

Thames Valley Police and Crime Commissioner Summary Group Financial Statement 2013-14

The Statement of Accounts is a lengthy and technical document, fulfilling the criteria set by the Code of Practice on Local Authority Accounting in the United Kingdom 2013/14. The following is a summarised statement which is drawn from the full set of accounts.

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

All the financial transactions incurred during 2013/14 for policing Thames Valley have been recognised and recorded within the statement of accounts, which sets out the overall financial position of the PCC and the PCC Group for the year ending 31 March 2014. The Group position (PCC Group) reflects the consolidated accounts of the PCC and its subsidiary, the Chief Constable.

The Group's statutory accounts for the year ended 31st March 2014 were approved by Ernst and Young on 16th September 2014 and an unqualified audit opinion issued.

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

Income and Expenditure Summary

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.

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%.

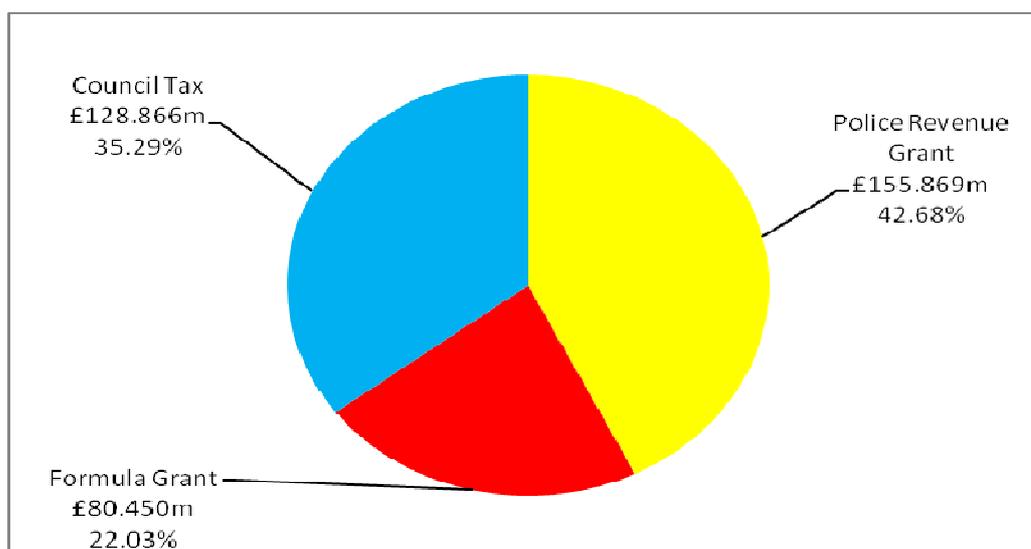
The medium term financial plan 2013/14 to 2016/17, which was produced on the assumption of a 2% increase in council tax in 2013/14 and 2.5% in 2014/15 and later years, required revenue budget savings of £39.9m over the four year period, of which £13.1m was due to be delivered during 2013/14. This is 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.

During the year, the annual revenue budget was managed effectively by the Chief Constable and her staff, resulting in an underspend of just £1.356m (or 0.4% of the net cost of services) thereby demonstrating effective financial management of public resources.

