included in the Statement of Accounts.

Note 34 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (Continued)

Insurance Provisions

Reliance is placed on the OPCC's actuaries for the provision and insurance reserve. As these figures are a professional estimate of a future liability or the possibility of a future liability they are liable to change, either upwards or downwards.

The overall liability on the balance sheet for insurance (including the reserve) is around £6.4m so only large variances from the professional view of the experienced actuary would generate a material change in the valuation of the liability. This is not expected to be the case and for this reason no sensitivity analysis is included in the Accounts.

Property, Plant and Equipment

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the OPCC will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.

If useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls.

It is estimated that the annual depreciation charge for buildings would increase by £0.05m for every year that useful lives had to be reduced.

The financial uncertainty around the UK's future relationship with the EU may impact on the property portfolio in 2019. In addition to the above during the financial period the RICS issued a warning to valuers to be aware of the potential for significant changes in value in the retail property market. It has therefore been recommend that the valuation is kept under regular review.

The potential impact of a 10 % variation is +/- £17.8m

Collection Fund

Calculation of the collection fund is taken as an average of the last three years' actual statements received by the local councils. As these figures are an estimate they are liable to change, either upwards or downwards upon receipt of all statements.

The amount forecasted against the actuals received for the 31st March 2019 (following publication of the Draft Statement of Accounts) has an overall impact the CIES of £0.4 million.

Note 34 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty (Continued)

Other

The long-term impact of the UK's exit from the EU remains unclear as does the political situation across Europe, especially France with the possible implications this has for policing the border and the estate necessary to facilitate this. Until such time when the implications can be quantified no adjustments to the Accounts are proposed.

The Policing Minister stated in the letter to PCCs in December that no change is expected to the apportionment methodology applied by the Home Office for the Police Grant until the next Comprehensive Spending Review.

The main assumption about the future is that the funding received from the Home Office grant will continue in line with the 2018/19 settlement. The precept has been increased by a further £24.00 per Band D property. The Force and OPCC is mindful of political changes and influence over this along with the expectation to collaborate with the Fire Service overall however this is not expected to change the going concern status of Kent Police.

Note 35 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 32, the PCC for Kent has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements made in the Statement of Accounts are:

There remains some uncertainty about future levels of funding for Forces in England and Wales due to the proposed changes to the way the Police Grant is allocated. However, the PCC for Kent has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the PCC for Kent might be impaired as a result of a need to close facilities and reduce levels of service provision.

The PFI accounting models which calculate the future liabilities for interest and capital repayments are based on the current retail price index (RPIx, which excludes mortgage interest) as listed by the Office of National Statistics. This is reviewed annually, with any change affecting the current year and future years' charges.

The Pensions liability relating to both Police Officers and staff has been valued in line with the Consumer Price Index as opposed to the Retail Price Index. This change was introduced by the Chancellor of the Exchequer in his Emergency Budget in June 2010.

The Head of Estates Services and Kent and Essex Head of Information Services were consulted with regard to any impairment of assets under their jurisdiction in the financial year. Other than the changes to the Estate valuation as part of the annual revaluation process, no other impairment of assets were declared. Please refer to Note 40.

Note 36 - Events After the Balance Sheet Date

The Statement of Accounts was authorised for issue by the CFO on 31 July 2019. Events taking place after this date are not reflected in the financial statement or notes. Where events taking place before this date provided information about conditions existing at 31st March 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information.

Note 36 – Events After the Balance Sheet Date (Continued)

McCloud case

Earlier than expected, the Supreme Court denied the Government's request for an appeal in the McCloud case in respect of age discrimination and pension protection on the 27th June 2019. Therefore, the estimated impact on the total liabilities at 31st March 2019 has been allowed for as a past service cost, impacting the Net Cost of Services by £152m (£147m related to police pension fund and £5m related to the LGPS) . The significant increase predominately relates to the change under IAS 26, for the recent Court of Appeal judgement in relation to the McCloud & Sergeant cases which relate to age discrimination within the Judicial & Fire Pension schemes respectively.

Note 37 – Related Parties

The PCC for Kent is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the Kent Police. Disclosure of these transactions allows readers to assess the extent to which the PCC for Kent might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the PCC for Kent.

Central Government

Central government has effective control over the general operations of the PCC for Kent – it is responsible for providing the statutory framework within which the PCC for Kent operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the PCC for Kent has with other parties (e.g. council tax bills).

