

Thames Valley Police and Crime Commissioner Summary Group Financial Statement 2012-13

The Statement of Accounts is a lengthy and technical document, fulfilling the criteria set by the Code of Practice on Local Authority Accounting in the United Kingdom 2012/13. The following is a summarised statement which is drawn from the full set of accounts

On 15th September 2011 The Police Reform and Social Responsibility Act (PRSR) 2011 received Royal Assent in Parliament. One of the key reforms was to replace Police Authorities (including the Thames Valley Police Authority) with elected PCCs for each Police Force area. The newly elected PCCs took office on 22nd November 2012. At the same time a separate legal body for each Chief Constable was established and made responsible for the Police Service in the area.

All the financial transactions incurred during 2012/13 for policing Thames Valley have been recognised and recorded within the statement of accounts, which sets out the overall financial position of the PCC and the PCC Group for the year ending 31 March 2013. The Group position (PCC Group) reflects the consolidated accounts of the PCC and its subsidiary, the Chief Constable.

The Group's statutory accounts for the year ended 31st March 2013 were approved by Ernst and Young on 30th September 2013 and an unqualified opinion issued

A full set of these accounts can be obtained from the PCC's website at <http://www.thamesvalley-pcc.gov.uk/Transparency/Spending/Statement-of-Accounts.aspx> or by writing to the Acting Chief Finance Officer, Office of the PCC, Police HQ, Oxford Road, Kidlington, OX5 2NX or telephoning 01865 846786.

Income and Expenditure Summary

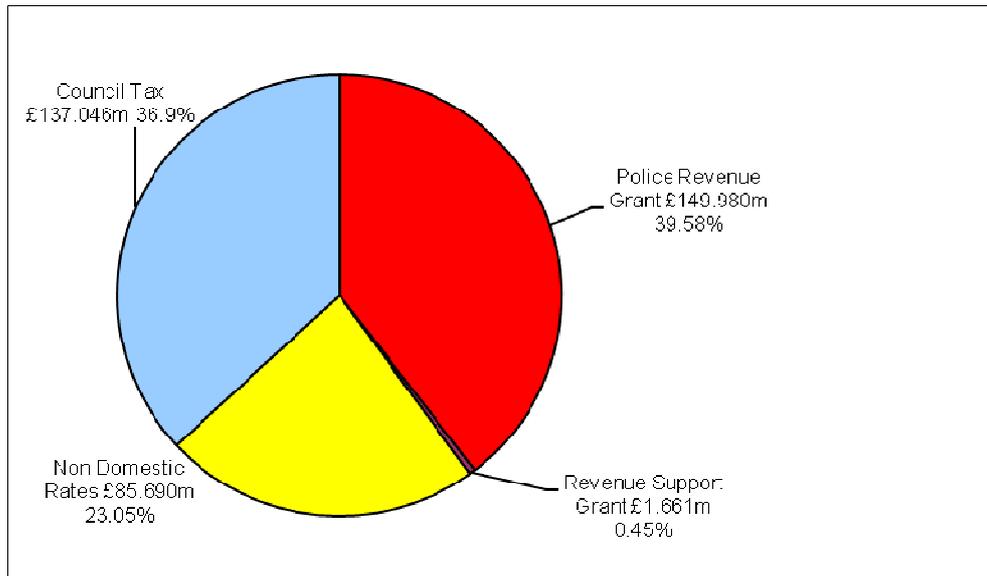
In December 2010, a 20% real terms reduction in Government funding for the police service over the four year period 2011/12 to 2014/15 was confirmed. The 2012/13 local authority finance settlement produced an average reduction in government funding for police of 5%. In order to keep council tax increases to a minimum the Government agreed to pay a Council Tax Freeze Grant, equivalent to a 3% increase in local council tax, to those authorities that agreed to freeze their council tax in 2012/13.

The overall impact of the finance settlement for TVP was a cash reduction in Government funding of 11.75% or £31.7m over the four year period 2011/12 to 2014/15. However, most of the reduction was front loaded with £10.0m (3.72%) falling in 2011/12 and a further £16.6m (6.4%) falling in 2012/13.

The 2012/13 annual revenue budget of £371.161m represented a reduction in comparable expenditure of 3.13%. The Police Authority took the Council tax freeze grant so Band D council tax remained at £154.30.