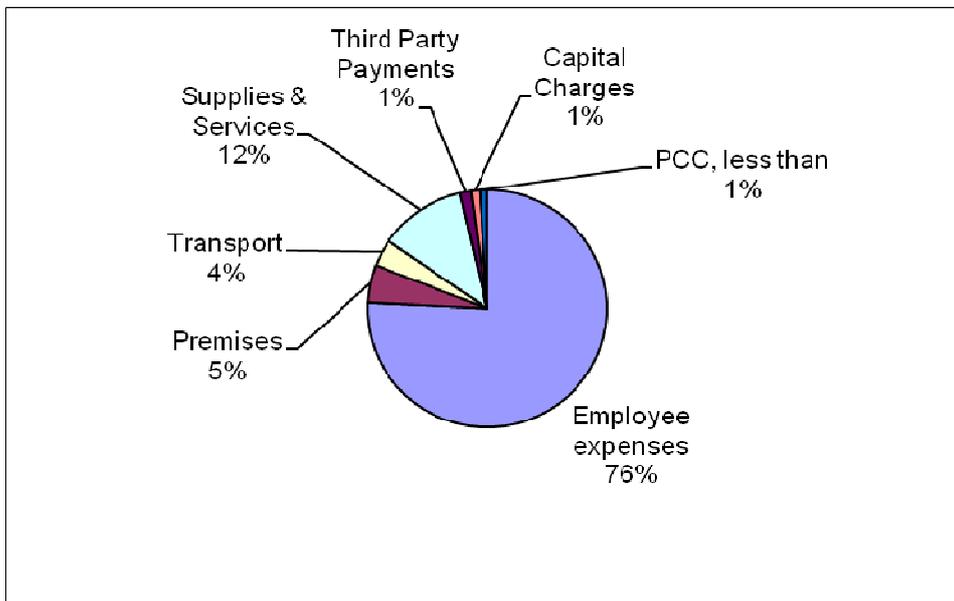
The following charts show where the Group's money came from and what it was spent on during 2013-14.

Where the money comes from: (Total £365.185m)



What the money was spent on:

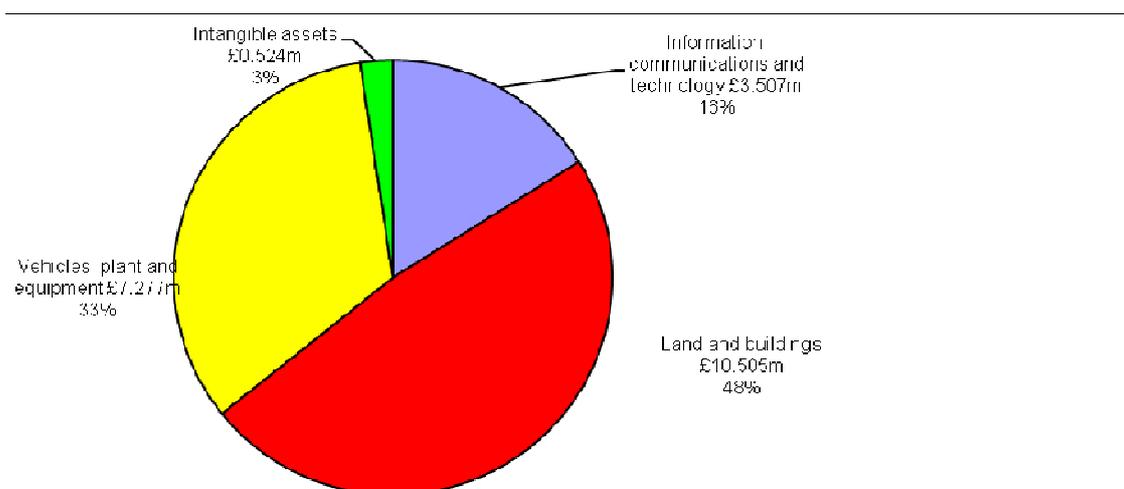
	2013-14 £000	2012-13 £000
Police Officer Salaries	187,390	189,917
Police Staff Salaries	92,201	107,512
Police Pensions	51,935	40,347
Other employee expenses	7,835	7,195
Premises	22,993	22,981
Transport	16,490	17,440
Supplies & Services	52,323	51,387
Third Party Payments	6,728	6,315
Police Authority/PCC	4,370	1,269
Capital Charges	4,021	7,389
Less income	-84,964	-77,874
Net Cost of Services	361,322	373,878
Interest Paid	1,572	1,605
Interest Received	-932	-1,676
Planned transfer to/ (from) Reserves	1,867	-3,647
Annual revenue surplus / (deficit)	1,356	1,217
Total cost to be funded	365,185	371,377



