



STATEMENT OF ACCOUNTS

for the year ended 31
March 2014

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EXPLANATORY FOREWORD AND FINANCIAL REVIEW

Introduction

The purpose of this foreword is to provide a clear guide to the most significant matters reported in the accounts. It explains the purpose of the financial statements that follow and provides a summary of the financial activities of Thames Valley Police (the force) during 2013/14 and its financial position as at 31 March 2014.

Thames Valley Police is the largest non-metropolitan police force in England and Wales. Its geographical area covers the three counties of Berkshire, Buckinghamshire and Oxfordshire, serving a diverse population of more than two million residents plus six million visitors. It also encompasses 196 miles of motorway – more than any other British police force.

Background

On 15th September 2011 the Police Reform and Social Responsibility Act (PRSR) 2011 received Royal Assent in Parliament representing a significant shift in the way the police in England and Wales are governed and held accountable. 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. The primary function of the new body headed by the Chief Constable is the exercise of operational policing duties under the Police Act 1996 .

In accordance with the PRSR Act all assets, liabilities and staff employment contracts were legally transferred from the Police Authority to the PCC. A scheme of corporate governance was approved on 29th November 2012 which, amongst other things, set out the delegations from the PCC to senior police staff within the Force to enable the Chief Constable to have day to day management of assets, and direction and control over the Force's officers and staff.

The Financial Statements

The accounts are prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the UK 2013/14: Based on International Financial Reporting Standards (IFRS).

To assist the reader an explanation of the various sections and key financial statements contained within the Statement of Accounts is set out below.

Auditor's Report (pages 8 to 10) – This sets out the opinion of the Chief Constable's external auditor on whether the accounts of the Thames Valley Police give a true and fair view of the financial position and operations of the Force for 2013/14.

Statement of Responsibilities (page 11) - This sets out the respective responsibilities of the Chief Constable and the Director of Finance

Movement in Reserves Statement (page 22) - This statement shows the movement in the year on the reserves. The surplus or (deficit) on the Provision of Services line shows the economic [rather than cash] cost of providing policing services, more details of which are shown on 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.

Comprehensive Income and Expenditure Statement (CIES) (page 23) – This summarises the resources generated and consumed in the year.

Balance Sheet (page 24) – This shows the assets and liabilities of the force as at 31st March 2014 and its overall financial position at that date.

Cash Flow Statement (page 25) – This statement shows the inflows and outflows of cash to the force. The Chief Constable does not operate a bank account and therefore the balance on this statement is £nil

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Notes to the Accounts (pages 26 to 40) – These notes are of fundamental importance to the correct interpretation and understanding of the Statement of Accounts and the presentation of a true and fair view. They have 3 significant roles:

- presenting information about the basis of preparation of the financial statements and the specific accounting policies used;
- disclosing the information required by the CIPFA Code of Practice that is not provided elsewhere in the financial statements; and
- providing information that is not provided elsewhere in the financial statements, but is relevant to the understanding of them.

Police Pension Fund Accounts (page 45) – Sets out the financial position of the Police Pension Fund as at 31st March 2014

Glossary of Terms (pages 46 to 51) – Wherever possible the use of technical jargon has been avoided. However, the Statement of Accounts does contain some accounting and local government terminology and a glossary of terms is provided at the end of this document which aims to simplify and explain such terminology.

Financial Performance

Revenue budget 2013/14

This was the first annual budget prepared and approved under the new PCC governance arrangements.

It had been known for some time that significant cuts in budget would need to be made due to the state of UK public finances. As such, work on developing and implementing the Productivity Strategy has been ongoing since 2010. This work is imperative to achieving a balanced budget position.

In 2013/14 all policing bodies suffered a reduction in overall formula funding of 1.6%, when compared to 2012/13. In addition, the Communities Secretary set a threshold of a 2% increase in the relevant basic amount of council tax for the majority of local policing bodies and other authorities, including Thames Valley.

Throughout the budget setting process the following key principles were adopted:

- To protect frontline services
- To protect our ability to manage risk
- To maintain our capability in protective services and back office functions through collaboration
- To maintain and improve performance in key areas
- To reduce “discretionary spending”
- To streamline business processes and to eliminate unnecessary bureaucracy and waste
- All change to be risk assessed

The 2013/14 net budget requirement of £393.981m represented a reduction in comparable revenue expenditure of £4.977m or 1.2%, despite increasing the police element of council tax by 2%.

The budget was designed to protect frontline and local visible policing and those areas that support the delivery of key strategic objectives, or were necessary for the effective management of policing risk. The 2013/14 budget included £13.1m of Productivity Strategy savings (3.4%) which facilitated the redeployment of 34 officer posts to critical policing functions. In total police officer posts were forecast to grow by 9 but staff posts were expected to reduce by 32.

The budget also provided additional resources (£0.4m) to enable the PCC to maintain spending on the drugs intervention programme and provide grants to community safety partners at a similar level as in 2012/13, despite Government funding for Community Safety Fund related initiatives being cut by around £0.6m or 16%.

EXPLANATORY FOREWORD AND FINANCIAL REVIEW

The medium term financial plan 2013/14 to 2016/17, which was produced on the assumption of a 2% increase in council tax in 2013/14 and 2.5% in 2014/15 and later years, required revenue budget savings of £39.9m over the four year period, of which £13.1m was due to be delivered during 2013/14. This is over and above the £33m of cash savings that were removed from the base budget in 2011/12 and 2012/13 meaning that at least £72m of cash savings will be required over the six year period 2011/12 to 2016/17. This equates to 19% of the net revenue budget in 2013/14.

Revenue Outturn

The Chief Constable's Management Team received regular monitoring reports throughout the year, updating chief officers on the key issues that were likely to affect the financial outturn at year-end, most notably the measures being taken to reduce ongoing costs due to the impending budget cuts.

The following table provides a high level comparison between the approved budget for 2013/14 and actual expenditure at the Group level. The cost of service shows the gross cost with the net budget requirement uplifted during the year for the full funds of the pension grant and other regional and specific grant funded units. The annual revenue surplus of £1.356m has been transferred to general balances.

	Annual Budget	Final Outturn	Variation	
	£000	£000	£000	%
PCC Controlled Expenditure				
Office of the PCC	1,154	705	- 449	- 38.91
Democratic Representation	187	162	- 25	-13.53
Other Costs and one-off income	357	- 25	- 382	- 107.08
Commissioning Services	3,503	3,526	23	0.64
	5,201	4,368	-833	- 16.0
TVP Operational Budget – Direction & Control of the Chief Constable				
Pay and Employment costs				
Police officer pay and allowances	242,056	241,854	- 202	- 0.08
Police overtime	8,177	7,933	- 244	- 2.98
PCSO pay and allowances	14,328	14,312	- 17	- 0.12
Police staff pay & allowances	88,843	88,801	- 42	- 0.05
Temporary or agency staff	3,603	3,603	0	0
Police officer injury/ ill health/ death pensions	3,798	3,926	129	3.39
Other employee expenses	4,824	4,677	- 146	3.03
	365,629	365,107	- 522	- 0.14
Overheads				
Premises	22,676	22,836	161	0.71
Transport	12,521	12,576	55	0.44
Supplies & services	50,139	50,272	133	0.27
Third party payments	6,597	6,728	131	1.98
Force income	-36,149	- 36,410	- 261	- 0.72
	55,783	56,002	219	0.39
Net capital financing costs				
Capital financing	5,787	5,601	- 185	- 3.2
Interest on balances	-1,000	- 932	68	6.79
	4,787	4,669	- 118	- 2.46
Appropriations to / from (-) balances				
Statutory accounting adjustments	1,293	1,292	0	0
Appropriations	1,721	1,721	0	0
Cost of Services	434,414	433,159	- 1,255	-0.29
Funded by				
General grant income	- 236,319	- 236,319	0	0
Council tax	- 128,865	- 128,865	0	0
Specific grants	- 69,229	- 69,331	- 101	- 0.15
Net Revenue Position	0	- 1,356	- 1,356	- 0.31

Performance information

Thames Valley Police continued to perform strongly in 2013/14, with crime falling 4.6 per cent; from 133,680 offences in 2012/13 to 127,497 offences in 2013/14. This is the seventh year in a row that crime has fallen in the Thames Valley.

As well as this fall in crime overall, TVP has also seen falls in the crimes that matter most and have the most impact on communities and our residents. Reductions in individual crime categories include:

- Domestic burglary fell by 20 per cent and non-residential burglaries fell by 10 per cent
- Robbery offences fell by just under a fifth from 1,294 to 1,075
- Vehicle crime fell by four percent
- Drug offences dropped by five per cent
- Criminal damage and arson fell by five per cent
- Public order offences fell by nine percent

The number of recorded homicides over the year was 17; in all cases the suspected offender has been identified. The total number of offences of violence against the person increased slightly with 94 extra offences over the year. There were also increases in rape offences which rose from 522 offences to 698 and non-rape sexual offences which increased from 1,473 to 1,920 offences. The increase in reported offences is in line with the national trend linked to the ongoing publicity around the Savile and other high profile cases.

Thames Valley Police also maintained or improved detections rates in the past year. The overall detection rate increased slightly to 24.5 per cent, with the detection rate for violence against the person where the person was injured increased from 46.9 per cent to 47.9 per cent; the detection rate for rape increased by two per cent and there was an increase in the detection rate for domestic burglary of nearly five per cent.

Over the past year Thames Valley Police has worked hard to tackle types of offending that have significant impact on local communities. Officers carried out 42 operations targeting metal theft and the handling of stolen property. This saw a significant reduction in recorded metal theft of 44 per cent.

A Force-wide campaign tackling rural crime delivered 100 days of action, carried out by our neighbourhood teams across our rural areas. These included, holding have your say and tack marking events to meet residents and give crime reduction advice, operations targeting those trading in illegal pesticides, tackling hare coursing and wildlife crime, and security marking tools and plant machinery. A blog about the activity attracted over 12,000 views.

The Force's commitment to tackling organised crime groups, those who prey on vulnerable people and those living in isolated communities, continued with a 56 per cent rise in the number of crime groups whose operations were disrupted.

The Force also targeted the ill-gotten gains of criminals operating in Thames Valley, obtaining 189 cash detention orders with more than £1.4m seized under the Proceeds of Crime Act.

Early in 2014, Thames Valley Police assisted partners and other emergency services in dealing with some of the worst flooding seen in the area for many years. Multi agency hubs were set up in the community for those affected and officers worked alongside over 1,000 military personnel and staff from other agencies to tackle the flooding and ensure people could return to their homes.

Most notably, 88.5 per cent of victims of crime surveyed in 2013/14 on behalf of Thames Valley Police indicated that they were satisfied with the overall service that they had received. This was an increase from 87.6 per cent in 2012/13.

According to the Crime Survey for England and Wales, 68 per cent of respondents living in the Thames Valley agreed that the police deal with local concerns; with 66 per cent also agreeing that the police and local councils were dealing with the issues.

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Communicating with our local communities and informing them of what is happening in their area and notifying them of the work we do is an important tool in modern policing. Following the launch of Thames Valley Alert in 2012/13 a further 18,585 accounts were set up taking the total to 85,650. If you haven't already, why not join them and sign up for Thames Valley Alerts? The system was used to send out over eight million messages during the year to our communities.

