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Date: 21 July 2022

Dear Member

JOINT INDEPENDENT AUDIT COMMITTEE

You are requested to attend the Joint Independent Audit Committee meeting on Friday 29 July 2022 at 1030hrs in the CCMT Meeting Room, HQ South or by way of MS Teams for those that are unable to attend.

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Yours sincerely

A handwritten signature in black ink that reads "I. Thompson".

Ian Thompson

Chief Finance Officer

To: Members of the Joint Independent Audit Committee

Agenda Item

Page No.

Meeting Management

1. Apologies
(Gordon Woods)

-

Final Accounts 2021/22

2. Statement of Accounts 2021/22 Covering Reports plus Appendices
(Ian Thompson & Linda Waters)

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| 3. EY Progress Report
(Alison Kennett) | 271 - 276 |
| 4. AOB | - |

Date of next meeting: Friday 7 October 2022 at 1030hrs to be held in the CCMT Meeting Room, TVP HQ South/MS Teams



JOINT INDEPENDENT AUDIT COMMITTEE



Report for Decision: 29th July 2022

Title: Statement of Accounts 2021/22

Executive Summary:

In accordance with the Police Reform and Social Responsibility Act 2011 (The Act) the PCC for Thames Valley and the Chief Constable are both required to produce separate Statement of Accounts. The PCC is also required to produce Group Accounts.

Attached at Appendix 1 is a copy of the PCC's Statement of Accounts for 2021/22. This includes the Group financial statements for the PCC and Chief Constable, the PCC's annual governance statement (AGS) and the single entity financial statements for the PCC.

The Chief Constable's separate Statement of Accounts is attached at Appendix 2 and includes Chief Constable's financial statement and the AGS.

Within both documents there is a Narrative Report which pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks.

The Group revenue account is summarised on pages 6 and 7 of Appendix 1. Overall the revenue budget was underspent by £1.221m which equates to less than 0.3% of the approved net cost of services of £475.892m, which demonstrates ongoing strong and effective financial management of the annual budget by the Chief Constable and his staff.

The capital outturn of £24.889m was £4.644m below the drawn down annual budget of £29.533m and the variance comprised slippage of expenditure of £4.599m and scheme underspends of £0.045m.

The Group balance sheet is summarised on page 11 of Appendix 1. Excluding the liability for defined benefit pension schemes the PCC group has net assets of £312m, including £86m in cash reserves. This is a relatively healthy position to be as we continue to deal with the difficult economic circumstances arising from the global Covid-19 pandemic and the war in Ukraine.

The Going Concern assessment provided on pages 32 and 33.

The PCC's letter to the External Auditor regarding management assurances is attached as Appendix 3, with the Chief Finance Officers letter attached as Appendix 4. Similar letters were sent from the Chief Constable and Director of Finance.

The accounts are still being audited which means that the Audit Director cannot publish his draft 'Audit results report' although he has provided a written progress report. This is attached at Agenda item 3.

Recommendation:

1. That the Committee:
 - CONSIDERS and NOTES the two separate Statement of Accounts for the PCC and Group (Appendix 1) and Chief Constable (Appendix 2); and
 - CONSIDERS and NOTES the management letters sent to the External Auditor
 - CONSIDERS and NOTES the progress report from the Audit Director at EY

Chairman of the Joint Independent Audit Committee

I hereby approve the recommendation above.

Signature

Date

PART 1 – NON-CONFIDENTIAL

1 Introduction and background

- 1.1 The Police Reform and Social Responsibility Act 2011 (The Act) established two separate corporation sole bodies, the PCC for Thames Valley and the Chief Constable.
- 1.2 Following the “stage 2” transfer on 1st April 2014 the Chief Constable now employs all police officers and police staff, except those working directly for the PCC. Associated employments rights and liabilities also transferred from the PCC to the Chief Constable.
- 1.3 The PCC has also given consent for 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.
- 1.4 The balance sheet debtors, creditors and provisions are allocated according to the nature of the asset or liability.
- 1.5 All usable reserves remain with the PCC. The Chief Constable has unusable accounting reserves to enable the appropriate accounting treatment for fixed assets, pensions and employee benefits.
- 1.6 The Group continues to operate an intra group account and the PCC continues to pay for all financial resources consumed at the request of the Chief Constable.