Officers

The Kent Police Chief Officer team led by the CC has direct control over all operational decisions and the day-to-day running of the service as well strategic decision making in conjunction with the PCC. All Chief Officers have been contacted and there are no related party transactions to disclose for 2018/19.

The PCC, Chief Executive, and CFOs for the PCC & CC of Kent were also contacted as they have influence over strategic decisions of Kent Police. The PCC's spouse is a councillor elected to Sevenoaks District council with whom Kent Police shares a building. As part of Kent District, Kent Police receive precept income from Sevenoaks District Council in the region of £8.6m, 8% of total precept income. There are no other related party transactions to disclose for 2018/19.

Other Public Bodies

The PCC for Kent has a number of business relationships with public organisations such as local authorities in Kent and other Police Forces in England and Wales mainly Kent County Council, Essex Police and West Yorkshire Police for the National Police Air Service (NPAS).

Kent County Council provides Treasury Management and Pensions services to Kent Police and also provides a range of supplies and services through their commercial services departments. These include provision of utilities such as gas and electricity as well as photocopier agreements and printing. Contributions are also made to partnership programmes for crime reduction.

Note 37 – Related Parties (Continued)

Kent Police has two main collaborative agreements with Essex Police covering Serious Crime and Support Services and ITD. Each of these are categorised as jointly controlled operations as each Force uses and retains its own assets in the provision of the joint service rather than creating a legal entity separate to Kent Police and Essex Police.

Jointly Controlled Operations are further explained in Note 38.

Kent Police paid £610,200 in 2018/19 (£633,276 in 2017/18) to the National Police Air Service for air support as part of a national framework.

The table below shows the total income and expenditure against the Group's related parties.

Related Party 2018/19	Income	Expenditure	Debtors	Creditors
			as at 31st march 2018	
UK Government	(2,989)	1,523	(15,939)	312
Local Authorities	(87)	4,699	0	37
Essex	(11,558)	11,208	(467)	433
KCC	(169)	15,684	(74)	322
Other Local Authorities	(3,828)	1,806	(767)	1,021
Total	**(18,630)**	**34,921**	**(17,247)**	**2,125**

Note 38 – Jointly Controlled Operations (Group Accounts Only)

Jointly controlled operations are explained in Note 32 of the Accounting Policies on page 174. The following table illustrates the net expenditure relating to each of the seven operations Kent Police is involved with in partnership with Essex Police. The amounts do not necessarily illustrate the amounts spent on fully collaborated functions however, only the total expenditure on jointly managed departments.

The Serious Crime Directorate

SCD is working across Kent and Essex to provide intelligence and support to target and tackle anyone involved in serious criminality in our neighbourhoods, from home grown criminal networks within our own communities, to criminals who travel into Kent and Essex to commit offences.

The Directorate is one of the largest in UK policing dedicated to tackling serious and organised crime, with over 1,000 officers and staff working together across both counties.

2017/18		2018/19
£'000's		£'000's
27,296	The joint Serious Crime Directorate	27,504
884	The joint Procurement Unit	630
16,134	The joint Information Services Directorate	17,621
4,723	The joint Transport Services Department	4,865
3,067	The joint Human Resources Department	3,131
6,417	The joint Business Services Department	5,958
3,240	The joint Estate Department	0
61,761	**Total**	**59,709**

Note 38 – Jointly Controlled Operations (Group Accounts Only) - (Continued)

The Directorate includes the following departments:

- Major Crime;
- Forensics;
- Serious and Organised Crime;
- Intelligence; and
- Cyber Crime.

The Support Services Directorate

The Support Services Directorate (SSD) provides specialist services to Kent Police and Essex Police and includes the following departments:

Procurement

Procurement Services aim to deliver world-class procurement to all our customers while ensuring that both Forces obtain VfM. The department make sure contracts are in place to deliver a range of services for both Kent Police and Essex Police, from uniforms to printing. Over the last year a Seven Forces (7F) Procurement Team has been operable covering Kent, Essex, Bedfordshire, Hertfordshire, Cambridgeshire, Norfolk and Suffolk Police Forces, the aim of this team is gain savings from increased buying power and standardisation and a business case is currently in place which proposes the assimilation of the Kent Police and Essex Police Procurement Services Team into the new 7F Procurement Team.