Further information on the Force's performance during 2013/14 can be found in the 'Thames Valley Police Delivery Plan 2013-14 Quarter 4 Report, January to March 2014', which can be downloaded from the Force website at <http://www.thamesvalley.police.uk/about-us-operf>

FUTURE PROSPECTS

Financial and operational

In line with the PCC's Police and Crime Plan, our current financial plans have been developed to cover the three year period 2014/16 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 2014/15 of £389.483m, which required a 2% increase in council tax, was approved by the Police and Crime Panel on 31st January 2014. Despite the increase in council tax, the budget still represents a net cash reduction of £4.5m or 1.1% on the comparable 2013/14 budget and requires cash savings, identified through the Productivity Strategy, of £12.2m

In developing the medium term financial plan (MTFP) in January 2014 we assumed that Government grants would be cut by 3.6% in 2015/16 and 3.5% in 2016/17 and that council tax would increase by 2% in both years. The MTFP approved in January requires cash savings of £35.9m over the next three years (2014/15 – 2016/17) of which £12.1m is due to be delivered during 2014/15. The approved MTFP does not include the impact of the change in National Insurance contributions due to be implemented in April 2016; information now indicates that the force will have to bear this additional cost for which the initial estimates are of an at least £5.5m. All the assumptions underlying the MTFP will be revisited and updated in coming months as we continue work on the next budget cycle.

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.

South East Regional Organised Crime Unit (SEROCU)

Since 1st April 2014 Thames Valley Police has hosted the SEROCU. The unit is funded by specific grant and contributions from partner forces. The total budget for the unit is expected to be around £11.5m which will be managed by Thames Valley Police.

The unit has an establishment of 93 officers and 84 staff, which includes a transfer of 38 TVP officers and staff.

Stage 2 transfers

The PRSR Act 2011 established the PCC and Chief Constable as separate Corporations' Sole which means they are both able to employ staff, enter into contracts and own assets. On 21st November 2012 following the election of the first PCC all police staff and other rights, assets and liabilities transferred from the Police Authority to the PCC. This was only intended to be a temporary measure and is referred to as the 'Stage 1' transfer.

EXPLANATORY FOREWORD AND FINANCIAL REVIEW

The PRSR Act sets out a second transfer (the 'Stage 2' transfer) which envisages that at least some staff, property, rights and liabilities will move from the PCC to the Chief Constable.

Following discussions and agreement between the PCC and Chief Constable during 2013 a proposal was made to the Home Secretary that all persons employed by the PCC, other than those working in his own office (15.1 FTE staff) should transfer to and become employed by the Chief Constable of Thames Valley Police. The Home Secretary gave formal approval to the Thames Valley Police Staff Transfer Scheme on 28th March 2014.

All relevant staff therefore transferred from the employment of the PCC to the Chief Constable on 1st April 2014.

The PCC has also given consent to the Chief Constable to enter into contracts and to own "short-life" assets (e.g. vehicles, plant and equipment). The PCC will retain ownership of land and buildings. All relevant governance documents have been updated accordingly, including the Joint Framework of Corporate Governance which was formally approved and adopted by the PCC and Chief Constable at their public Policy, Planning and Performance meeting on 1st April 2014.

Accounting changes in 2013/14

There have been three changes in accounting policy that have required the 2012/13 accounts to be restated:

- A change to the accounting for retirement benefits as a result of the update to IAS 19, the standard which governs retirement costs
- A change to the recognition of employee benefits. These are now shown in the Chief Constable's accounts instead of the PCC's accounts
- A change to the allocation of operational policing income which is now shown in the Chief Constable's accounts instead of the PCC's accounts.

Further details on all of these changes can be found in note 4 on page 28

Corporate Governance Statement

The Accounts and Audit (England) Regulations 2011 require that the Annual Governance Statement (AGS) accompanies the Statement of Accounts. As permitted, the Chief Constable has elected to publish the AGS with the Statement of Accounts in a single document. The statement is a statutory document which explains the governance processes and procedures in place to enable the Chief Constable, and the PCC to carry out their functions effectively. The AGS highlights the Group's internal control environment, comments on its effectiveness and identifies issues for future work.

Further information

This publication provides a review of the financial performance of the Chief Constable for 2013/14. Further information on the Force's finances can be obtained by:

- writing to the Director of Finance at PO Box 145 Kidlington, Oxfordshire, OX5 2YR
- e-mailing the Director of Finance at linda.waters@thamesvalley.pnn.police.uk
- viewing the Force's website at <http://www.thamesvalley.police.uk/>

AUDIT REPORT AND OPINION

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE FOR THAMES VALLEY

Opinion on the Chief Constable for Thames Valley financial statements

We have audited the financial statements of the Chief Constable of Thames Valley for the year ended 31 March 2014 under the Audit Commission Act 1998. The financial statements comprise the Chief Constable of Thames Valley Movement in Reserves Statement, the Chief Constable of Thames Valley Comprehensive Income and Expenditure Statement, the Chief Constable of Thames Valley Balance Sheet, the Chief Constable of Thames Valley Cash Flow Statement, the related notes 1 to 16 and the Chief Constable for Thames Valley Pension Fund Account Statements. 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 2013/14.

This report is made solely to the Chief Constable of Thames Valley in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 48 of the Statement of Responsibilities of Auditors and Audited Bodies published by the Audit Commission in March 2010. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Chief Constable of Thames Valley, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Director of *Finance* and auditor

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 11, the Director of Finance 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 2013/14, and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Chief Constable of Thames Valley circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Director of Finance; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Statement of Accounts 2013/14 to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Thames Valley as at 31 March 2014 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 2013/14.

AUDIT REPORT AND OPINION

Opinion on other matters

In our opinion, the information given in the Statement of Accounts 2013/14 for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement does not reflect compliance with 'Delivering Good Governance in Local Government: a Framework' published by CIPFA/SOLACE in June 2007 (updated as at December 2012);
- we issue a report in the public interest under section 8 of the Audit Commission Act 1998;
- we designate under section 11 of the Audit Commission Act 1998 any recommendation as one that requires the Chief Constable to consider it at a public meeting and to decide what action to take in response; or
- we exercise any other special powers of the auditor under the Audit Commission Act 1998.

We have nothing to report in these respects.

Conclusion on the Chief Constable's arrangements for securing economy, efficiency and effectiveness in the use of resources

Respective responsibilities of the Chief Constable and the auditor

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

We are required under Section 5 of the Audit Commission Act 1998 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires us to report to you our conclusion relating to proper arrangements, having regard to relevant criteria specified by the Audit Commission.

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

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

We have undertaken our audit in accordance with the Code of Audit Practice, having regard to the guidance on the specified criteria, published by the Audit Commission in October 2013, as to whether the Chief Constable has proper arrangements for:

- securing financial resilience; and
- challenging how it secures economy, efficiency and effectiveness.

The Audit Commission has determined these two criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

AUDIT REPORT AND OPINION

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

Conclusion

On the basis of our work, having regard to the guidance on the specified criteria published by the Audit Commission in October 2013, we are satisfied that, in all significant respects, *the Chief Constable of Thames Valley* put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2014.

Certificate

We certify that we have completed the audit of the accounts of the Chief Constable of Thames Valley in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Maria Grindley
for and on behalf of Ernst & Young LLP, Appointed Auditor
Apex Plaza
Forbury Road
Reading, RG1 1YE

16 September 2014

STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

The Chief Constable's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers (the Chief Financial Officer) has the responsibility for the administration of those affairs.
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;
- Approve the statement of accounts

I approve these accounts on behalf of the Chief Constable of Thames Valley Police



Sara Thornton CBE QPM
Chief Constable
16th September 2014

Director of Finance

The Director of Finance is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ('the Code').

In preparing this Statement of Accounts, the Director of Finance has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.
- Kept proper accounting records which were up to date;
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

In my opinion, the Statement of Accounts gives a true and fair view of the financial position of the Thames Valley Police Authority as at 31st March 2014 and its income and expenditure for the year then ended.



Linda Waters, MBA ACA
Director of Finance
16th September 2014

ANNUAL GOVERNANCE STATEMENT

Annual Governance Statement 2013/14

This annual governance statement explains how the PCC and Chief Constable for Thames Valley have complied with their published corporate governance framework for the year ended 31 March 2014, including plans for the financial year 2014/15.

SCOPE OF RESPONSIBILITY

The PCC and Chief Constable were established on 22nd November 2012 as separate legal entities ('corporations' sole) which means they are both entitled to own assets and employ staff. Both the PCC and Chief Constable have appointed Chief Financial Officers who have a fiduciary duty to the local taxpayer for securing the efficient use of public funds

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. He also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, her constables and staff remain operationally independent in the service of the public. In discharging her overall responsibilities the Chief Constable is responsible for establishing and maintaining appropriate risk management processes, governance arrangements and ensuring that there is a sound system of internal control which facilitates the effective exercise of these functions.

The PCC has approved and adopted a code of corporate governance which is consistent with the principles of the CIPFA guidance 'Delivering Good Governance in Local Government'.

This Annual Governance Statement explains how the PCC and Chief Constable have complied with the code and the requirements of Regulations 4(2) and 4(3) of the Accounts and Audit Regulations 2011 in relation to the publication of a Statement on Internal Control.

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

Governance is about how organisations ensure that they are doing the right things, in the right way, for the right people, in a timely, inclusive, open and accountable manner. The governance framework comprises the systems and processes, and culture and values by which the PCC and Chief Constable discharge their responsibilities and through which it accounts to and engages with the community. It enables the PCC to monitor the achievement of his strategic objectives and to consider whether these objectives have led to the delivery of appropriate, cost effective services, including achieving value for money.

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

ANNUAL GOVERNANCE STATEMENT

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

THE GOVERNANCE FRAMEWORK

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

A. Focussing on the purpose of the PCC and the Force, and on outcomes for local people and creating a vision for the local area

The PCC made his commitments for policing clear in his manifesto and his four year Police and Crime Plan (2013-2017) explains how this will be taken forward. This Plan is supported by the Force Annual Delivery Plan, the OPCC Development Programme and the medium term financial strategy.

Policing service delivery is managed by the Force through performance group meetings, crime meetings and Chief Constable's Management Team Meetings. Delivery and performance is overseen by the PCC through regular meetings between the PCC and Chief Constable in accordance with an agreed business model.

The Police and Crime Panel meets six times a year to consider the PCC's annual budget and precept increase and to scrutinise the decisions and actions of the PCC.

B. Leaders, Officers and Partners working together to achieve a common purpose with clearly defined functions and roles

The PCC has approved a framework for corporate governance which clarifies the working relationship between the PCC, Chief Constable and their respective staff. This includes the code of corporate governance, the scheme of delegation and financial regulations.

The Police and Crime Plan, which has due regard to the Strategic Policing Requirement as issued by the Home Secretary, has been developed in consultation with the Chief Constable, the local community and other key stakeholders. The annual targets and measures have been clearly articulated and disseminated.

Major partnerships and consortia involving the Force and the PCC are governed by formal Section 22A collaboration agreements or Memoranda of Understanding, as appropriate. Joint collaboration oversight boards provide strategic oversight and an approval process for governance arrangements for most collaboration activity. These collaboration boards comprise Chief Officers and the PCC from each force.