Statement of accounts

- 1.7 Attached at **Appendix 1** is a copy of the **PCC’s Statement of Accounts** for 2021/22. This includes the Group financial statements for the PCC and Chief Constable, and the PCC’s Annual Governance Statement (AGS) and the single entity financial statements for the PCC.
- 1.8 There are two introductory statements designed to make the Statement of Accounts more user friendly. The Preface by the PCC is provided on page 1. The longer Narrative Report from the Chief Finance Officer is provided on pages 2 to 20.
- 1.9 The Group Comprehensive Income and Expenditure Statement (CIES) is provided on page 31, with the Expenditure and Funding Analysis on page 28.
- 1.10 The Group Balance Sheet is provided on page 30. This shows that the Group has a net liability of £4.844 billion primarily due to the liabilities associated with the unfunded police officer pension scheme (£4.716 billion) and the funded local government pension scheme for police staff (£440m). Excluding the pension liabilities the Group has net assets of £312m
- 1.11 The separate accounts for the PCC single entity start on page 83 with the CIES provided on page 86 and the Balance Sheet on page 87.
- 1.12 The **Chief Constable’s** separate **Statement of Accounts** is attached at **Appendix 2** and includes Chief Constable’s financial statement and AGS.

- 1.13 The preface by the Chief Constable is provided on page 1 and the Director of Finance's narrative report starts on page 2.
- 1.14 Within the Comprehensive Income and Expenditure Statement (CIES) on page 25 the 'Financial resources of the PCC consumed at the request of the Chief Constable' shows the cost of operational policing, net of specific grants and other police income (e.g. fees and charges).
- 1.15 The Chief Constable's Balance sheet on page 26 shows the short-life assets which have been transferred from the PCC, together with appropriate sums for debtors, creditors and accumulated staff absences.
- 1.16 Although the PCC has retained ownership of usable reserves and balances, the insurance provision is shown in the Chief Constable's since, in the main, the liabilities relate to ongoing or historical policing operations and/or incidents, including motor claims.
- 1.17 The significant IAS pension liabilities for both police officers and staff (some £5.152 billion) mean that the Chief Constable has a negative balance sheet.

Revenue Account

- 1.18 A high level summary of the outturn position for 2021/22 is set out below.

Table 1

	Annual Budget £000	Annual Outturn £000	Variance £000
PCC controlled budgets	8,690	7,852	- 838
TVP Operational budgets – direction and control of the Chief Constable			
<i>Pay and Employment Costs</i>			
Police officer pay and allowances	276,531	274,493	- 2,038
Police officer overtime	11,297	12,784	1,487
PCSO pay and allowances	13,847	12,778	- 1,068
Police staff pay and allowances	129,032	126,240	- 2,792
Police officer injury / ill health / death benefits	4,223	3,412	- 811
Other employee expenses	3,293	3,393	100
Restructure, training & conference costs	2,691	3,095	405
	440,913	436,195	- 4,718
<i>Overheads</i>			
Premises	17,609	16,968	- 641
Transport	10,369	10,194	- 175
Supplies & services	62,654	62,550	- 104
Third party payments	13,574	13,036	- 538
Specific grants	- 66,836	- 67,547	- 711
Force income	- 33,922	- 36,330	- 2,408
	3,449	- 1,129	- 4,578
<i>Other</i>			
Capital financing	10,034	10,077	44
Interest on balances	- 890	- 821	69
Statutory accounting adjustments	440	440	0
Appropriation from balances	13,256	22,056	8,800