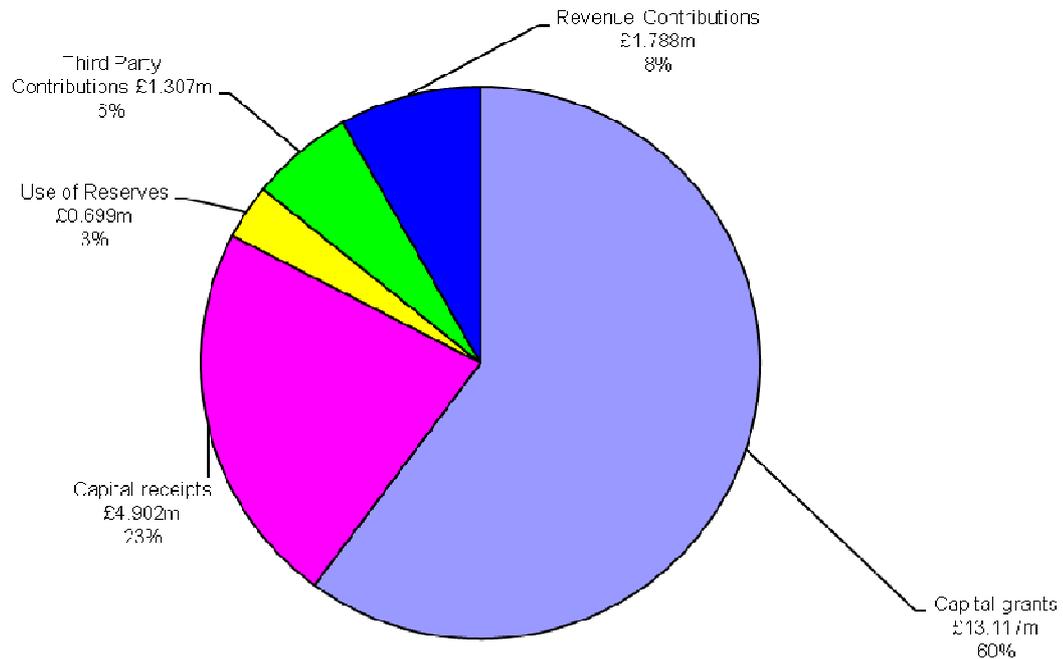
Capital Expenditure

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

During 2013-14 we spent £21.813 million. The following charts give a summary of this capital expenditure and how it was financed.



Capital Funding



Summary Group Balance Sheet as at 31st March 2014

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

2012-13		2013-14
£000		£000
208,033	Fixed Assets	215,357
64,388	Investments	61,260
748	Stock	961
35,458	Money owed to the PCC Group	39,316
- 43,541	Money owed by the PCC Group	- 46,541
- 7,178	Amounts set aside for future insurance claims	- 7,600
- 174	Capital grants not yet used by the PCC Group	- 564
- 25,173	Borrowing to fund fixed assets	- 25,173
- 6,559	Finance lease	- 6,360
226,003	Net Assets	230,656
	<i>Financed by:</i>	
63,707	Reserves available for use	58,400
162,296	Reserves not available for use	172,256
226,003	Total Net worth	230,656

Note: This summary balance sheet is different to that included in the Statement of Accounts since it excludes the actuarially assessed liability relating to defined benefit pension schemes of £3.172 billion and the associated negative pension reserve of the same amount.

Future Prospects

In line with the PCC's Police and Crime Plan, our current financial plans have been developed to cover the three year period 2014/15 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 £389.5m, which required a 2% increase in council tax, was approved by the Police and Crime Panel on 7th February 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. Clearly these assumptions will need to be revisited and updated in coming months as we continue work on the next budget cycle. However, the currently approved MTFP requires cash savings of at least £41m over the next three years (2014/15 to 2016/17), of which £12.2m is due to be delivered during 2014/15.

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.

16 September 2014