C. Promoting the values for the PCC and Force and demonstrating the values of good governance through upholding high standards of conduct and behaviour

The PCC's first formal decision in November 2012 was to issue a 'framework for corporate governance' which is consistent with the seven Nolan principles of standards in public life. This has recently [April 2014] been updated to reflect the Stage 2 transfer of staff, assets and liabilities from the PCC to the Chief Constable.

Measures are in place to ensure that the PCC, Deputy PCC and employees of TVP are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the anti-fraud and corruption policy and guidance on the acceptance of gifts, loans and hospitality. The Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of TVP by managing the application of Police Misconduct Regulations and the administration of complaints by members of the public.

The Police and Crime Panel investigate formal complaints against the PCC.

ANNUAL GOVERNANCE STATEMENT

Complaints against the Chief Constable are dealt with by the PCC

A reciprocal arrangement has been agreed with Hampshire Police to investigate complaints against chief police officers (excluding the Chief Constable).

A new national Code of Ethics has been produced by the College of Policing in its role as the professional body for policing. It sets and defines the exemplary standards of behaviour for everyone who works in policing. It will be implemented during summer 2014.

An independent Complaints, Integrity and Ethics Panel has been established to satisfy the PCC's statutory requirements around monitoring of police complaints and also to ensure that integrity and ethical issues are considered in order to maintain public confidence in policing.

D. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk

Since November 2012 arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements, including a schedule of formal public and private meetings i.e. regular private meetings between the PCC and Chief Constable (minutes are taken but not published); regular public meetings with the reports and agendas published on the PCC's website and internal (private) meetings whereby notes from the meeting are published on the PCC's website. The framework of corporate governance defines the parameters for decision making, including delegations, financial regulations and standing orders relating to contracts. The PCC has published his decision making protocol. All formal PCC decisions taken in accordance with this protocol are published on the website.

The Force Risk Management Group oversees risk management within the Force and is chaired by the Chief Constable. The Group focuses on strategic risks but also monitors risk management processes across the Force. The Office of the PCC maintains its own risk register.

A joint independent audit committee has been established in accordance with CIPFA guidance and the Financial Management Code of Practice. The Committee's main role is to provide assurance to the PCC and Chief Constable that the internal control and governance framework is operating effectively. The Committee meets in public and reports and minutes are placed on the PCC website

Both the PCC and Force are subject to external independent review through the external audit of their financial statements. In addition HMIC is charged with promoting the effectiveness and efficiency of policing, improving performance and sharing best practice nationally.

The PCC has complied with the Elected Local Policing Bodies (Specified Information) Order 2011 and publishes all relevant information on his website.

The independent Thames Valley Police and Crime Panel reviews and scrutinises the decisions and actions of the PCC.

E. Developing the capacity and capability of the PCC, Officers of the PCC and the Force to be effective in their roles

The PCC has appointed a deputy to assist him discharge his statutory functions. He has also reviewed his staffing structure to ensure that it is fit for purpose and has the necessary capability and capacity to deliver his new statutory functions such as commissioning services for victims' and witnesses.

Both the PCC and Deputy PCC have received appropriate induction training. Ongoing training will include attendance at appropriate national conferences and seminars.

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The PCC and Chief Constable ensure that their statutory officers have the skills, resources and support necessary to perform effectively in their roles and that these roles are properly understood throughout the organisation. Specialist advice, in areas such as taxation, legal and treasury management, is sourced externally, as this is more practical and cost-effective.

The PCC and Chief Constable use the annual appraisal process to focus individual employee contributions towards corporate objectives and measures, and to facilitate self development.

The PCC is a member of the national Association of Police and Crime Commissioners. The Chief Constable and her fellow chief officers are members of ACPO.

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

Force engagement with the public takes place on many levels, from daily street contact and phone calls through to attendance at public meetings and formal surveys in relation to service priorities, levels and quality. Neighbourhood Action Groups have been established across the force area and are active partnerships between the public, statutory and voluntary agency partners and local policing teams. "Have your say" is a consultation and priority setting process which aims to increase public consultation and ensure that the Force tackles issues which most concern communities

The PCC has a statutory responsibility to obtain the views of the community and victims of crime about the policing of the Force area and he must have regard to the views of responsible authorities. The communication and engagement strategies explain how local people can interact with the PCC and the chief constable to ensure that their views inform decision making, accountability and future direction. This is achieved through being part of the yearly planning arrangements and becoming involved in issues of interest to local people as they emerge. The Chief Constable also has a statutory duty to make arrangements for obtaining the views of persons within each neighbourhood about crime and disorder in that neighbourhood

The PCC has developed his Police and Crime Plan in consultation with the Chief Constable, the public and partners. This Plan sets out his strategic policing and crime objectives and priorities, and how these will be delivered.

In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. The PCC and Chief Constable have effective, transparent and accessible arrangements for dealing with complaints received from the public. Furthermore, the decisions and actions of the PCC are subject to review and scrutiny by the independent Police and Crime Panel.

The PCC published his inaugural annual report last summer (2013). This explained his main achievements during his first six months in office and also provided information on operational and financial performance during 2012/13.

This overall combined process will facilitate his personal accountability to the public.

Financial Management Arrangements

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

The Chief Constable produces a medium term financial plan (MTFP) which is refreshed throughout the financial year to provide an effective framework for decision making. This MTFP covers both revenue and capital and is closely aligned to the PCC's Police and Crime Plan. The Police and Crime Panel must review the PCC's proposed council tax precept and, if necessary,

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make recommendations to the PCC before he formally sets the annual budget in February. Formal budget monitoring is undertaken on a regular basis throughout the year i.e. it is presented to the regular level 1 public meeting between the PCC and Chief Constable (with agendas and minutes placed on the PCC's website).

Value for money is achieved through the Chief Constable's Productivity Strategy, which ensured that £13.1m of cash savings were identified and removed from the revenue budget during 2013/14, whilst frontline police officer numbers were maintained and operational performance targets were largely achieved.

Internal audit is provided through a managed service contract with Oxfordshire County Council, although one senior internal auditor is employed by the PCC. The chief internal auditor reports jointly to the PCC's Chief Finance Officer and the Chief Constable's Director of Finance. The chief internal auditor provides a regular update to the Joint Independent Audit Committee and also provides an independent opinion on the adequacy and effectiveness of the system of internal financial control.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) of the PCC and the CFO of the Chief Constable (March 2014).

REVIEW OF EFFECTIVENESS

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

a) Internal audit

The effectiveness of internal audit has been assessed against how well it measures up to the Public Sector Internal Audit Standards. A review was undertaken by four staff from the OPCC and Police Force for 2013/14, which assessed the evidence produced by the Chief Internal Auditor.

The outcome of the review was reported to both the Governance Advisory Group on 22nd May 2014 and the Joint Independent Audit Committee on 24th June 2014. The review concluded that *the internal audit system in Thames Valley is effective and that the annual report and opinion from the Chief Internal Auditor is reliable evidence to support this Annual Governance Statement.*

b) The system of internal control

The PCC and Chief Constable are jointly responsible for conducting, at least annually, a review of the effectiveness of the system of internal control. The review has been informed by the work of the internal audit service and the executive managers within TVP, responsible for the development and maintenance of the internal control environment. Comments from the independent external auditors, other review agencies and inspectorates have also been taken in to account.

The overall review of the system of internal control has been undertaken as part of the wider review of corporate governance. The processes used in maintaining and reviewing the effectiveness of the system of corporate governance are described below.

Governance Advisory Group

A joint OPCC/TVP group has been set up with the following terms of reference:

- To provide advice to the PCC and Chief Constable on the application of statutory requirements and guidance relating to issues of corporate governance
- To review and provide feedback on the effectiveness of the corporate governance systems determined by the PCC and Chief Constable
- To oversee the production of the draft annual governance statements.

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The Group reviewed all existing corporate governance arrangements and documents and considered how best to adapt and update them in light of the proposed Stage 2 transfer of staff, assets and liabilities from the PCC to the Chief Constable on 1st April 2014. Having been scrutinised by the Joint Independent Audit Committee the updated framework of corporate governance was approved by the PCC and Chief Constable at their Level 1 Policy, Planning & Performance meeting on 1st April 2014.

The Home Secretary gave formal approval to the definitive stage 2 staff transfer scheme on 28th March 2014.

The Governance Advisory Group also developed this joint Annual Governance Statement for 2013/14.

PCC

The PCC has a statutory duty to 'maintain an efficient and effective police force'. The following paragraphs explain how the PCC has discharged these powers and duties:

The PCC, Anthony Stansfeld, was elected on 15th November 2012 and took up office on the 22nd. The following key governance activities took place during 2013/14:

- The initial framework for corporate governance was agreed and signed on 29th November 2012. As explained above the updated framework of corporate governance to reflect the "stage 2" transfer was approved, and became effective on 1st April 2014
- At its meeting on 1st February 2013 the Police and Crime Panel endorsed the PCC's proposed 2% increase in council tax precept for 2013/14. The PCC subsequently approved his annual revenue budget for 2013/14 on 8th February 2013.
- The PCC allocated £3.5m from his Community Safety Fund (CSF) in 2013/14 to help improve community safety and crime prevention across the Thames Valley. Following extensive consultation with individual local authorities and collectively through the Police and Crime Panel a new 'needs based' funding formula to allocate the CSF in 2014/15 and later years was agreed in November 2013.
- Following consultation with the Chief Constable, the public, partners and other stakeholders the PCC issued his Police & Crime Plan 2013-2017 on 2nd April 2013. The Plan is being to reflect updated PCC responsibilities and priorities and will be published in July 2014.
- The PCC published his inaugural Annual Report on 30 June 2013 to highlight major achievements during his first six months in office and to report on operational and financial performance during 2012/13
- On 1st April 2013 the Office of the PCC published its *development programme* for 2013/14 to demonstrate how it will deliver the non-policing elements of the Police and Crime Plan. Progress reports were provided to the PCC on a regular basis throughout the year.
- Work is ongoing to improve and enhance the governance and accountability arrangements for partnership work.
- The PCC is actively engaged in the oversight and scrutiny of key collaboration activities (e.g. South East region; Bilateral with Hampshire, Chiltern Transport Consortium, National Police Air Service).
- The PCC has been elected to the Executive Board of the Association of Police and Crime Commissioners (APCC) and represents South East and Eastern region PCC colleagues on the National Police Air Service Board.
- During the autumn the PCC worked closely with the Chief Constable to update the medium term financial plan (2014/15 to 2016/17).
- On 31st January 2014 the Police and Crime Panel approved, in principle, the PCC's proposed council precept proposal for 2014/15. This was confirmed in writing on 7th February.
- On 14th February the PCC published his annual revenue budget for 2014/15, as well as the three year capital programme (2014/15 to 2016/17) and the annual treasury management strategy statement for 2014/15.
- The PCC worked closely with the Chief Constable to establish the new Complaints, Integrity and Ethics Panel – see section C (external scrutiny for further detail).

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The Force

The Chief Constable's Chief Officer Management Team met formally on 13 occasions during 2013/14 to determine and monitor Force Strategy, Policies and Performance. Minutes of those meetings are published on the Force Internet – see Strategic Management Meetings at:

<http://www.thamesvalley.police.uk/aboutus/aboutus-ccmt/aboutus-ccmt-stratgrp/aboutus-ccmt-stratgrp-exdecmeet/aboutus-ccmt-stratgrp-exdecmeet-stratmgmt.htm>

Among the key discussions during the year was a review of the Medium Term Financial Plan (MTFP) as part of the annual budget cycle. The updated MTFP was considered several times leading up to formal approval of the Revenue Estimates 2014/15 by the PCC at the level 1 'Policy, Planning and Performance' meeting on 22nd January 2014.