	22,840	31,752	8,912
Regional collaboration services			
South East Regional Organised Crime Unit	25,354	25,354	0
Counter Terrorist Police South East	30,273	30,273	0
Chiltern Transport Consortium	20,416	20,416	0
Regional CT firearms specialist officers	4,322	4,322	0
Government grants and partnership income	- 80,365	- 80,365	0
	0	0	0
Cost of Services	475,892	474,671	-1,221
Funded by:			
General grant income	- 262,716	- 262,716	0
Council tax	- 213,176	- 213,176	0
Net Revenue position	0	- 1,221	- 1,221

1.19 In total, the revenue budget was underspent by £1.221m, which equates to less than 0.3% of the approved net revenue budget. In accordance with normal accounting practice this surplus has been appropriated to general balances. The main items contributing to this underspend are set out in table 2 below:

Table 2: Analysis of revenue underspend	Outturn Variance (£m)
There was an underspend in the OPCC due to staff vacancies throughout the year. In addition, monies were transferred from the community safety budget to the victims and witnesses budget to ensure optimum use of the annual MoJ grant. The majority of this combined underspend has been transferred in to the earmarked reserve for Community Safety	- 0.838
Total PCC controlled expenditure	- 0.838
Police Officer Pay and Allowances The police officer approved establishment at 31.3.21 was 4,005 FTE, the actual strength was 4,093 i.e. 88 officers over establishment, so a positive start to reaching Police Uplift allocation for 2021/22 originally 171 officers (increase in year by 3 due to a reallocation of CT Op Uplift allowance). During 2021/22 the force experienced significant turnover issues plus challenges in attracting new recruits, hence we were understrength for the majority of the year causing an underspend. However with a focused and active recruitment drive the Force ended the year with an actual strength of 4,168 FTE and achieved the planned Police uplift programme increase which is based on headcount. For 2022/23, the Force has been allocated 231 additional officers; an intake plan has been devised to enable the recruitment of this uplift whilst replacing wastage, this will be challenging but achievable.	- 2.038
Police Officer Overtime The skills and experience gap as a result of the number of officers in training or not yet fit for independent patrol, the need for officers to self-isolate, together with significant operations and demonstrations caused pressures on this budget.	1.487
PCSO pay and allowances PCSOs numbers started the year 54 FTE below establishment and throughout the year they experienced the same pressure as other	- 1.068

workforce areas, exacerbated with internal movement including significant number leaving to join the Police Service. The actual PCSO strength at the yearend was 323 FTE compared to an establishment of 411 so an increase in the under established position.

Police Staff

The external labour market is impacting our ability to recruit and retain staff, thus increasing the turnover levels which affects our overall staff numbers, also internal movements of staff are good for career progression and officer strength but has a financial consequence. Active and targeted recruitment is ongoing, the Force is currently experiencing significant permanent vacancy levels.

- 2.792

Police officer injury / ill health / death benefits

The Forces ill health budget is based on 12 officers being medically retired annually; only 6 ill-health retirements (Half in Regional Units) were ratified in during 2021/22, more officers are being retained because new technology means more jobs can be worked remotely.

- 0.811

Other employee expenses

Higher National Assessment center costs associated with the Police Uplift Programme.

0.100

Restructure, training and conference costs

The restructuring costs from the Front Counters and People Services efficiency programmes offset partially by the lower anticipated training costs due to lower number of officer entering via the Degree Entry programme and joining through alternative routes.

0.405

Premises

Property works continued in respect of general maintenance works and the forward maintenance register however major investment works were generally slipped to future years. In addition, the Force received rates refunds relating to Atlantic House and an increased underspend of cleaning due to specific additional funding being set aside during covid for targeted cleaning, which was not fully utilised.

- 0.641

Transport

During the year there have been a number of unrelated factors influencing the charges and demand for transport including the record high fuel prices, the gradual increase of mileage and public transport costs as staff return to travelling for work purposes but offset by lower insurance charges.

- 0.175

Supplies and Services

The fragility of supply chains is materializing causing delays in sourcing some goods and services.

- 0.104

Third Party Payments

The National Police Aviation (NPAS) contribution for 2021/22 was higher than the approved budget as they have moved to a direct cost charging methodology. However, this overspend was offset by lower than anticipated outlay on partnership activities and less collaborative expenditure.