IT Services

IT Services provide the two organisations of Essex Police and Kent Police with a comprehensive range of technology services and functions, including day to day support of over 500 business applications that enable police officers and staff to carry out their operational roles, integration and development of new products, a joined up network and communications structure across both Forces, data storage, and the supply of a variety of user devices, including desktops, laptops, and telecoms equipment. The priority is to provide a first-class service to the customer base, enabling better policing decisions and flow of information to the public of Kent and Essex through efficient, effective IT solutions. They are continuously looking to evolve the services they deliver in a world of fast-changing technology refresh, whilst ensuring the provision of VfM in supporting front-line policing.

Transport Services

Transport Services supports cost efficient policing in Kent and Essex through the provision of vehicles and services, delivered to high standards, ensuring the operational effectiveness and safety of officers, staff and the public. The Transport Management team costs are shared between Kent Police and Essex Police.

Note 38 – Jointly Controlled Operations (Group Accounts Only) - (Continued)

Business Services

Business Services carry out a range of high volume transactions and fully collaborated, in December 2016, with Essex to provide first level advice from one Business Centres at Great Dunmow in Essex. The department also manages local facilities and administration services delivery teams at both HQ's and other operational bases across both Forces and supports users accessing self-services and administers processes across a wide range of support services functions for all officers and staff as well as for and on behalf of other Departments in the Support Services Directorate. The Head of Business Services and three deputies, one each for HR, Finance and Facilities are jointly funded between Essex Police and Kent Police. The department is 50:50 shared costs between Kent Police and Essex Police since December 2016.

Human Resources

The joint HR structure provides efficiency of resources and resilience enabling greater harmonisation of systems and processes across all services provided. HR delivers a comprehensive, professional and business focussed service across both Kent and Essex. The department covers Diversity and HR Strategy; Resourcing; Learning and Development; Health Services and Performance Improvement.

Estates Resources

From the 1st August 2017 the Estate Services department decentralised back to their original Entities. From 1st April to 31st July 2017 the Estates Services department provided an in-house professional property service to the organisations of Kent Police and Essex Police and also to the public who visit our buildings. During this period the Estate's Service department were 50:50 shared costs between Kent Police and Essex Police.

Kent Police has a 120,000m2 property portfolio with some 80 operational properties ranging from offices, custody suites and workshops through to highly specialised training facilities and telecommunications masts.

Note 39 – Jointly Controlled Assets

The PCC for Kent and the PCC for Essex have jointly purchased assets on a 50:50 ratio for the Serious Crime Directorate and Information Services Directorate in 2018/19, with the exception of ERSOU. The PCC of Kent accounts for this purchase in accordance with IFRS 11 and IFRS 12.

Jointly controlled assets involve the joint control, and often the joint ownership, of assets dedicated to the joint venture. Each partner may take a share of the output from the assets and each bears a share of the expenses incurred.

IAS 31 requires that the partner should recognise in its financial statements its share of the joint assets, any liabilities that it has incurred directly, and its share of any liabilities incurred jointly with the other partners, income from the sale or use of its share of the output of the joint venture, its share of expenses incurred by the joint venture and expenses incurred directly in respect of its interest in the joint venture. [IAS 31.21].

Note 39 – Jointly Controlled Assets - (Continued)

The joint Serious Crime Directorate and Information Services Directorate have jointly purchased the following in 2018/19:

Jointly Controlled Assets - 50% contribution	Total value of the Joint Asset as of 31 March 2019 £'000's	% Contributed
IT Department		
Network Infrastructure Upgrade	565	50%
Single Desktop Programme	14	50%
IT Service Management Tool	53	50%
Mobile Data Terminals	0	50%
Video Conferencing	133	50%
Visual Media Project	230	50%
Dislexia Licence	23	50%
Siraview Licence	50	50%
Soceasi perpetual licence for Mobile Data	22	50%
Deskalerts Licence	0	50%
Website Kentico Licence	85	50%
Storm Gazetter load of addressBase Data and matchi	20	50%
Emergency Services Mobile Communications Programme	82	50%
Fusion - Intelligence Software	342	50%
Perimeter Monitoring Software	50	50%
Serious Crime Department		
Laser for Forensics	18	50%
DNA Clean Room	90	50%
SCD - Superglue cabinet	14	50%
Covert Equipment	284	50%
ERSOU 7F - Enterprise House	1,647	11%
ERSOU K&E - Cyber Security	39	50%
Total	**3,761**	

Note 40 – Impairment Losses and Changes in Estimation Basis

The total net decrease of the revaluations on the asset register as of 31st March 2019 is £2.4m (£2.2m CI&E & £0.2m in the Revaluation Reserve), the main reasons for the decrease in value are:

- The adjustments in the location factor
- Changes in obsolesces for the specialist properties (DRC methodology)
- Valuation methodology for properties transferred from one asset class into a different asset class.