Chief Officers also reviewed the Productivity Strategy which continues to play an important role in identifying options to address the budget shortfall arising from significant reductions in Government grant levels and restrictions on the amount the PCC can raise from council tax.

Risk Management & Business Continuity

The Force Risk Management Group (FRMG) met four times during 2013/14. High level strategic risk management and business continuity issues were reported to the Joint Independent Audit Committee on a timely basis. As at 31st March 2014 there were seven issues on the Strategic Risk Register with mitigating actions. Annual Reports were submitted to the June meetings of the Joint Independent Audit Committee in both 2013 and 2014.

Health & Safety and Environmental Management

The Force Health Safety & Environment (HS&E) Committee met four times. Annual reports on H&S and environmental management were presented to the June meetings of the Joint Independent Audit Committee.

Ethics and Integrity

A protocol between the PCC and Chief Constable has been agreed which provides the PCC with overview and scrutiny of complaints and professional standards. In accordance with this protocol the Deputy PCC met formally with the Deputy Chief Constable and Head of PSD 4 times during 2013/14 to review complaints and matters related to integrity and public confidence. PSD presents details of complaint categories numbers and trends. A new Complaints, Integrity and Ethics Panel has been created and this Panel will replace the current protocol and report directly to the PCC and Chief Constable. – see Section C (external scrutiny) for more detail.

In the light of the publication of a Code of Ethics by the College of Policing, which is due to be laid before Parliament in the summer of 2014, the Chief Constable has sought to reinforce the fundamental importance of integrity issues which are highlighted in the Force Values and to highlight the importance of the Code to all staff. All staff have been required to complete an on-line training package prior to attendance at a dedicated Code of Ethics training session. In addition a Superintendent, reporting directly to the Chief Constable, has been assigned to lead on issues relating to the Code of Ethics.

Collaboration and Partnership Working

The joint TVP & Hampshire Bi-lateral Collaboration Governance Board met 3 times during 2013/14. In January 2013 the formal governance framework and performance accountability of the collaborated Operations, ICT and Information Management units were agreed by both PCCs, as well as the collaboration business plan 2014-16. This Board oversees the development of the Contact Management programme, Criminal Justice, Crime & Intelligence, Non-Collaborated Operations Units and Learning & Development.

Governance of collaboration between forces across the South East region is undertaken at the Regional Governance Board. Four meetings were held during 2013/14.

The South East Regional Organised Crime Unit (SEROCU), which is hosted by Thames Valley Police with effect from 1st April 2014, brings together the current regional organised crime units under one structure with additional capabilities included. It is aligned with the South East Counter Terrorism Unit. There is a joint ACC who works directly to Chief Constable of Thames Valley Police

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to exercise overall command of the regional crime and counter terrorism functions. He also represents serious organised crime at the Regional Governance Board and nationally with the National Crime Agency and other key stakeholders.

The Chiltern Transport Consortium was formed in 2003 and is governed currently through a memorandum of Understanding rather than a formal section 22A collaboration agreement. The CTC Board held its Annual Board Meeting in July 2013. A new governance framework for the consortium will be developed in 2014/15 under a Section 22A Framework

Internal audit

The annual report of the Chief Internal Auditor for 2013/14 was presented to the Independent Audit Committee on 24th June 2014. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

*“Based on the reviews completed during the year, the opinion on the organisation’s System of Internal Control is that the key controls in place are adequate and effective such that **majority assurance** can be placed on the operation of the organisation’s functions. The opinion demonstrates a good awareness and application of effective internal controls necessary to facilitate the achievement of objectives and outcomes. There is an effective system of risk management, control and governance to address the risk that objectives are not fully achieved”.*

c) External scrutiny

Joint Independent Audit Committee

The Committee comprises three former independent members of the former Police Authority’s Audit, Governance and Risk Committee. During 2013/14 it met 4 times to consider the external audit and internal audit plans for 2014/15, as well as receiving timely updates in terms of risk management and business continuity.

The Committee presented its Annual Assurance Report for 2013 to the PCC and Chief Constable at their Level 1 “Policy, Planning and Performance” meeting on 22nd January 2014. The one area of governance where the Committee had a concern was PCC oversight of Force complaints, integrity and ethics issues. This issue is being addressed through the new Complaints, Integrity and ethics Panel – see below for more detail.

External Audit

In September 2013 Ernst & Young issued unqualified audit opinions in respect of the 2012/13 accounts to both the PCC and Chief Constable, as well as giving an unqualified value for money conclusion. The Auditor was satisfied that the system of internal control put in place by the PCC and Chief Constable was adequate and effective in practice.

HMIC

In July 2013 HMIC published their report in relation to the Force’s response to the funding challenge which forms part of the HMIC Valuing the Police programme. The report stated ‘Thames Valley Police has made a very strong response to meeting its financial challenge over the last two years. It has limited the impact of the cuts on its frontline workforce in a way very few other forces have been able to achieve; protecting its crime fighting capability by driving out inefficiencies in other areas. It is one of only four forces in England and Wales where the number of police officers in frontline roles is planned to increase. In addition, the force has demonstrated excellent performance in reducing crime over the spending review period.’

In February 2014 HMIC, together with HM Inspectorate of Prisons, published their joint report in relation to the Force’s custody suites. They reported that ‘Overall, the care of detainees in the Thames Valley force was good, the professional attitude of custody staff and the positive culture towards detainee care was some of the best we have seen.’ This report provided a small number of recommendations to assist the Force and the PCC to improve provisions further. Work is in progress to implement these recommendations.

Both reports are available on the HMIC website.

The Chief Constable provides the PCC with a full briefing note following each HMIC inspection.

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The PCC is required to respond and publish on his website, within 30 working days, his response to each relevant HMIC inspection report. Apart from the joint inspection report on custody suites, this requirement has been complied with.

Police and Crime Panel

During 2013/14 the Police and Crime Panel met on seven occasions. As well as reviewing the budget proposed by the PCC, the Panel also received regular reports on the delivery of the Police and Crime Plan including the contribution made by other partner agencies. In July 2013 the Panel held a conference to mark its first year of operation reflecting on how the Panel had developed, its work to-date and lessons for the future. It also published its inaugural annual report.

Complaints, Integrity & Ethics Panel

Due to national concerns over police integrity there is an accepted need to develop a robust, independent and transparent system of oversight of the way complaints and misconduct allegations made against the police are handled and investigated by the forces themselves. To this end the PCC, in close liaison with the Chief Constable, decided to establish a Complaints, Integrity and Ethics Panel to provide enhanced, independent, oversight and scrutiny of the Force's handling of police complaints and misconduct investigations, as well as broader integrity and ethics issues facing the police in general and Thames Valley in particular.

The new Panel is intended to satisfy the statutory requirements around monitoring of police complaints and also ensure that integrity and ethical issues are considered in order to maintain public confidence in policing. The Panel will report directly to the PCC and the Chief Constable.

Following interview 9 independent members were appointed to the Panel. The first meeting was held on 24th April 2014. Meetings of the Panel will be held bi-monthly.

d) Conclusion

The work carried out by the Governance Advisory Group in the light of the Stage Two Transition in particular provided an opportunity both to validate and update the scheme of governance during 2013/14. Consequently the PCC and the Chief Constable were able to satisfy themselves that key significant governance issues affecting the discharge of their responsibilities were receiving effective scrutiny

SIGNIFICANT GOVERNANCE ISSUES

It should be noted that governance issues facing the organisation are not necessarily always a result of weaknesses within the internal control framework.

There were no governance issues identified in respect on 2012/13 however progress against the two issues identified which might potentially impact on 2013/14 and beyond was as follows:

- **'Stage 2' transfer of staff, assets and liabilities from the PCC to Chief Constable**
 - a) Not finalising an agreed submission before 16th September
 - b) Home Secretary does not agree TVP proposal
 - c) Failure to implement the new arrangements before 1st April 2014
 - d) TVP transfer is not compatible with collaboration partners

Submission deadlines were met and approval to the definitive Staff Transfer was given on 28 March 2014. The joint internal Stage 2 Transition Board met for the final time on 28 February 2014 and was satisfied that there were no outstanding issues to be addressed under the Project and therefore formally closed the Project Board. There were no known incompatibilities with collaboration partners. The Home Secretary gave formal approval to the Stage 2 staff transfer scheme on 28th March 2014.

- **Inconsistent governance arrangements for current collaborations with other forces**
 - South East region governance arrangements are now in line with those established for the bi-lateral collaboration between TVP and Hampshire Constabulary and their respective

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PCCs. The governance arrangements for the Chiltern Transport Consortium are in the process of being reviewed and amended as appropriate.

There are currently **NO** significant governance issues for 2013/14. However, the following issue has been identified which may, potentially, impact on the internal control environment during 2014/15 and beyond. This issue will be closely monitored by the Governance Advisory Group and regular updates will be reported to the Joint Independent Audit Committee:

No.	Issue	Action
1	That the identified funding gap in 2015/16 and later years cannot be addressed without impacting adversely on the effective governance and internal control arrangements currently in place	This will reviewed as part of the normal budget development process for the medium term financial plan (i.e. 2015/16 and later years). Regular updates will be provided to both CCMT and PCC at appropriate times during the year.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review



Sara Thornton
Chief Constable



Linda Waters
Director of Finance

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for the years ended 31st March 2013 and 2014

	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital grant unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Note							15 + 16	
Balance at 31st March 2012		0	0	0	0	0	-2,681,838	-2,681,838
<u>Movement in reserves during 2012/13</u>								
Surplus or (deficit) on provision of services		-159,469				-159,469	0	-159,469
Other comprehensive Expenditure and Income						0	-316,191	-316,191
Total comprehensive Expenditure and Income		-159,469	0	0	0	-159,469	-316,191	-475,660
Adjustments between accounting basis & funding basis under regulations	6	159,469		0	0	159,469	-159,469	0
Net increase/Decrease before transfers to Earmarked Reserves		0	0	0	0	0	-475,660	-475,660
Transfers to/from earmarked reserves		0	0			0	0	0
Increase/Decrease in Year		0	0	0	0	0	-475,660	-475,660
Balance at 31st March 2013 carried forward		0	0	0	0	0	-3,157,497	-3,157,498
<u>Movement in reserves during 2013/14</u>								
Surplus or (deficit) on provision of services		-183,861				-183,861	0	-183,861
Other comprehensive Expenditure and Income		0	0		0	0	163,731	163,731
Total comprehensive Expenditure and Income		-183,861	0	0	0	-183,861	163,731	-20,130
Adjustments between accounting basis & funding basis under regulations	6	183,861		0	0	183,861	-183,861	0
Net increase/Decrease before transfers to Earmarked Reserves		0	0	0	0	0	-20,130	-20,130
Transfers to/from earmarked reserves		0	0					0
Increase/Decrease in Year		0	0	0	0	0	-20,130	-20,130
Balance at 31st March 2014 carried forward		0	0	0	0	0	-3,177,627	-3,177,628

Please note that the prior year figures in this statement have been restated. See note 4 for more information

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement 2013/14

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation.