- 0.538

Specific Grants

The Force supported a DEFRA operation with the provision of police resources and in addition received extra Police Uplift funding from the reallocation of the CT posts.

- 0.711

Force Income	- 2.408
The Force in conjunction with other Forces, had a significant input of resources into the policing of G7 and COP26; this national commitment had a significant detrimental impact on our deployable resources but after realigning direct expenditure created an over recovery on income. In addition, income from proceeds of crime funds were higher than anticipated since there is often a significant time delay between seizure and the Force physically receiving the funds. The significant staff recruitments through the apprenticeship schemes are generating higher levy income streams.	
Total TVP operational budget	- 9.296
Appropriation to balances	8.800
CCTV (£1.0m), Service Delivery and Crime Management (£4.0m), Estates £3.0m), Community safety (£0.8m). Please see paragraph 1.29 below for further information.	
Other Variances	0.113
Minor variations on capital financing costs and statutory accounting entries	
Net Revenue Position	- 1.221

Capital Accounts

- 1.20 In addition to spending on day-to-day activities, the PCC incurs expenditure on buildings, information technology and other major items of plant and equipment which have a longer-term life.
- 1.21 At the start of the financial year, the PCC approved an annual Capital Programme of £33.999m. During the year the active capital budget was adjusted downwards to £29.533m (£28.815m as per February PCC report, increased by £0.718m due to additional grant funding) to reflect prior year re-phasing, grant funding and the impact of Covid-19.
- 1.22 Actual spend for the year was £24.899m resulting in an underspend variance of £4.644m. Table 3 provides a high-level comparison between the annual active budget and actual spend. The variance comprises scheme underspends of £0.045m and slippage of expenditure of £4.599m.

Table 3

Capital Outturn 2021/22

	Annual Budget £m	Actual Spend £m	Variance £m
Property	10,070	6,952	- 3,117
Technology & Business Change	6,454	4,660	- 1,795
Vehicle	3,662	4,159	497
Grant Funded	7,593	7,637	44
Equipment	1,754	1,481	- 273
	29,533	24,889	- 4,644

PCC Capital Monitoring - 31st March 2022

Programme	Active Annual Budget £'000	Outturn Position £'000	Project over/under spend £'000	Forecast Slippage £'000
Property -				
Western Hub - SEROCU	913	634	-	(279)
Maidenhead Court Building	1,989	1,991	2	(0)
Forensics New Build	100	79	-	(21)
Corporate Projects	2,768	2,299	126	(595)
Atlantic House	3,682	1,718	-	(1,964)
AMOP Projects	617	230	(6)	(381)
Total	10,070	6,952	123	(3,240)
Technology & Business Change -				
Digital Technology Enablers	1,045	780	-	(265)
Digital First	118	26	-	(92)
PRONTO	419	319	-	(100)
RMS	784	476	-	(308)
Device Refresh Programme	1,930	1,311	0	(618)
ICT Roadmap	293	166	-	(127)
ICT Infrastructure	553	639	21	66
Other MTCP Projects	1,312	941	(173)	(199)
Total	6,454	4,660	(152)	(1,643)
Other Capital Equipment -				
Vehicles	3,662	4,159	-	497
Grant Funded	7,593	7,637	-	44
Equipment & Radio Replacement	1,754	1,481	(16)	(257)
Total	13,009	13,277	(16)	284
Grand Total	29,533	24,889	(45)	(4,599)

1.23 A brief explanation for the main variations against the active budget is provided below;

- **Property**

The majority of the slippage arose on the Western Hub and Atlantic House, due to the key contractor going into administration. The additional Slippage is in relation to Fountain Court (within Corporate Projects) as the scheme has not progressed as far as expected over the last few months, hence elements will now fall into the new year and secondly the Theale tri-service hub (within AMOP Projects) will progress in 2022/23.

Sulhamstead White House and Imbert Court buildings had addition spend including improving accessibility to rooms and issues with rising damp.