A review was undertaken by the Heads of IT, Estates and Transport as at 31st March 2019 to identify any issues with the net book value of assets held and managed by these departments.

There were no impairments identified other than the impact on the revaluation.

Note 41 – Contingent Liabilities

The PCC and CC recognise material contingent liabilities, which arise from past events, whose existence can only be confirmed by the occurrence of one or more uncertain future events, which are not wholly within the PCC's and the CC's control.

The CC for Kent Police, along with other CCs has a contingent liability arising from the Allard and Others vs Devon and Cornwall Police legal case. This case arises from under-cover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments arising from having to take telephone calls throughout the course of their duties and outside of their normal working hours. The case was upheld against Devon and Cornwall at the High Court and the ruling applies to all other Home Office Forces.

Whilst the outcome of the legal case is not in doubt the timings and amount of any payments due to the claimants are yet to be ascertained. Work remains ongoing by all Forces to identify all claims and the quantum of each payment that is due. For these reasons no provision has been made in the 2018/19 Statement of Accounts. Although we are stating to make some payments under Allard the remaining ones are yet to be quantified and timing remain uncertain.

Note 42 – Contingent Assets

There were no contingent assets at the balance sheet date.

Note 43 – Nature and Extent of Risks Arising from Financial Instruments

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

Credit risk – the possibility that other parties might fail to pay amounts due to the PCC for Kent.

Liquidity risk – the possibility that the PCC for Kent might not have funds available to meet its commitments to make payments to its suppliers and creditors.

Note 43 – Nature and Extent of Risks Arising from Financial Instruments (Continued)

Market risk – there are three types of market risk: price risk, foreign exchange risk, and interest rate risk.

- Foreign exchange risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates.
- Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. The PCC for Kent has fixed rate, fixed term investments so is not impacted by this risk for assets but could be for liabilities as follows:
- Price risk - the possibility that financial loss might arise for the PCC for Kent as a result of changes in such measures as interest rates.

Risk management focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. This service is undertaken by Kent County Council Treasury Management Department on behalf of the PCC for Kent.

The PCC for Kent does not generally allow credit for general debtors beyond 30 days, such that of the £6.3m of trade debtors (invoices raised) at 31st March 2019, £0.6m is past its due date for payment and can be analysed by age as follows.

2017/18 £000's		2018/19 £000's
273	Less than three months	479
95	Three to six months	103
116	Six months to one year	5
65	More than one year	24
549	**Total**	**611**

A total of £0.03m incorporating many of the older debts, has been included in the 2018/19 accounts as a provision for debt impairment effectively reducing the value of debtors on the Balance Sheet.

Following the economic downturn and events in the financial markets, the requirement for Governments to guarantee support for their banks and the performance of rating agencies, the Treasury Management Strategy is updated annually by the CFO to reflect current circumstances. This is reviewed by the JAC before being approved by the PCC before the start of each financial year.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC for Kent's customers. Deposits are made with banks and financial institutions by the Treasury Management department of Kent County Council in accordance with the PCC's risk-based investment strategy and on advice from ratings companies who specialise in analysing financial institutions for investment purposes. The Treasury Management strategy stipulates the minimum credit quality of counterparties for inclusion in the lending list.

Note 43 – Nature and Extent of Risks Arising from Financial Instruments (Continued)

Liquidity risk

Except for Private Finance Initiatives (see note 26) Kent Police is debt free as at 31st March 2019 and is predominately funded through Government grants; due to this there is no significant risk that it will not be able to meet its commitments under financial instruments. The PFI liability is also supported by a Home Office grant which further reduces the potential liquidity risk.

The PCC for Kent has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the PCC's borrowing strategy addresses the key issue of affordability without compromising the longer-term stability of the organisation. With short-term interest rates currently much lower than long-term rates, it is likely to be more cost effective in the short-term to either use internal resources, or to borrow short-term loans instead. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the PCC is able to reduce net borrowing costs (despite foregone investment income) and reduce overall treasury risk.

To cover short-term commitments, the PCC for Kent maintains an instant access account and on call deposit accounts in line with a detailed cash management plan, minimising the requirement to realise an investment before it reaches final maturity.

Any funds identified for longer term investments are used to diversify into more secure and / or higher yielding asset classes. This increases returns over the longer term but reduces liquidity in the short term. The PCC has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected payments within a rolling three-month period, without additional borrowing as part of the Treasury Management Strategy.