	Note	31 March 2013			31 March 2014		
		Expenditure £000	Income £000	Net £000	Expenditure £000	Income £000	Net £000
Local Policing		216,888	-22,746	194,142	224,221	-15,155	209,066
Dealing with the public		36,121	-1,684	34,437	34,868	-1,995	32,873
Criminal justice arrangements		43,580	-8,630	34,950	40,438	-7,528	32,910
Roads policing		22,752	-4,491	18,261	24,106	-4,515	19,591
Specialist operations		24,709	-4,256	20,453	24,637	-3,264	21,373
Intelligence		31,406	-2,710	28,696	32,603	-4,736	27,867
Specialist investigations		89,863	-4,133	85,730	96,773	-5,102	91,671
Investigative support		14,249	-706	13,543	13,734	-757	12,977
National policing		35,355	-24,415	10,940	35,190	-23,407	11,783
Corporate and democratic core		0	0	0	0	0	0
Non distributed costs		387	0	387	106	0	106
Financial resources of the PCC consumed at the request of the Chief Constable		515,310	-73,771	441,539	526,676	-66,459	460,217
Intra group funding	5			-412,540			-412,564
Net cost of services				28,999			47,653
Other operating expenditure		0	0	0	0	0	0
Financing and investment income and expenditure	7a	130,468	0	130,468	136,207	0	136,207
Surplus/deficit on discontinued operations				0			0
Taxation and non specific grant income				0			0
(Surplus)/Deficit on Provision of Services				159,467			183,860
Surplus (-) / deficit on revaluation of fixed assets				0			0
Surplus (-) / deficit on revaluation of available for sale financial assets				0			0
Remeasurements of the net defined benefit liability (asset)				316,191			-163,731
Any other gains (-) / losses				0			0
Other Comprehensive Income and Expenditure				316,191			-163,731
Total Comprehensive Income and Expenditure				475,658			20,129

Notes: Actuarial gains and losses apply to both assets and liabilities and are either due to changes in assumptions (on liabilities) and "experience items" – actual outcome different to expected – for both assets and liabilities. The significant loss in 2012/13 was due to a reduction in the discount rate (a change in assumptions) as a result of the lower yields experienced on AA corporate bonds

Please note that the prior year figures in this statement have been restated. See note 4 for more information

BALANCE SHEET

The Balance Sheet

The Balance Sheet shows the value at 31st March of the assets and liabilities recognised by the Chief Constable. Net assets are matched by the unusable reserves held by the Chief Constable. (i.e. those that the Chief Constable is not able to use to provide services). This category includes reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

31.3.12	31.3.13		Note	31.3.14
	£000			£000
0	0	Long Term Assets		0
0	0	Current Assets		0
		Current Liabilities		
-5,657	-5,315	Accumulated absences	15	-5,441
-5,657	-5,315	Total Current Liabilities		-5,441
		Long Term Liabilities		
-2,676,181	-3,152,182	Liability related to defined benefit pension schemes	16	-3,172,187
-2,676,181	-3,152,182	Total Long Term Liabilities		-3,172,187
-2,681,838	-3,157,497	Net Assets		-3,177,628
0	0	Usable reserves		0
-2,681,838	-3,157,497	Unusable reserves		-3,177,628
-2,681,838	-3,157,497	Total Reserves		-3,177,628

Please note that the prior year figures in this statement have been restated. See note 4 for more information

CASH FLOW STATEMENT

The Cash Flow Statement

This statement does not show any cash flows for the year ending 31st March 2014 as all payments were made from the police fund which is held by the PCC and similarly all income and funding is received by the PCC during the year.

	Note	31.3.13	31.3.14
		£000	£000
Net (surplus)/deficit on the provision of services		159,468	183,862
Adjust net surplus/deficit for non cash movements	14	-159,468	-183,862
Adjust for items included in surplus/deficit that are investing and financing activities		0	0
Net cash flows from Operating Activities		0	0
Investing Activities		0	0
Financing Activities		0	0
Net increase (-) or decrease in cash and cash equivalents		0	0
Cash and cash equivalents at the beginning of the reporting period		0	0
Cash and cash equivalents at the end of the reporting period		0	0

Please note that the prior year figures in this statement have been restated. See note 4 for more information

NOTES TO THE ACCOUNTS

GENERAL ACCOUNTING POLICIES

a. General principles

These financial statements have been prepared in accordance with the Code of Practice (the code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2003 and the Service Reporting Code of Practice for Local Authorities 2013/14 (SeRCOP). The Accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS)

The accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

Following the passing of the Police Reform and Social Responsibility (PRSR) Act 2011, Thames Valley Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the Police and Crime Commissioner (PCC) for Thames Valley and the Chief Constable. Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements included here represent the accounts for the Chief Constable. The financial statements cover the 12 months to the 31 March 2014. The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31 March 2014.

The notes relating to specific financial statement lines now include the corresponding accounting policy. As a result there is not a separate principal accounting policies note but the section below details general accounting policies where there are not accompanying notes.

b. Accruals of expenditure

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

- Supplies are recorded as expenditure when they are consumed.
- Where expenditure has been recognised (using estimates when appropriate) but cash has not been paid, a creditor for the relevant year is recorded in the Group Balance Sheet.

c. Jointly Controlled Operations and Jointly Controlled Assets

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

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other venturers, with the assets being used to obtain benefits for the venturers. The joint venture does not involve the establishment of a separate entity. The Group accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

d. Overheads and support services

In line with Service Reporting Code of Practice (SeRCOP) and Police Objective Analysis, the costs of support services are fully allocated to the Group's services. Support service costs identified as Non Distributed Costs are not charged to services but are shown separately in the CIES. Non Distributed Costs include the costs of discretionary benefits awarded to employees retiring early

NOTES TO THE ACCOUNTS

e. VAT

The Chief Constable does not submit a separate VAT return and the PCC submits a single VAT return on behalf of the group. Income and expenditure in the operating cost statement excludes any amounts related to VAT, as VAT collected is payable to HM Revenue and Customs and the vast majority of VAT paid is recoverable from it.

1. ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

IFRS 13 *Fair Value Measurement* (May 2011)
IFRS 10 *Consolidated Financial Statements*
IFRS 11 *Joint Arrangements*
IFRS 12 *Disclosure of Interest in other Entities*
IFRS 27 *Separate Financial Statements* (as amended in 2011)
IFRS 28 *Investments in Associates and Joint Ventures* (as amended in 2011)
IFRS 32 *Financial Instruments : Presentation*
Annual improvements to IFRSs 2009-2011 Cycle

2. SIGNIFICANT ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the values and liabilities that are not readily apparent from other sources. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

- a. A judgment has been made of the expenditure allocated between the PCC and Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's SeRCOP. In arriving at this approach various interested parties were consulted including senior management in both corporate bodies and careful consideration given to the PRSR Act and Home Office guidance. More detail is included in Note 5 below. It has also been judged that all working capital is attributable to the PCC
- b. The costs of a pension arrangement require estimates regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the Group as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.

3. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements requires management to make judgements, 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. In accordance with the Code we are required to disclose those assumptions made about the future and other major sources of estimation uncertainty for which there is a significant risk of 'material' adjustment. The key judgements and estimation uncertainty that have a significant risk of causing material

NOTES TO THE ACCOUNTS

adjustment to the carrying amounts of assets and liabilities within the next financial year involves the pension liability for police officers and police staff - the discount rates used to calculate the pension liabilities are estimates, any changes in which could impact on the total liability of the relevant pension funds, see Note 16 for more details of the impact of discount rate changes.

4. PRIOR PERIOD ADJUSTMENT

There have been three changes in accounting policy that have required the 2012/13 accounts to be restated.

1. There has been a change in accounting policy for post employment benefits as a result of the Code's adoption of the amendments to IAS 19; the standard governing retirement costs. There is a new measurement of the net defined benefit liability which now includes the return on plan assets. Additionally, the administrative expenses of pension schemes are now charged to the cost of services in the CIES (whereas they were previously offset against the expected return on assets in the balance sheet).

2. Further to the changes in the code, the Chief Constable and PCC have adopted a new accounting policy and have recognised police officer and staff pension costs and accumulated absences expenses in the Chief Constable's accounts in accordance with IAS 19 (Employee benefits). Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits (otherwise the impact of these costs would remain a charge to the Chief Constable) The prior year figures have been restated solely for comparative purposes.

3. There has also been an internal change in accounting policy with regards to the allocation of income between the PCC and the Chief Constable. In the 2012/13 accounts, all income was attributed to the PCC. The Chief Constable received intra group funding to reflect the resources that were consumed in the course of providing operational policing. For 2013/14, income associated with operational policing is now attributed to the Chief Constable and thus, the intra group funding from the PCC to the Chief Constable reflects the net cost of providing operational policing after offsetting appropriate income and specific grants. The 2012/13 figures have been restated accordingly.

The financial implication of these three changes are summarised in the tables that follow. (An alternative technical treatment would be that the IAS 19 changes took place in the Chief Constable's accounts during 12/13)

	Published figures 2011/12 £000	Adjustments relating to IAS changes £000	Adjustments relating to income in CC accounts instead of PCC accounts £000	Adjustments relating to employee benefits in CC accounts instead of PCC accounts £000	Restated figures £000
PCC's Accounts					
<i>BALANCE SHEET</i>					
Accumulated absences	- 5,657			5,657	0
Pension liability	- 2,676,181			2,676,181	0
Unusable reserve	- 2,681,838			2,681,838	0

	Published figures 2011/12 £000	Adjustments relating to IAS changes £000	Adjustments relating to income in CC accounts instead of PCC accounts £000	Adjustments relating to employee benefits in CC accounts instead of PCC accounts £000	Restated figures £000
CC's Accounts					
<i>BALANCE SHEET</i>					
Accumulated absences	0			- 5,657	- 5,657
Pension liability	0			- 2,676,181	- 2,676,181
Unusable reserve	0			- 2,681,838	- 2,681,838

NOTES TO THE ACCOUNTS

	Published figures 2012/13	Adjustments relating to IAS changes	Adjustments relating to income in CC accounts instead of PCC accounts	Adjustments relating to employee benefits in CC accounts instead of PCC accounts	Restated figures
	£000	£000	£000	£000	£000
PCC's Accounts					
<i>CIES</i>					
Income (net cost of services)	- 77,874		77,874		0
Intra group funding	515,115	195	- 77,874	- 29,001	408,435
Financing and investment income and expenditure	126,898	3,499		- 130,468	- 71
Surplus/deficit on provision of services	168,351	3,694		- 159,469	12,576
Actuarial gains/losses on pension assets/liabilities	319,885	- 3,694		- 316,191	0
Other comprehensive income and expenditure	314,864	- 3,694		- 316,191	- 5,021
Total comprehensive income and expenditure	483,215			- 475,660	7,555
<i>MIRS</i>					
Adjustments between accounting and funding basis	165,920	3,694		- 159,468	10,146
BALANCE SHEET					
Accumulated absences	- 5,315			5,315	0
Pension liability	- 3,152,182			3,152,182	0
Unusable reserve	- 2,989,886			3,157,497	167,611
CASH FLOW STATEMENT					
Adjustment for non cash movement	- 173,795	- 3,694		159,468	- 18,021