- **Technology and Business Change**

The largest element relates to end user devices, with the Records Management System (RMS) continuing to be an emerging risk.

Livelink and Alresco migration to SharePoint LAMS project (within Other MTCP) is now closed with the contingency budget was not required.

- **Other Capital Equipment**

Vehicles – final vehicle acquisitions were higher than anticipated elements relating to the Police uplift programme.

Grant Funded – building work progressed better than anticipated and hence the fully funded budget uplift.

Equipment – a small slippage anticipated.

Capital Financing

1.24 Capital expenditure was financed from the following sources:

Table 4	£m
Capital receipts	3.999
Capital grants	8.489
Revenue contributions	3.564
Reserves	2.915
Borrowing	5.922
3 rd party contributions	0.000
Total Capital Financing 2020/21	24.899

Reserves, Balances and Provisions

1.25 This section provides a brief update on the revenue and capital balances

General Revenue Balances

1.26 Table 5 shows the movement in general balances during the year.

Table 5- General Revenue Balances	£m
Opening balance as at 1 April 2021	19.892
Less used to fund bank holidays	- 0.723
Add revenue account surplus	1.221
General Revenue Balance as at 31 March 2022	20.390

- 1.27 The current policy is to maintain general balances around a guideline level of 3% of annual net revenue expenditure budget, with an absolute minimum level of 2.5%. The current level of balances (£20.390m) equates to 3.9% of the net budget requirement in 2022/23. This is a relatively healthy position to be in given the uncertainty over future inflation rates (pay and prices) and the road to full economic recovery following the global pandemic and the ongoing war in Ukraine.

Earmarked Revenue Reserves

- 1.28 In total, earmarked reserves have more than doubled, up from £23.158m to £48.421m. This is due to two main factors. Firstly, the difficulty in recruiting and retaining police officers and staff which gave rise to a significant revenue saving. Secondly, the impact of the global pandemic on supply chains and/or external suppliers which gave rise to a significant underspend against the annual capital programme.
- 1.29 As shown in table 2 above the PCC approved additional, in-year, appropriations of £8.8m to earmarked reserves.
- 1.30 Due to the level of underspend against the original capital programme the annual DRF budget of circa £9.9m was not required to help 2021/22 actual capital spend. As such, this saving was appropriated to a new MTCP financing reserve to help fund capital investment in 2022/23 and later years.

Table 6 - Earmarked Revenue Reserves	31.3.21	31.3.22
	£m	£m
Chiltern Transport Consortium	0.461	1.026
Improvement & Performance	8.934	11.788
Insurance	1.625	1.625
Community safety	1.510	2.110
Covid-19 Support	2.607	3.122
Police Uplift Infrastructure reserve	3.000	3.765
MTCP financing reserve	0	9.904
CCTV	0	1.000
Service Delivery & Crime Management (SDCM)	0	4.000
Estates	0	3.000
Sub-total	18.155	41.339
SE Regional Organised Crime Unit	1.737	1.737
Conditional Funding reserve	3.266	3.656
Total Earmarked Revenue Reserves as at 31 March	23.158	48.421

- 1.31 We created 4 new reserves this year, as set out below.

- The Medium Term Capital Plan (MTCP) financing reserve will be used to help fund the capital programme in 2022/23 and later years. Because we underspend the approved capital programme in 2021/22, the annual budget for Direct Revenue Financing (DRF) was not required. As such, this money (£9.904m) was appropriated, through virement, to this new reserve.
- The CCTV reserve to help fund CCTV services and infrastructure across the Thames Valley
- The Service Delivery and Crime Management (SDCM) reserve will be used to fund the initial costs of this new operational policing priority in 2022/23 and 2023/24
- The Estates reserve will help fund the long-term capital costs of the police property estate.

1.32 Based on current estimates and future expenditure plans, earmarked reserves are forecast to stay above £40m for the next 3-4 years at least. Consideration on how best to use these reserves to fund current and future policing priorities will be set out in the draft budget and medium term financial plans in the Autumn.