All trade creditors and other payables are due to be paid by the PCC for Kent in less than one year. The repayments on the two Private Finance Initiatives (PFI) buildings are tabulated in note 26 of this statement.

Market risk

<u>Foreign exchange risk</u>

All Euro bank account balances have been transferred into sterling therefore reducing any foreign exchange risk to nil, although Kent Police holds only minimal foreign exchange floats.

<u>Interest rate risk</u>

The PCC for Kent is exposed to risk in terms of its exposure to interest rate movements on its borrowings (under the PFI contracts) and investments although changes in interest rates on Kent Police's investments are not significant.

Repayments against the PFI for the interest element of the charge will increase the amounts payable and have a corresponding increase in the amounts paid through the Comprehensive Income and Expenditure Statement. The PFI contracts held by the PCC for Kent are comprised of two elements, capital repayment which is fixed and the service charge and interest which is variable based on the retail price index excluding mortages (RPIX). If this index were to increase by 1% the net effect would be an increase in cost to the Comprehensive Income and Expenditure Account of £0.05m. A 1% decrease in the value of RPI would see a corresponding decrease.

Note 43 – Nature and Extent of Risks Arising from Financial Instruments (Continued)

As part of the diversification of investments the PCC's Treasury Management Strategy has invested in the CCLA a Local Authority Property Fund. Investment in a property fund offers enhanced returns over the longer term, which should help mitigate inflation risk, but can be more volatile in the short term. Therefore, a longer term investment view is taken to absorb changes in the capital value of the fund whilst receiving income / dividend payments on a regular basis. These funds are a long-term investment and have no defined maturity date, however these are available for withdrawal after a notice period. The performance and continued suitability in meeting the PCC's investment objectives will be monitored regularly.

Price risk

The PCC for Kent does not invest in equity shares or other similar financial instruments and therefore has no exposure to losses arising from movements in the price of shares.

Note 44 – Date of Authorisation of Statement of Accounts for Issue

The Statement of Accounts was authorised for issue on 31 July 2019 by Mr Robert Phillips, CFO to the PCC.

Supplementary accounts

Police Officer Pension Fund Account

2017/18 £'000's		2018/19 £'000's
	Contributions receivable	
(23,433)	Police and Crime Commissioner for Kent	(24,310)
(15,031)	Serving Police Officers	(15,364)
(874)	Capital equivalent payment for ill-health	(620)
	Transfers In	
(191)	Individual transfers in from other schemes	(407)
(39,529)	**Total Receipts**	**(40,701)**
	Benefits payable	
67,110	Pensions	70,591
15,718	Commutations and lump sum payments	16,579
114	Lump sum death benefits	0
	Payments to and on account of leavers	
96	Refund of contributions	91
0	Individual transfers out to other schemes	388
	Benefits payable - backdated in respect of Milne v Gad	
80	Additional lump sum adjustments and interest paid in 2017/18	20
(27)	Less surplus of Milne v GAD funds previously paid by the Home Office	0
	Adjustment to Previous Pension Fund accounts	
1	Pensioner allowances paid in earlier year's	0
83,093	**Total Payments**	**87,670**
43,563	Sub-total for the year before transfer from Police and Crime Commissioner for Kent of amount equal to the deficit	**46,969**
(40,258)	Transfer of amount from the PCC of amount equal to the deficit - benefits (21.3%)	**(43,659)**
(3,306)	Transfer of amount from the PCC of amount equal to the deficit - benefits (2.9%)	**(3,310)**
0	Transfer of amount from the PCC of amount equal to the deficit - Milne v Gad	**0**
(43,563)	Transfer of amount from the Police and Crime Commissioner for Kent of amount equal to the deficit	(46,969)
0	**Net amount payable for the year**	**0**

The table identifies the movements on the Police Officer Pension Fund Account for the year.

Introduction

The Police Officer Pension Fund Account was established under the Police Pension fund Regulations 2007 (SI 2007 No 1932). It is administered on behalf of the PCC by Kent County Council.

The Fund receives income each year from:

- Employer's contributions from the PCC, based on a percentage of pay
- Contributions from serving Police Officers
- Other receipts

Pensions to retired officers, lump sum payments and other benefits are paid from the Fund. The Account is balanced to nil at the end of the year by a contribution from or to the General Fund.

The Account is not backed by any investment assets. And its outgoings are funded entirely from the receipts identified above. The Fund accounts solely for the benefits payable in the financial year and does not account for benefits payable after the period end.