	Published figures 2012/13	Adjustments relating to IAS changes	Adjustments relating to income in CC accounts instead of PCC accounts	Adjustments relating to employee benefits in CC accounts instead of PCC accounts	Restated figures
	£000	£000	£000	£000	£000
CC's Accounts					
<i>CIES</i>					
Income (net cost of services)	0		- 77,874	0	- 77,874
Intra group funding	515,115	195	- 77,874	- 29,001	408,435
Net cost of services	0			29,001	29,001
Financing and investment income and expenditure	0			130,468	130,468
Surplus/deficit on provision of services	0			159,469	159,469
Actuarial gains/losses on pension assets/liabilities	0			316,191	316,191
Other comprehensive income and expenditure	0			316,191	316,191
Total comprehensive income and expenditure	0			475,660	475,660
<i>MIRS</i>					
Adjustments between accounting and funding basis	0			159,468	159,468
BALANCE SHEET					
Accumulated absences	0			- 5,315	- 5,315
Pension liability	0			- 3,152,182	- 3,152,182
Unusable reserve	0			- 3,157,497	- 3,157,497
CASH FLOW STATEMENT					
Adjustment for non cash movement	0			- 159,468	- 159,468

5. CREATION OF NEW POLICE AND CRIME COMMISSIONER AND CHIEF CONSTABLE

Introduction

Following the Police Reform and Social Responsibility Act 2011 (The Act) Thames Valley Police Authority was replaced on 22nd November 2012 with two 'corporation sole' bodies, the PCC for Thames Valley and the Chief Constable. It is the Government's intention that the reforms under the Act will be phased in over a period of several years. These financial statements for 2013/14 show the financial positions of the PCC and the PCC Group for the second year of operation.

Accounting principles

The accounting recognition of assets, liabilities and reserves during the first period of transition, reflects the powers and responsibilities of the PCC as designated by the Act and the Home Office Financial Management Code of Practice for the Police Service, England and Wales 2012. This accounting relationship is also underpinned by the relationships as defined by local regulations, local agreement and practice. On 22nd November 2012, the assets, liabilities and reserves of the Police Authority were transferred directly to the PCC and during this first phase of transition remain under the PCC's control. Statutory and local arrangements determine that the PCC holds all assets, liabilities and the reserves except for the IAS 19 pension and the accumulated absences liabilities. All payments for the Group are made by the PCC from the police fund and all income and funding is received by the PCC. The PCC has the responsibility for managing the financial relationships with third parties and has legal responsibilities for discharging the contractual terms and conditions of suppliers.

This year the Chief Constable and PCC have adopted a new accounting policy and have recognised police officer and staff pension costs in the Chief Constable's accounts in accordance with IAS 19 (Employee benefits). Revised legislation came into effect on 1st April 2013 granting the Chief Constable the same status as local authorities under Sections 21 and 22 of the Local Government Act 2003. This enables the Chief Constable to apply the statutory override for employee benefits. The prior year figures have been restated solely for comparative purposes.

Intra group adjustments

The table below shows the movement through an intra group account within the respective accounts during 2012/13 and 2013/14. There are no outstanding intra group balances at year end, as the PCC paid all financial resources consumed at the request of the Chief Constable and an intra group adjustment was made to offset the Chief Constable's consumption of resources

Intra group balances for 2013/14	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2013	0	0	0
PCC resources consumed at the request of the Chief Constable	- 412,564	412,564	0
PCC Intra group adjustment	412,564	- 412,564	0
Closing balance as at 31st March 2014	0	0	0

Intra group balances for 2012/13	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2012	0	0	0
PCC resources consumed at the request of the Chief Constable	- 412,540	412,540	0
PCC Intra group adjustment	412,540	- 412,540	0
Closing balance as at 31st March 2013	0	0	0

6. 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 Chief Constable in the year in accordance with proper accounting practice. All items are adjustments between the general fund balance and the unusable reserves shown below.

NOTES TO THE ACCOUNTS

The accounting practice for the chief constable took effect from 1st April 2013. The previous year has been restated solely for comparative purposes.

2013/14

	General Fund Balance £000	Unusable Reserves £000
Adjustments primarily involving the capital adjustment account		
<u>Reversal of items debited or credited to the CI&E</u>		
Depreciation & impairment		0
Capital grants credited to CI&E		0
Non current assets written out on disposal		0
<u>Insertion of items not debited or credited to CI&E</u>		
Statutory provision for the repayment of debt		0
Voluntary provision for the repayment of debt		0
Capital expenditure charged to general fund balance		0
Adjustments primarily involving the capital grants unapplied account		
Capital grants credited to CI&E		0
Application of grants to capital financing transferred to the capital adjustment account		0
Adjustments primarily involving the capital receipts reserve		
Sale proceeds credited as part of gain/loss on disposal		
Use of capital receipts to finance new capital expenditure		0
Adjustments primarily involving the financial instruments adjustment account		
Amount by which finance costs calculated in accordance with code are different from the amount of finance costs calculated in accordance with statutory regs		0
Adjustments primarily involving the pensions reserve		
Reversal of items relating to retirement benefits debited or credited to CI&E	262,169	-262,169
Employers contributions and direct payments to pensioners payable in the year	-78,434	78,434
Adjustments primarily involving the collection fund adjustment account		
Amount by which council tax income included in the CI&E is different from the amount taken to the general fund		0
Adjustments primarily involving the accumulated absences account		
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	126	-126
Total adjustments between accounting basis and funding basis under regulations	183,861	-183,861

NOTES TO THE ACCOUNTS

2012-13

	General Fund Balance	Unusable Reserves
	£000	£000
Adjustments primarily involving the capital adjustment account		
<u>Reversal of items debited or credited to the CI&E</u>		
Depreciation & impairment		0
Capital grants credited to CI&E		0
Non current assets written out on disposal		0
<u>Insertion of items not debited or credited to CI&E</u>		
Statutory provision for the repayment of debt		0
Voluntary provision for the repayment of debt		0
Capital expenditure charged to general fund balance		0
Adjustments primarily involving the capital grants unapplied account		
Capital grants credited to CI&E		
Application of grants to capital financing transferred to the capital adjustment account		0
Adjustments primarily involving the capital receipts reserve		
Sale proceeds credited as part of gain/loss on disposal		
Use of capital receipts to finance new capital expenditure		0
Adjustments primarily involving the financial instruments adjustment account		
Amount by which finance costs calculated in accordance with code are different from the amount of finance costs calculated in accordance with statutory regs		0
Adjustments primarily involving the pensions reserve		
Reversal of items relating to retirement benefits debited or credited to CI&E	235,155	-235,155
Employers contributions and direct payments to pensioners payable in the year	-75,345	75,345
Adjustments primarily involving the collection fund adjustment account		
Amount by which council tax income included in the CI&E is different from the amount taken to the general fund		0
Adjustments primarily involving the accumulated absences account		
Amount by which officer remuneration charged to the CI&E on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-342	342
Total adjustments between accounting basis and funding basis under regulations	159,468	-159,468

NOTES TO THE ACCOUNTS

7. ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

a) Financing and Investment income and expenditure

	2012/13 £000	2013/14 £000
Interest payable	0	0
Pensions interest cost on net defined benefit liability	130,468	136,207
Subtotal Financing and Investment expenditure	130,468	136,207
Interest and investment income	0	0
Total Operating Expenditure	130,468	136,207

b) Specific grant income

	2012/13 £000	2013/14 £000
PFI grant	- 1,032	- 1,032
Counter terrorism grant (including dedicated security posts)	- 18,203	- 19,702
Neighbourhood policing grant	- 9,124	0
Olympics grant	- 1,776	0
Drug testing grant	- 615	0
Financial investigators grant	- 463	0
Criminal records bureau grant	- 905	- 829
Prevent grant	- 786	- 761
Loan charges grant	- 341	- 330
Other small grants	- 1,488	- 132
Innovation fund grant	0	- 233
Total specific grant income	- 34,733	- 23,019

The differences between the specific and non specific grant income levels are due to variances in Government funding policies year on year, for example the neighbourhood policing grant which was a specific grant in 2012/13 is included in the main police (non specific grant) in 2013/14

8. SEGMENTAL REPORTING

The analysis of income and expenditure on the face of the Comprehensive Income and Expenditure Statement is that specified by the *Service Reporting Code of Practice*. However, the Chief Constable monitors expenditure during the year on a subjective basis, as set out below.

	31.3.13 £000	31.3.14 £000
PCC Controlled Expenditure		
Office of the PCC:	824	705
Democratic Representation	241	162
Other Costs	210	-25
Commissioning Services	0	3,527
	1,275	4,369
Direction and Control of the Chief Constable		
- Pay and Employment costs:		
Police officer pay and allowances	240,343	241,854

NOTES TO THE ACCOUNTS

Police officer overtime	8,523	7,933
PCSO pay and allowances	14,868	14,312
Police staff pay and allowances	90,865	88,801
Temporary or agency staff	2,964	3,603
Police officer injury / Ill health / death pensions	4,250	3,926
Other employee costs	4,731	4,677
Total Pay and Employment costs	366,545	365,107
- Overheads		
Premises related expenditure	22,815	22,836
Transport related expenditure	12,412	12,576
Supplies and services	49,536	50,272
Third party payments	6,301	6,728
Force income	- 30,926	- 36,410
Total Overheads	60,137	56,002
Net Capital Financing Costs		
Capital financing	8,787	5,601
Interest on balances	- 1,674	- 932
Total Capital Financing Costs	7,113	4,669
Statutory Revenue items	197	1,292
Appropriations	- 3,567	1,721
Total Cost of Services	431,700	433,159
Funded by:		
General Grant Income	- 234,332	- 236,319
Council Tax Precept Income	- 136,830	- 128,865
Specific Grants	- 61,757	- 69,331
Total Funding	432,918	434,515

Reconciliation to Net cost of Services in Comprehensive Income & Expenditure Statement

This table provides a reconciliation between the Total Cost of Services as shown above and the "Financial Resources of the PCC consumed at the request of the Chief Constable" line in the Comprehensive Income and Expenditure Statement (CIES).

	31.3.13	31.3.14
	£000	£000
Total Cost of Services (as above)	431,700	433,159
Less:		
Levies to National Police Service	388	1,313
Interest Payable	1,605	1,572
Interest & Investment Income	- 1,676	- 932
Home Office Pensions top up grant	- 22,702	- 26,499
Appropriation to reserves	- 3,567	1,721
Adjustment for Chiltern Transport Consortium (deficit)/surplus	- 80	146
Cost of asset sales (non TVP)	- 3	2
Add:		
Specific grants	- 61,757	- 53,928
Segmental reporting "net cost of services"	395,978	401,912
Add services not included in main analysis	0	0

NOTES TO THE ACCOUNTS

Add amounts not reported to Management		
IAS 19 pension costs	104,301	125,856
Non distributed costs	387	106
Amortisation of intangible assets	910	890
Depreciation and impairment of tangible assets	19,998	15,048
Holiday pay accrual	- 342	126
Sub Total	125,254	142,026
Remove amounts reported to Management not included in CIES		
PCC controlled expenditure	1,276	1,268
Minimum Revenue Provision	1,573	1,542
Direct Revenue Financing	5,279	2,486
Voluntary Revenue Provision	330	0
Employers contributions to pension schemes	75,345	78,434
Premium /discount on restructuring	- 8	- 9
Sub Total	83,795	83,721
“Resources consumed” as per CIES	437,437	460,217

9. EVENTS AFTER THE BALANCE SHEET DATE

Accounting Policy

When an event occurs after the balance sheet date which provides evidence of conditions that existed at the balance sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance sheet date that is indicative of conditions that arose after the balance sheet date, the amounts recognised in the statement of accounts are not adjusted but disclosed as a separate note to the accounts. Events after the balance sheet date are reflected up to the date when the statement of accounts is authorised for issue and published.