1.33 The £5.4m currently held for SEROCU and in the conditional funding reserve is not available to support general operational policing in Thames Valley.

Capital Balances

1.34 Capital grants and capital receipts increased slightly from £18.5m to £18.9m. These reserves will be utilised in coming years to finance the medium term capital plan.

Provisions

1.35 The Insurance Provision has increased in value from £9.103m to £9.310m.

1.36 Our new insurance Actuary, Gallagher, has assessed that we need to set aside £10.244m to meet current and future liabilities. Whilst this is higher than the sum held in the insurance provision at 31st March, we also hold £1.625m in an insurance reserve.

1.37 Entries will be processed during 2022/23 to ensure that the insurance provision is more closely aligned with the actuarial assessment at 31st March 2023.

Management Assurances

1.38 Each year the external auditor writes to the PCC and Chief Constable to understand their arrangements for oversight of management processes and arrangements. A copy of the PCC's response is attached as Appendix 3. The Chief Constable's response is very similar. They also write to the CFO, Chief Executive and Director of Finance in a similar vein, but asking a few more questions. A copy of the CFOs response is attached as Appendix 4. The Director of Finance's response is very similar.

2 Issues for consideration

- 2.1 The Committee's operating principles require members to provide assurance to the PCC and Chief Constable regarding the adequacy of the arrangements, capacity and capability available to their respective chief finance officers to ensure the proper administration of the Commissioner's and Force's financial affairs.
- 2.2 Production on the annual financial statements is a key element of this work. The fact that we have produced the accounts on time and in accordance with all the relevant statutory requirements and received an unqualified audit opinion should demonstrate to the Committee that we have the necessary capability and capacity to ensure the proper administration of our combined financial affairs.
- 2.3 In agenda item 3 the Committee will be asked to consider the progress report from EY, together with their initial findings.

3 Financial Implications

- 3.1 The Group revenue account is summarised on page 9 of Appendix 1. This shows that, overall, the revenue budget was underspent by £1.211m or less than 0.3% of the approved net cost of services of £475.892m which demonstrates continued strong and effective financial management and control by the Chief Constable and his staff.
- 3.2 The capital outturn of £24.899m was £4.644m below the drawn down annual budget of £29.533m and the variance comprised slippage of expenditure of £4.599m and scheme underspends of £0.045m.
- 3.3 The Group balance sheet is summarised on page 11 of Appendix 1. Excluding the liability for defined benefit pension schemes the PCC group has net assets of £312m, including £86m in cash reserves. This is a relatively healthy position to be as we continue to deal with the ongoing economic and financial implications of the global pandemic and the war in Ukraine.

4 Legal Implications

- 4.1 All local authorities, including the PCC and Chief Constable, are required to produce an annual Statement of Accounts in accordance with the Accounts and Audit (England) Regulations 2016.

5 Equality Implications

- 5.1 There are none arising specifically from this report

Background papers

CIPFA Code of Practice on Local Authority Accounting 2021/22
 LAAP bulletins
 Advice from CIPFA and EY

Closing working papers in both the OPCC and Force Finance Department
Audit Results Report – ISA (UKA & Ireland) 260

Public access to information

Information in this form is subject to the Freedom of Information Act 2000 (FOIA) and other legislation. Part 1 of this form will be made available on the website within 1 working day of approval. Any facts and advice that should not be automatically available on request should not be included in Part 1 but instead on a separate Part 2 form. Deferment of publication is only applicable where release before that date would compromise the implementation of the decision being approved.

Is the publication of this form to be deferred? No

Is there a Part 2 form? No

Name & Role	Officer
Head of Unit This is the ninth year that 2 separate statement of accounts have been produced for the PCC and Chief Constable. The accounts have been audited and the external auditor is likely to issue an unqualified audit opinion.	PCC Chief Finance Officer
Legal Advice The two separate statement of accounts have been produced in accordance with the Accounts and Audit (England) Regulations 2016	PCC Chief Finance Officer
Financial Advice The group revenue account shows an annual underspend of £1.221m which equates to less than 0.3% of the approved 'cost of services' budget for 2022/23 which demonstrates strong and effective financial control.	Director of Finance
Equalities and Diversity No specific issues arising from this report	PCC Chief Finance Officer

CHIEF OFFICERS' APPROVAL

We have been consulted about the report and confirm that appropriate financial and legal advice has been taken into account.