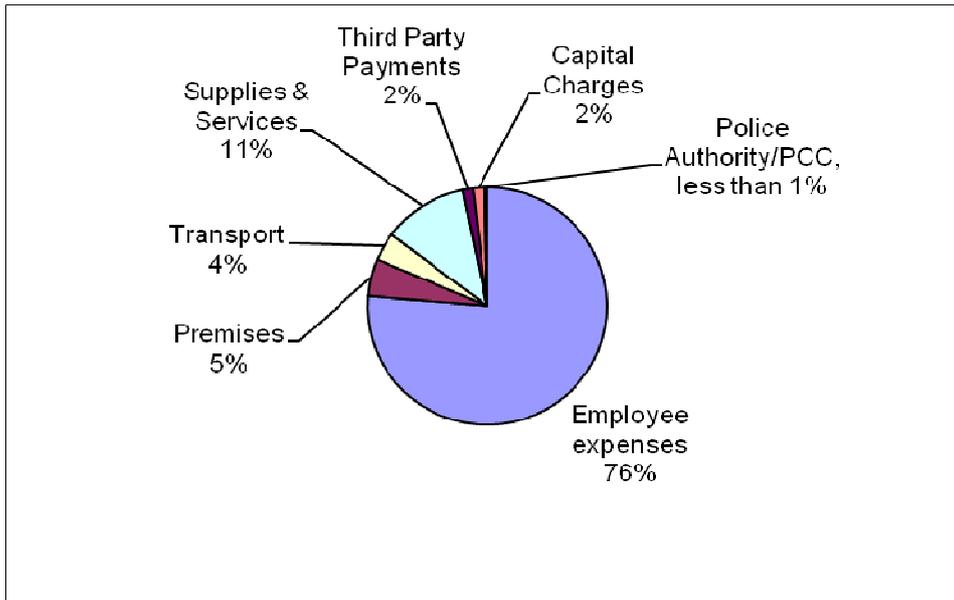
The following charts show where the Group's money came from and what it was spent on during 2012-13.

Where the money comes from:



What the money was spent on:

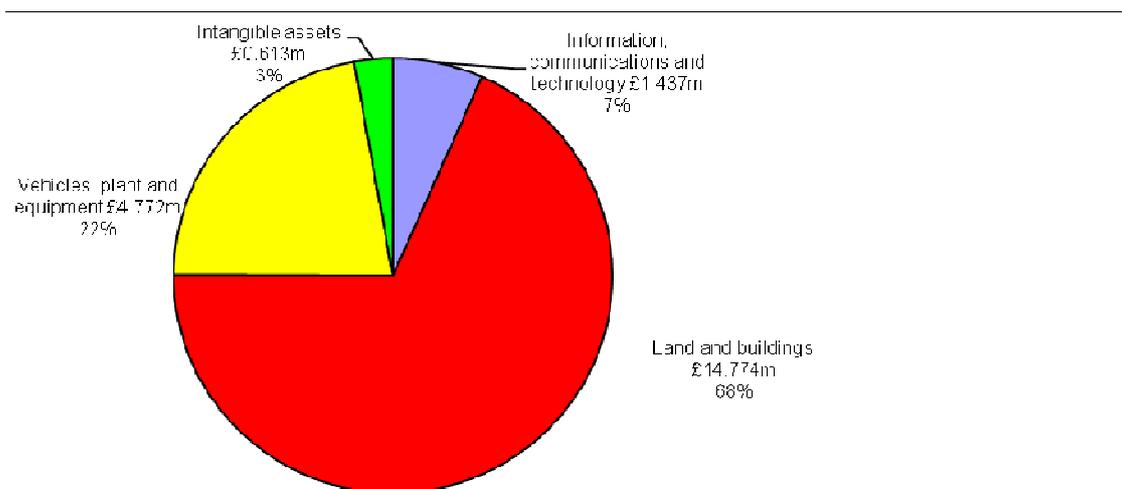
	2011-12 £000	2012-13 £000
Police Officer Salaries	192,787	189,917
Police Staff Salaries	113,200	107,512
Police Pensions	39,898	40,347
Other employee expenses	5,756	7,195
Premises	22,271	22,981
Transport	17,132	17,440
Supplies & Services	50,468	51,387
Third Party Payments	4,790	6,315
Police Authority/PCC	1,463	1,269
Capital Charges	3,247	7,389
Less income	-77,209	-77,874
Net Cost of Services	373,803	373,878
Interest Paid	1,755	1,605
Interest Received	-1,753	-1,676
Planned transfer to/(from) Reserves	294	-3,647
Annual revenue surplus / (deficit)	9,333	1,217
Total cost to be funded	383,432	371,377