The Statement of Accounts was authorised for issue by the Director of Finance on 30th June 2014. 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 31 March 2014, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information. There are two material non-adjusting events to report.

1. On 1st April 2014, the stage 2 transfer of the PRSR Act (2011) occurred. This resulted in all staff (other than those working in the office of the PCC) transferring from the employment of the PCC to the Chief Constable. The PCC also gave consent to the Chief Constable to enter into contracts and to own short-life assets (e.g. vehicles, plant and equipment). The PCC has retained ownership of land and buildings.
2. Since 1st April 2014 Thames Valley Police has hosted the SE Regional Organised Crime Unit. The unit is funded by specific grant and contributions from partner forces. The total budget for the unit is expected to be around £11.5m which will be managed by Thames Valley Police. The Unit has an establishment of 93 officers and 84 staff which includes the transfer of 38 TVP staff and officers.

NOTES TO THE ACCOUNTS

10. OFFICERS' REMUNERATION

The following sums have been paid to members of the Chief Constable's Management Team.

	Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Police Force								
Sara Thornton	13/14	173,284	0	0	2,814	176,098	39,016	215,114
(Chief Constable)	12/13	171,650	8,015	0	2,073	181,738	38,790	220,528
Francis Habgood	13/14	138,439	0	28	723	139,190	32,188	171,378
(Deputy Chief Constable)	12/13	137,667	0	0	3,706	141,373	32,001	173,374
John Campbell	13/14	102,776	0	0	4,183	106,959	23,558	130,516
(ACC Operations)	12/13	102,210	0	0	3,611	105,821	23,421	129,242
Richard Bennett	13/14	104,094	0	0	4,346	108,440	23,558	131,997
(ACC Neighbourhood Policing & Partnerships)	12/13	103,527	0	29	4,416	107,972	23,421	131,393
Helen Ball						0		0
(ACC Crime & Counter terrorism till 10.11.12)	12/13	66,693	0	0	2,304	68,997	14,833	83,830
Alan Baldwin	12/13	91,440	0	3,942	940	96,322	19,643	115,965
(Acting ACC Crime & Counter terrorism from 19.11.12 to 15.01.13)								
Chris Shead	13/14	82,017	0	21	1,453	83,491	18,913	102,405
(ACC Operations (joint with Hampshire Police) from 3.6.13)								
Brendan O'Dowda	13/14	93,615	0	3,108	504	97,227	20,383	117,610
(Acting ACC SE Regional organised crime & Counter terrorism from 1.10.13)								
Amanda Cooper	13/14	96,364	0	31	3,011	99,407	14,936	114,343
(Director of Information)	12/13	95,805	0	0	3,122	98,927	14,850	113,777
Steven Chase	13/14	96,252	0	1,201	0	97,453	14,919	112,372
(Director of People)	12/13	97,777	0	1,233	0	99,010	14,623	113,633
Linda Waters	13/14	93,569	0	257	0	93,826	14,503	108,329
(Director of Finance)	12/13	101,931	0	1,231	0	103,162	13,370	116,532

Note 1: Chris Shead is a joint ACC with Hampshire Police and part of his remuneration is re charged to Hampshire Police

NOTES TO THE ACCOUNTS

The following table shows the number of police officers and staff whose total remuneration package exceeded £50,000. In this respect, total remuneration comprises gross pay as recorded on employee's P60 tax returns, together with taxable benefits in kind as disclosed to the HM Revenue and Customs on Form P11D. This table excludes those senior officers whose salaries etc. are disclosed separately above, as well police officers and staff who, as at 31st March 2014, are seconded to national bodies such as the College of Policing

Total Remuneration £	2012/13	2013/14
90,000 – 94,999	3	1
85,000 – 89,999	7	3
80,000 – 84,999	14	15
75,000 – 79,999	9	8
70,000 – 74,999	8	8
65,000 – 69,999	23	22
60,000 – 64,999	96	69
55,000 - 59,999	173	150
50,000 – 54,999	267	276

11. FEES PAYABLE TO EXTERNAL AUDITORS

The audit fee payable to the external auditors during the year totalled £0.065m for the group of which the portion relating to the Chief Constable was £0.019m. This consisted of £0.025m payable to the external auditor and a rebate of £0.006m from the Audit Commission in regards to fees for external audit services carried out by the appointed auditor for the year.

12. RELATED PARTY TRANSACTIONS

Central Government has effective control over the general operations of the Chief Constable - it is responsible for providing the statutory framework within which the Chief Constable operates and provides the majority of its funding in the form of grants. Details of significant transactions with government departments are disclosed elsewhere in the Statement of Accounts.

The Chiltern Transport Consortium provides a vehicle fleet management service to TVP, Bedfordshire Police, Hertfordshire Police and the Civil Nuclear Constabulary. The following table provides a high level split of gross costs.

	£000
TVP	6,167
Bedfordshire Police	1,779
Civil Nuclear Constabulary	885
Hertfordshire Police	3,328
External Income	1,801
Total Gross Cost	13,959

There are five SE regional units for Witness Protection, Covert Operations, Technical Support, Serious Crime Investigations and Regional Investigations. Formal section 22A agreements exist for each one. The following tables provides a high level split of gross costs for each unit

	Witness Protection £000	Covert Operations £000	Technical Support £000
TVP	313	450	740
Hampshire Police	275	395	650
Surrey Police	133	191	314
Sussex Police	228	327	538
External Income	200	0	450
Total Gross Cost	1,148	1,363	2,691

NOTES TO THE ACCOUNTS

	Serious Crime Investigations £000	Regional Investigations £000
TVP	753	227
Hampshire Police	610	198
Kent Police	0	183
Surrey Police	477	157
Sussex Police	404	97
External Income	0	724
Total Gross Cost	2,244	1,587

We collaborate with Hampshire Police in terms of ICT, Information management and Operations. Two of these (ICT and Information Management) are led by TVP whilst Hampshire Police leads on operations. The following table provides a high level split of gross costs for 2013/14.

	£000
TVP	38,796
Hampshire Police	32,580
Total Gross Cost	71,376

Chief Officers are required to declare whether they, or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the PCC or Thames Valley Police during the financial year. A letter has been sent to all chief officers to collect this information and the outcome is that there are no material related party transactions to disclose in 2013/14.

13. TERMINATION BENEFITS

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are charged as an expense in the cost of services in the Comprehensive Income and Expenditure at the point in which the Chief Constable can no longer withdraw the offer of termination benefits.

The Chief Constable terminated the contracts of 13 police staff during 2013/14 incurring liabilities of £0.078m of redundancy payments and £0.012m of pension strain costs.

Termination benefits are accounted for in the year in which the decision is made, not when the individual leaves TVP.

The number of exit packages with total cost per band and total cost of compulsory and other redundancies are set out in the table below:

2013/14

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages in each band £000
£0 - £20,000	13	0	13	90
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,000 - £150,000	0	0	0	0
Total	13	0	13	90

NOTES TO THE ACCOUNTS

2012/13

Exit package cost band	Number of compulsory redundancies	Number of other departures agreed	Total number of exit packages	Total cost of exit packages in each band £000
£0 - £20,000	25	1	26	203
£20,001 - £40,000	4	1	5	126
£40,001 - £60,000	1	0	1	52
£60,001 - £80,000	1	0	1	62
£80,001 - £100,000	1	0	1	83
£100,000 - £150,000	0	0	0	0
Total	32	2	34	526

The figures shown above include, where appropriate, the cost to the Chief Constable of paying the pension strain on those employees who accepted early retirement. Pension strain is a payment made to the pension fund to reflect the additional cost to the fund of the employee retiring early. It is not a payment made to the individual employee.

Voluntary redundancies are only agreed in situations where, by accepting a volunteer, the Chief Constable avoids or reduces the requirement to select and implement compulsory redundancies.

14. NOTES TO THE CASH FLOW STATEMENT

As stated in the explanatory forward on page 2, the Chief Constable does not operate a bank account and therefore the total cash movements are £nil

Analysis of non cash adjustments:

	2012/13 £000	2013/14 £000
IAS 19 pension liability	-159,810	-183,736
Other non cash items charged to deficit	342	-126
(Increase)/decrease in provisions	0	0
Increase/(decrease) in stock	0	0
Increase/(decrease) in debtors	0	0
(Increase)/decrease in creditors	0	0
Total adjustment for non cash items	-159,468	-183,862

15. ACCUMULATED ABSENCES

Accounting Policy

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, TOIL (time off in lieu) paid sick leave, bonuses and non monetary benefits for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Chief Constable.

IAS 19 (Employee Benefits) requires the Chief Constable to account for short term compensating absences which include time owing and annual leave accrued by accruing for the benefits which have accumulated but are not taken by the balance sheet date.

NOTES TO THE ACCOUNTS

	31.3.12	31.3.13	31.3.14
	£000	£000	£000
Opening balance	6,290	5,656	5,315
Reversal of prior year accrual	- 6,290	- 5,656	- 5,315
Accrual for accumulated absences at year end	5,656	5,315	5,441
Closing balance	5,656	5,315	5,441

16. PENSIONS

Accounting Policy

Post employment benefits

The Chief Constable operates two pension schemes for police officers and a single scheme for police staff.

Police Officers

The Police Pension Scheme (PPS) is a contributory occupational pension scheme (contracted out from the State Earnings Related Pension Scheme), governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The 2006 Police Pension Scheme (NPPS) which started on 1 April 2006, is a contributory occupational pension scheme (contracted out from the State Earnings Related Pension Scheme) governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2007). Officers make a contribution from their pensionable pay, based on salary bandings. The employee's contribution is set nationally by the Home Office and is subject to triennial revaluation. A Pension Fund was set up on 1 April 2006 to administer both schemes.

This is an unfunded scheme administered by the Chief Constable, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amounts receivable by the pensions fund for the year is less than amounts payable, the Chief Constable must annually transfer an amount required to meet the deficit to the pensions fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. If however, the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Chief Constable who must then repay the amount to central government.

The NPPS and PPS are defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19 Employee Benefits, the net liability and a pensions reserve for both Pension schemes has been recognised on the balance sheet, as have entries in the CIES for movements in the asset / liability relating to the defined benefit scheme. Transfers into and out of the scheme representing joining and leaving police officers, are recorded on a cash basis in the pension fund, because of the length of time taken to finalise the sums involved.

Following the code's requirements, IAS 19 has been fully recognised in the Chief Constable and Group accounts. Scheme liabilities as shown on the balance sheet are calculated by determining future liabilities for pension payments and applying a discount rate equal to the yield on an index of long dated AA rated corporate bonds as at 31 March 2014. The pension liabilities in these accounts have been calculated accordingly at a discount rate of 4.4%

NOTES TO THE ACCOUNTS

Police Staff

Police staff are eligible to join the Local Government Pension Scheme administered by Buckinghamshire County Council. This is a funded scheme. In 2013/14 the Chief Constable paid an employer's contribution representing 15.5% of pensionable pay. The contribution rate is determined by the Fund's actuary based on valuations every three years.