We are satisfied that this is an appropriate report to be submitted to the Joint Independent Audit Committee.

PCC Chief Finance Officer

Date 20 July 2022

Director of Finance

Date 20 July 2022

PCC and Group statement of accounts 2021/22

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PREFACE

Introduction to the 2021/22 Statement of Accounts by Matthew Barber, the elected Police and Crime Commissioner for Thames Valley



Having managed great challenges during the height of the pandemic, policing has since had to manage the challenges presented by the return to normality. Dealing with the transition out of lockdown restrictions, the return of many forms of criminality that were themselves hampered by COVID-19, and a tough employment market have all had their impact on Thames Valley Police.

Funding has increased, both from the Home Office and through the increase in council tax precept, that will be used to fund improvements needed in the Force. This latter measure is never taken lightly, well aware of the real impacts that such increases in council tax can have on families in the Thames Valley, however such decisions must always be weighed against the

potential impacts of the Force not being able to adequately ensure the safety of those same residents if not adequately funded. Nevertheless I have been clear to the Chief Constable that whilst each year's budget proposal will be considered on its merits, year on year increases in council tax should not be assumed and any future rises will need to be operationally justified.

As we enter a new period of economic uncertainty following the pandemic, the employment market remains much stronger than would have been expected at the height of the crisis. This presents new challenges for the recruitment of staff. Whilst the Force met the target for police officer recruitment and is on track for the third year of the uplift programme, in 2022/23, recruitment has not been without its challenges. This is even starker in the case of police staff, which has left budgets underspent in some areas. With job vacancies nationally exceeding the number of people looking for work for the first time ever this seems set to cause challenges for some time. Discussions over pay and conditions will inevitably factor in these considerations, but there are no simple answers for large public sector organisations such as the police. Addressing this issue will be important in ensuring the Force can deliver on its plans to support the front line and drive down crime.

Nevertheless the accounts have once again been signed off by our external auditors with no significant adverse findings and I am grateful to those staff in both the Force and in my own office who have the unenviable task each year of finalising the accounts. Notwithstanding the challenges noted above, these accounts show the Force to be in a strong position financially.

THE NARRATIVE REPORT

Message from the Chief Finance Officer – Ian Thompson



This Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks. I hope you find it helpful. I would welcome feedback so that we can improve and enhance next year's narrative report on the 2022/23 accounts.

2021/22 was a challenging year for Thames Valley. As Covid-19 restrictions were lifted, many forms of criminality that had been suppressed during the pandemic returned to normal levels.

The employment market was extremely challenging with more job vacancies than people actively looking for work. In that context, Thames Valley Police did remarkably well to achieve

its target of 182 additional police officers as part of the national Police [Officer] Uplift Programme. The Force will have to work even harder to recruit an extra 241 officers in 2022/23, which is the third and final year of the national programme to recruit 20,000 extra police officers by March 2023

Even though the force is moving to a more hybrid way of working, recruiting and retaining police staff proved even more problematic, and is likely to remain so for the foreseeable future as public sector pay scales lag behind their private sector equivalents.

The prevailing economic conditions throughout 2021/22 led to significant underspends in non-employee budgets as well due, in part, to the fragility of supply chains and third party contractors.

The revenue monitoring report, based on data and information as at 28th February 2022, showed a forecast underspend of £8.958m. Since then the PCC has agreed to transfer circa £9.2m to earmarked revenue reserves to ensure monies are available in coming years to fund specific operational priorities. The final revenue surplus for 2021/22 is £1.2m which equates to less than 0.3% of the net revenue budget of £475.892 million which is an excellent achievement.