The above statement does not include liabilities to pay pensions and other benefits after the Balance Sheet date. The liabilities for future retirement benefits are disclosed in Note 28 of these Accounts.

From July 2015 the top up amount included a reduction to reflect the difference between the former employer contribution rates of 24.2% and the new contribution rate of 21.3%. The difference between the two rates was retained by the Exchequer in 2018-19.

In May 2015, the Pensions Ombudsman (Ombudsman) published their Final Determination in the case of Milne v Government Actuaries Department (GAD). This case centred on whether GAD had a proactive responsibility to review the commutation factors used in the calculation of the lump sum payments made to pensioners when they opt to take an increased amount of their pension benefit in that form.

The Ombudsman found in favour of the plaintiff, which meant that for all Police Pension Scheme 1987 cases where pension entitlements were drawn between 1 December 2001 and 1 December 2006 recalculation of lump sum payments should take place based upon revised commutation factors to be issued by GAD, including adjustment for interest.

The 2018/19 financial statements include benefits payable totalling £0.02m (2017/18 – £0.08m) in respect of this matter, with all of this cost fully refundable from the Home Office.

Pension Fund Net Asset Statement

2017/18 £'000's		2018/19 £'000's
0	Unpaid pension benefits	0
0	Amount owing from the general fund	0
0	Net Current Assets and Liabilities	0

Glossary

Glossary of Terms

ACC
Assistant Chief Constable

Accruals
The concept that income and expenditure are recognised as they are earned or incurred not as money is paid or received.

ACPO
Association of Chief Police Officers, replaced by the NPCC (National Police Chief's Council) on 1st April 2015.

Actuarial gains and losses
Actuarial gains and losses arise where actual events have not coincided with the actuarial assumptions made for the last valuation (known as experience gains and losses) or the actuarial assumptions have been changed.

AGS
Annual Governance Statement.

Amortisation
The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time.

AMB
Athena Management Board

AMO
Athena Management Office

ANPR
Automatic Number Plate Recognition.

APCC
Association of Police and Crime Commissioners.

Appropriations
Transfer of monies between the revenue account and the balance sheet.

ASP
Armament Systems and Procedures (the police baton, formerly the truncheon).

Athena
Project Athena is a collaborative project involving nine Police Forces (Bedfordshire, Cambridgeshire, City of London, Essex, Hertfordshire, Kent, Norfolk, Suffolk and British Transport Police). This project implements a single instance IT solution across the nine Forces to deliver the following function: Intelligence, Investigation management and defendant management (Custody and Case Preparation). Go live was November 2018.

AUC
Assets Under Construction.

Budget
A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

CAA
Capital Adjustment Account.

Capital Charge
A charge to the revenue account to reflect the cost of using fixed assets.

Capital Expenditure
As defined in the Local Government and Housing Act 1989, but broadly expenditure on the acquisition of a fixed asset or expenditure which extends the life or value of an existing fixed asset.

Capital Financing Requirement
The capital financing requirement (CFR) measures the Group's underlying need to borrow or finance by other long-term liabilities for a capital purpose.

Capital Receipts
Proceeds from the sale of capital assets. They may be used to finance new capital expenditure or repay existing loan debt. Receipts available to finance capital expenditure in future years are held in the usable capital receipts reserve.

CARE Scheme
Career average revalued earnings (CARE) schemes are a type of defined pension benefit scheme that are offered by employers. The benefits at retirement are based on your earnings and length of membership of the scheme.

Carrying value
An accounting measure of value, where the value of an asset or a company is based on the figures in the company's balance sheet. For assets, the value is based on the original cost of the asset less any depreciation, amortization or impairment costs made against the asset. For a company, carrying value is a company's total assets minus intangible assets and liabilities such as debt. Also known as "book value".

Cash equivalent
A financial deposit placed with either a bank, building society, other local Police and Crime Commissioner for Kent or the Bank of England for a term of no longer than three months.

Glossary of Terms (Continued)

CDI
Crime Data Integrity

CCLA
Churches, Charities and Local Authorities

Central Ops
Stands for Central Operations, this includes: Central Investigation Command; Strategic Partnerships and Tactical Operations Command.

CFO
Chief Finance Officer.

CFR
Capital Financing Requirement.

Chief Officers
Include the Chief Officers and Directors in the senior management team.

CID
Criminal Investigation Department.

CI&E
Capital Income & Expenditure.

CIES
Comprehensive Income and Expenditure Statement.

CIPFA
Chartered Institute of Public Finance and Accountancy, the main professional body for accountants working in the public services.