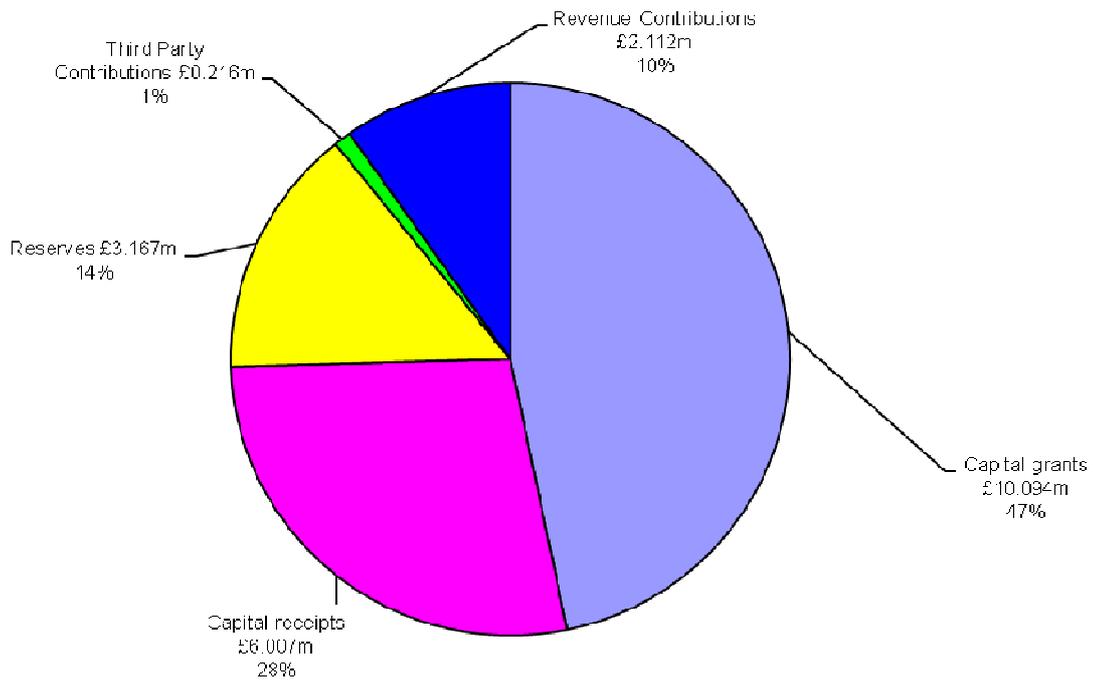
Capital Expenditure

Capital Expenditure relates to the provision of assets which will be of long term benefit to Thames Valley Police such as improvements to police stations and properties, together with the purchase of vehicles, information technology equipment and systems.

During 2012-13 we spent £21.596 million. The following charts give a summary of this capital expenditure and how it was financed.



Capital Funding



Summary Balance Sheet as at 31st March 2013

The table below summarises the PCC's balance sheet at the end of the financial year and shows what the Group owns and what it owes to others.

2011-12		2012-13
£000		£000
209,899	Fixed Assets	208,033
78,631	Investments	64,388
694	Stock	748
33,172	Money owed to the PCC Group	35,458
- 47,223	Money owed by the PCC Group	- 43,541
- 6,285	Amounts set aside for future insurance claims	- 7,178
- 153	Capital grants not yet used by the PCC Group	- 174
- 28,776	Borrowing to fund fixed assets	- 25,371
- 6,742	Finance lease	- 6,360
233,217	Net Assets	226,003
	<i>Financed by:</i>	
71,414	Reserves available for use	63,707
161,803	Reserves not available for use	162,296
233,217	Total Net worth	226,003

Note: This summary balance sheet is different to that included in the Statement of Accounts since it excludes the actuarially assessed liability relating to defined benefit pension schemes of £3.152 billion and the associated negative pension reserve of the same amount.

Future Prospects

In line with the PCC's inaugural Police and Crime Plan, our financial plans have been developed to cover the four year period 2013/14 to 2016/17.

Our planned expenditure over this period is constrained by the level of central government funding and the amount of income which can be raised locally from council tax. In this respect we have been significantly hampered by the lack of future grant funding announcements from Government.

The annual revenue budget for 2013/14, which required a 2% increase in council tax, was approved by the Police and Crime Panel on 1st February 2013. Despite the increase in council tax, the budget still represented a net cash reduction of £5m or 1.2% on the comparable 2012/13 budget. However, due to the success of the Force's Productivity strategy an additional 34 police officers will be redeployed to critical policing functions such as local policing and child protection in 2013/14. This is in addition to the 66 police officers redeployed in 2012/13 meaning that over the two year period 2012/13 and 2013/14 an extra 100 police officers have been redeployed to critical policing functions.

In developing the medium term financial plan (MTFP) in January 2013 we assumed that Government grants would be cut by 3.3% in 2014/15, 2.4% in 2015/16 and 1.0% in 2016/17 and that council tax would increase by 2.5% in each of the next three years. Clearly these assumptions will need to be revisited and updated in coming months as we start work on the next budget cycle. However, the currently approved MTFP requires cash savings of £39.9m over the next four years (2013/14 to 2016/14), of which £13.1m is due to be delivered during 2013/14.

The next few years will undoubtedly be challenging and difficult, but we are confident that the measures already put in place through the Productivity Strategy process will ensure that all resources are used both effectively and efficiently. We will continue to be robust in driving out all possible savings from non staff budgets and ensure that our staff are delivering the right service at the right time.