Additional contributions are payable to cover the cost of any early retirements except those due to ill-health. In addition the Chief Constable is responsible for all pension payments relating to any added years' benefits, together with the related increases.

The pension costs relating to those staff working in the Office of the Police and Crime Commissioner are included in the overall staff pension costs shown in the Chief Constable's accounts. This is because the amounts are de-minimus to account for separately.

The values for each scheme are shown separately in the notes. Assets are measured at fair value which is assessed on the basis of bid price. Liabilities are measured using the projected unit method. Liabilities are discounted at 4.6%

Transactions relating to retirement benefits

The Chief Constable pays employer contributions at a rate of 24.2% of pensionable salary into the police pension fund and 15.5% into the LGPS fund. To reflect the financial consequences of utilising the services of police officers and staff during the year, an amount for pensions is reflected in the chief constables Comprehensive Income and Expenditure Statement (CIES). The cost is determined independently of the funding of the scheme. It measures the full liability estimated to be generated in year (at today's prices) as valued by actuaries

	LGPS		Police Pension Scheme	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
• current service costs	20,285	20,209	83,820	105,300
• past service costs	0	0	0	30
• curtailment and settlements	387	76	0	0
• Administration expenses	195	347		
<i>Financing and Investment Income and Expenditure</i>				
• Net interest on defined liability	7,218	6,287	123,250 0	129,920
Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services	28,085	26,919	207,070	235,250
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• actuarial gains and losses and return on plan assets	37,338	16,018	- 370,630	158,660
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	37,338	16,018	- 370,630	158,660
Movement in Reserves Statement				
• reversal of net charges made to the Surplus or Deficit for the Provision of Services for post employment benefits in accordance with the Code	28,085	26,919	207,070	235,250
<i>Actual amount charged against council tax for pensions in the year:</i>				
• employers' contribution payable to scheme	12,296	12,263	63,049	66,171
• retirement benefits payable to pensioners				

NOTES TO THE ACCOUNTS

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Funded liabilities: LGPS		Unfunded liabilities: Police Pension Scheme	
	2012/13 £000	2013/14 £000	2012/13 £000	2013/14 £000
Opening balance at 1 April	402,205	437,054	2,513,250	3,011,150
Current service cost	20,285	20,209	66,160	86,340
Interest cost	18,407	20,381	123,250	129,920
Contributions by scheme participants	5,293	5,229	17,660	18,960
Actuarial gains (-) and losses	405	9,389	370,630	- 158,660
Losses on curtailments	387	76	0	0
Liabilities extinguished on settlements	0	0	0	0
Benefits paid (net of transfers in)	- 9,636	- 11,947	- 79,800	- 84,730
Past service costs	0	0	0	30
Unfunded pension payments	- 292	- 291	0	0
Closing balance at 31 March	437,054	480,100	3,011,150	3,003,010

Reconciliation of fair value of the scheme assets:

	LGPS	
	2012/13 £000	2013/14 £000
Opening balance on 1 April	239,274	296,022
Interest on assets	11,189	14,094
Actuarial gains and losses (-)	37,743	- 6,629
Employer contributions, including unfunded benefits	12,646	14,792
Contributions by scheme participants	5,293	5,229
Benefits paid	- 9,928	- 12,238
Administration expenses	- 195	- 347
Closing balance on 31 March	296,022	310,923

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 interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term rates of return experienced in the respective markets.

The actual return on scheme assets in the year was £20,285m (2012/13 was £48.932m)

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Police Scheme has been assessed by the Government Actuaries Department. The County Council Fund liabilities have been assessed by Barnett Waddington, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 1 April 2010.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

	LGPS		Police Pension Scheme	
	2012/13	2013/14	2012/13	2013/14
Long-term expected rate of return on assets in the scheme:	6.0%	7.0%	N/A	N/A
Mortality assumptions				
• Longevity at 65 for current pensioners (years)				
Men	20.1	23.6	23.4	23.4
Women	24.1	26.0	25.8	25.9
• Longevity at 65 for future pensioners (years)				
Men	22.1	25.8	25.7	25.6
Women	26.0	28.3	27.9	28.0
Rate of inflation - RPI	3.4%	3.7%	3.65%	3.65%
Rate of inflation - CPI	2.6%	2.9%	2.5%	2.5%
Rate of increase in salaries	4.8%	4.7%	4.75%	4.5%
Rate of increase in pensions	2.6%	2.9%	2.5%	2.5%
Rate of discounting scheme liabilities	4.7%	4.6%	4.3%	4.4%
Take-up of option to convert annual pension into retirement lump sum	50%	50%		

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decrease for men and women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated.

	Impacted on the Defined Benefit Obligation			
	LGPS		Police Pension Scheme	
	Increase in assumption £ million	Decrease in assumption £ million	Increase in assumption £ million	Decrease in assumption £ million
Longevity (increase or decrease by 1 year)	16.246	16.384	52.000	52.000
Rate of increase in salaries				
• LGPS (increase or decrease by 0.1%)	2.052	2.037		
• Police Pension (increase or decrease by 0.5%)			76.000	76.000
Rate of increase in pensions				
• LGPS (increase or decrease by 0.1%)	8.877	8.659		
• Police Pension (increase or decrease by 0.5%)			257.000	257.000
Rate for discounting schemes				
• LGPS (increase or decrease by 0.1%)	10.514	10.760		
• Police Pension (increase or decrease by 0.5%)			333.000	333.000

NOTES TO THE ACCOUNTS

The Police Pension Scheme has no assets to cover its liabilities. The LGPS assets consist of the following categories, by proportion of the total assets held:

	31 March 2013	31 March 2014
	%	%
Equities	70	68
Gilts	4	5
Bonds	9	10
Property	8	8
Cash	1	1
Alternative assets	8	0
Absolute return portfolio	0	4
Hedge funds	0	4
Total	100	100

POLICE PENSION FUND ACCOUNTS

Police Pension Fund Account Statements

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social responsibility Act 2011. During the year all payments and receipts are made to and from the PCC Police Fund. This statement shows income and expenditure for the police pension schemes and does not form part of the chief constable or the PCC Group's statement of accounts.

Fund Account

	2012/13 £000	2013/14 £000
Contributions Receivable		
From employer		
- normal	- 36,081	- 35,698
- early retirements	- 1,577	- 1,036
From members	- 17,564	- 18,958
Transfers in		
- individual transfers in from other schemes	- 1,774	- 1,442
Benefits Payable		
- pensions	59,949	63,762
- commutations and lump sum retirement benefits	18,301	18,753
- lump sum death benefits	188	45
Payments to and on account of leavers		
- refund of contributions	36	41
- individual transfers out to other schemes	1,225	1,032
Sub-total for the year before transfer from the Group of an amount equal to the deficit	22,703	26,499
Additional funding payable by the Group to fund the deficit for the year¹	- 22,703	- 26,499
Net amount	0	0

¹The annual deficit on the Police Pensions Account is funded in full by the Home Office Pension's Top-up grant. This income is shown in the PCC and Group Income and Expenditure Account

Pension Fund Net Asset Statement

	2012/13 £000	2013/14 £000
Unpaid pension benefits	0	0
Amount owing from the general fund	0	0
Net Current Assets and Liabilities	0	0

GLOSSARY OF TERMS

Absolute return portfolio

This refers to investment strategies which target a return that is above zero, and are often linked to other financial benchmarks such as LIBOR (London Inter Bank Offered Rate)

Accruals

The concept that income and expenditure are recognised as they are earned or incurred not as money is paid or received.

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

Alternative assets

These are less traditional investments where risks can be greater but potential returns higher over the long term, e.g. investments in private equity partnerships, hedge funds, commodities, foreign currency and futures.

Amortisation

The gradual elimination of a liability, such as a loan, in regular payments over a specified period of time

Appropriations

Transfer of monies between the revenue account and the balance sheet.

Bonds

Bonds are debt obligations issued by private corporations to finance a variety of purposes, e.g. business expansion. When a bond is issued, the corporation promises to return the money on a specified date, paying a stated rate of interest. Bonds do not provide ownership interest in the corporation

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.

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.

GLOSSARY OF TERMS

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.

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".

CASU

Chiltern Air support Unit – a collaborative unit, consisting of Thames Valley Police, Hertfordshire Constabulary and Bedfordshire Police set up to provide helicopter and air support. This has now been transferred to National Police Air Service

Chief Constable

The most senior police officer in charge of a police force

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

Collaboration

Where two or more police forces work jointly, governed by a legal agreement, in order to realise operational efficiency, resilience and cost effectiveness.

Contingency

An event that may occur but that is not likely or intended

Corporate and Democratic Core

All aspects of the PCC's activities in the capacity of a democratic representative, including corporate, programme and service policy making and more general activities relating to governance and the representation of local interests. It also includes the costs of the infrastructure that allows services to be provided and the information that is required for public accountability.

Creditors

Amounts owed by the group at the Balance Sheet date for goods received or work done.

GLOSSARY OF TERMS

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.

Curtailement & settlements

Curtailement 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.

Debtors

Amounts due to the Group but unpaid at the Balance Sheet date.

De minimis

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.

Emoluments

Money or other compensation for work that has been done

Equities

Shares in UK and overseas companies.

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

Fair value is the value of an asset or liability in an arms length transaction between unrelated willing and knowledgeable parties.

Fixed Assets

Tangible assets which yield benefits to the Group for periods of more than one year

GLOSSARY OF TERMS

Gilts

The familiar name given to sterling, marketable, fixed interest securities (or bonds) issued by the British Government.

Hedge Funds

A specialist fund that seeks to generate consistent returns in all market conditions by exploiting opportunities resulting from inefficient markets.

ICT

Information, Communications & Technology

IFRS

International Financial Reporting Standards

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.

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.

b) Operating Lease - where the risks of ownership stay with the leasing company and the annual rental charges are made via the Revenue Account.

LGPS

Local Government Pension Scheme

Liability

An obligation that legally binds an individual or company to settle a debt

Loans Outstanding

Loans raised to finance capital spending which have still to be paid.

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

GLOSSARY OF TERMS

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.

Net Present Value (NPV)

The difference between the present value of cash inflows and the present value of cash outflows.

Outturn

The actual level of spending and income in a particular year

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

PFI

Private Finance Initiative

Police Grant

Police grant is allocated by the Home Office using a highly complex needs based formula. This grant finances around 40% of police revenue expenditure.

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.

Public Works Loans Board (PWLB)

A Government body from which local authorities may raise long term loans

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.

GLOSSARY OF TERMS

RPI

Retail Price Index, a measure of inflation which includes housing costs.

SECTU

South East Counter-terrorism unit

SEROCU

South East Regional Organised Crime Unit

Specific Grants

Government grants to aid certain services, usually paid at a fixed proportion of spending actually incurred.

Usable Capital Receipts

Capital receipts available to finance capital expenditure in future years.

VFM

Value for Money

Chief Constable
Thames Valley Police

Statement of Accounts
for the year ended
31 March 2014