Contingency
An event that may occur but that where the likelihood and financial impact are uncertain.

CoPaCC
Comparing Police and Crime Commissioners'

COSM
Chief Officer Strategic Meeting

Corporate Charge
includes general charges such as pension charges, Federation costs, Insurance; banking and treasury management.

Creditors
Amounts owed by the Kent Police group at the Balance Sheet date for goods received or work done.

CSP
Community Safety Partnerships

CSR
Comprehensive Spending Review

Current service (pensions) cost
An estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Curtailment & settlements
Curtailment arises as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

DAT
Data Audit Team

DCC Portfolio
Deputy Chief Constable's portfolio. This includes the following departments: Corporate Services; Corporate Communications; Professional Standards and Legal Services.

Debtors
Amounts due to the Group but unpaid at the Balance Sheet date.

De minimus
An amount so small that it will not have a significant impact on the accounts.

Depreciation
A charge calculated either on a straight line or reducing balance basis, to reflect the diminishing value of an asset over its useful economic life.

Direct Revenue Financing
The amount of capital expenditure to be financed by a contribution from the revenue account in a single year.

Division
The Force is organised into three geographical areas, North, West and East Divisions.

DPN
Depreciation.

DPO
Data Protection Officer

Glossary of Terms (Continued)

ESN
Emergency Services Network

EUV
Existing Use Value, a valuation methodology for Non-current Assets.

Expected return on assets
The expected return on assets is a measure of the return (income from dividends, interest etc, and gains on invested sums) on the investment assets held by the pension scheme for the year. It is not intended to reflect the actual realised rate by the scheme, but a longer-term measure, based on the value of assets at the start of the year (taking into account movements in assets during the year) and an expected return factor.

Fair Value (FV)
Fair value is the value of an asset or liability in an arm's length transaction between unrelated willing and knowledgeable parties.

FCIR
Force Crime and Incident Registrar

FIIP
Fighting International Internet Paedophilia.

Fixed Assets
Tangible assets which yield benefits to the Group for periods of more than one year, also referred to as Non-current assets.

FOI
Freedom of Information.

FRIC
Fellow of the Royal Institute of Chartered Surveyors.

FTE
Full Time Equivalent

GAD
Government Actuaries Department.

GDPR
General Data Protection Regulation.

HMIC
Her Majesty's Inspectorate of Constabulary.

HMICFRS
Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services

HR
Human Resources

IAS
International Accounting Standards.

ICO
Information Commissioner's Office.

ICT
Information, Communications & Technology.

I&E
Income & Expenditure.

IFRS
International Financial Reporting Standards.

IMU
Investigation Management Unit

IPCC
Independent Police Complaint Commission.

Impairment
This only relates to fixed assets, including cash investments. Impairment is caused either by a consumption of economic benefits or by a general fall in prices.

Intangible Fixed Assets
Assets that do not have a physical substance, but provide a benefit over a period of time, e.g.computer software.

ISVA
Independent Sexual Violence Advisors

ITC
Invitation to Comment.

JAC
Joint Audit Committee.

JCOG
Joint Chief Officers' Group.

Joint Support Services
The Joint Support Services Department includes: HR; Learning & Development; Information Services; Procurement; Transport, Business Services and Estate Department.

KFRS
Kent Fire and Rescue Services.

KIRAT
Kent Internet Risk Assessment Tool.

Glossary of Terms (Continued)

KMPT
Kent and Medway NHS and Social Care Partnership Trust.

LAAP
Local Authority Accounting Panel.

LASAAC
Local Authority (Scotland) Accounts Advisory Committee.

Leasing
A method of financing expenditure over a period of time. There are two main types of lease:
a) Finance lease - where the risks of ownership are transferred to the lessee and where the assets are recorded in the Group's balance sheet at a current valuation.

Operating Lease - where the risks of ownership stay with the leasing company and the annual rental charges are made via the Revenue Account.
b) Operating Lease - where the risks of ownership stay with the leasing company and the annual rental charges are made via the Revenue Account.

LGBT
Lesbian, Gay, Bisexual and Transsexual

LGPS
Local Government Pension Scheme.

Liability
An obligation that legally binds an individual or company to settle a debt.

LLP
Limited Liability Partnership.

LPP
Local Policing and Partnerships, includes Neighbourhood Policing teams, incident response and management, specialist community liaison and local command teams and local support overheads.

Minimum Revenue Provision (MRP)
The minimum amount of the Group's outstanding debt which must be repaid by the revenue account in the year.

MIRS
Movement in Reserves Statement.

MMF
Money Market Fund

MoJ
Ministry of Justice.

MTFP
Medium Term Financial Plan.

National Policing
Including Counter Terrorism and Special Branch duties.

NCALT
National Centre for Applied Learning Technologies

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

New Horizon
Kent Police's change programme for 2017. It includes a new operational model designed by officers and staff following the most extensive staff consultation the Force has ever undertaken. The model aims to protect the frontline and realign existing resources in response to crime trends set out in the National Policing Requirement (including Counter-Terrorism, Cybercrime and Vulnerability). The changes will put vulnerable people at the heart of our service and will include a specialist service for vulnerable adults and children and a dedicated service for children who go missing and who are exploited.

NHS
National Health Service.

Non Distributed Costs
Past Service Pension Costs (IAS19), redundancy costs and non-service specific impairments.

NPAS
National Police Air Service.

NPCC
National Police Chiefs' Council.

NPPS
New Police Pension Scheme.

OJEU
Official Journal of the European Community.

OPCC
Office of the Police and Crime Commissioner.

Glossary of Terms (Continued)

Outturn
The actual level of spending and income in a particular year.

PACCTS
Police and Crime Commissioners Treasurers Society.

Past service (pension) costs
These are non-periodic costs – they arise from decisions taken in the current year, but whose financial effect is derived from years of service earned in earlier years.

PCC
Police and Crime Commissioner.

PCP
Police and Crime Panel.

PCSO
Police Community Support Officer.

PEEL
Police Efficiency, Effectiveness and Legitimacy.

PFI
Private Finance Initiative.

PND
Police National Database

POCA
Proceeds of Crime Act.

Police Grant
Police grant is allocated by the Home Office using a complex needs based formula.

PPE
Property, Plant and Equipment.

PPS
Police Pension Scheme.

Provision
An amount set aside to provide for a liability which is likely to be incurred, although the amount and date of that liability are uncertain.

PRSR
Police Reform and Social Responsibility Act 2011.

PSE
Police Staff
Employee, an employee of Kent Police who is not a Police Officer. Police Community Support Officers (PCSOs) are PSEs.

QPM
Queen's Police Medal is awarded to police officers in the United Kingdom and Commonwealth of Nations, for gallantry or distinguished service.

Remuneration
All amounts paid to or receivable by a person. It includes taxable expenses and the estimated money value of any other benefits received by an employee other than in cash (e.g. benefits in kind).

Reserves
An amount set aside for a specific purpose and carried forward to meet expenditure in future years. General reserves represent accumulated balances which may be used to support future spending.

Revenue Expenditure
Spending on day to day running expenses of the PCC and Force.

RICS
Royal Institute of Chartered Surveyors.

ROPA
The ROPA is a document that orgainsations are required to maintain under the GDPR that came into force in May 2018

RPI
Retail Price Index, a measure of inflation which includes housing costs.

RR
Revaluation Reserve.

SAMB
Strategic Athena Management Board.

SAP
The Enterprise Resource Planning software that Kent Police use for Finance, HR and Payroll.

SAR
Subject Access request

SB
Special Branch.

SCD
Serious Crime Directorate.

SOLACE
Society of Local Authority Chief Executives.

SOLO
Sexual Offence Liaison Officers

SOP
Standard Operating Procedure

Glossary of Terms (Continued)

Specific Grants
Government grants to aid certain services, usually paid at a fixed proportion of spending actually incurred.

SSD
Support Services Directorate.

SPR
Strategic Policing Requirement

TCC
Tactical Command Centre

TCG
Tactical and Co-ordination Groups

Usable Capital Receipts
Capital receipts available to finance capital expenditure in future years.

VfM
Value for Money.

VNAV
Variable Net Asset Value
CCLA Local Authorities Property Fund
Payden & Rygel Cashplus Fund

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Contact Information

This document gives details of Group and PCC Annual Accounts and is available on the website at kent.police.uk

CONTACT FOR FURTHER INFORMATION
Mr Robert Phillips
Chief Finance Officer for the Police and Crime Commissioner of Kent Police
Office of the Kent Police & Crime Commissioner
Kent Police Headquarters
Sutton Road
Maidstone
ME15 9BZ

Telephone: 01622 604484

Mr Paul Curtis
Chief Finance Officer for the Chief Constable of Kent Police
Corporate Finance Department
Kent Police Headquarters
Sutton Road
Maidstone
ME15 9BZ

Telephone: 01622 652761