Within the PCC's office we have let a number of service contracts for victims and witnesses of crime and these are delivering real benefits to some of the most vulnerable members of society. Due to the receipt of additional one-off funding from the MoJ some £3.8 million has been spent on services for victims of crime this year. Further information is provided later in this narrative report

The PCC has a community safety budget of £3.3 million of which £2.7 million is provided to local authorities in the Thames Valley area for them to spend on local community safety initiatives which support the PCC's strategic aims and objectives. The PCC retained £0.6 million for centrally provided or commissioned services. A brief summary of the benefits delivered to local communities is provided later in this narrative report.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader:

- Understand the overarching financial position of the PCC (and Thames Valley Police)
- Have confidence that the PCC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the PCC (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The structure of this Narrative Report is set out below.

1. Explanation of the PCC and Group
2. Introduction to Thames Valley
3. Financial performance
4. Non-financial performance
5. Coronavirus (Covid-19) pandemic
6. People
7. Corporate risks and uncertainties
8. Summary and conclusion

1. EXPLANATION OF THE PCC AND GROUP

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities.

The PCC is normally elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the chief constable to account for the exercise of his functions and those of persons under his direction and control.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Thames Valley Police area.

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as community safety and commissioning services for victims and witnesses of crime, as well as the “PCC Group” which includes all aspects of operational policing under the direction and control of the Chief Constable.

The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

The Net Revenue Budget for 2021/22 was £475.892 million, of which £8.7 million was under the PCC’s direct control.

2. AN INTRODUCTION TO THAMES VALLEY

Thames Valley Police (TVP) is the largest non-metropolitan police force in England and Wales with a Force area of 2,216 square miles covering the three counties of Berkshire, Buckinghamshire and Oxfordshire. It covers a population of over 2.4 million people from diverse social, economic, cultural and religious backgrounds across both urban and rural geographical areas as well as 6 million annual visitors to the area. It also encompasses 196 miles of motorway – more than any other British police force.

The partnership landscape is mixed with 1 county council, 8 unitary authorities and 5 district councils. The Force is divided into 12 Local Policing Areas (LPAs). The LPAs are responsible for local policing services across 108 neighbourhoods that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Many of our services are delivered in collaboration with other forces. We lead the Counter Terrorism Police South East (CTPSE) and the South East Regional Organised Crime Unit (SEROUC). We share a single ICT department with Hampshire and also have a shared information management unit and joint operations unit (JOU). We also lead the Chiltern Transport Consortium which provides a fleet management service to the police forces in Bedfordshire, Hertfordshire, Cambridgeshire and TVP as well as British Transport Police, National Investigation Service and the Civil Nuclear Constabulary.

The mix of crime and the associated workload in Thames Valley is changing. Further information is provided in the section on non-financial performance for Thames Valley Police on page 12.

A good indication of Police workload is the number of external calls we receive in to our control rooms and enquiry department. During 2021/22 we received 835,053 calls (average of 2,288 per day) of which 334,282 were 999 calls and 500,771 were 101 **calls**. In addition, there were 77,850 on-line reports between 5th April 2021 and 3rd April 2022. This resulted in 496,254 **incidents** recorded on our Command and Control system, of which 184,810 were attended by officers and staff

3. FINANCIAL PERFORMANCE

a. Economic climate

Since the financial crash in 2008 all public sector budgets have been squeezed really hard – this is commonly referred to as government austerity.

As of result of austerity, over the last ten years Thames Valley Police has identified and removed £113 million of revenue savings from its annual revenue budget. This was almost manageable whilst crime and the demand for policing services was also reducing but that trend has now changed.

To help alleviate the pressure on policing, in October 2019, the Home Office announced plans to recruit an additional 20,000 police officers by March 2023 through a new Police [officer] Uplift Programme. The first tranche saw 6,000 extra officers recruited by March 2021 and plans and funding were in place to recruit a further 8,000 during 2021/22. The third and final tranche of extra officers will be recruited during 2022/23. An increase in officer numbers on this scale should have a tangible and beneficial effect on the police service.

A one-year Spending Review was announced on 30th November 2020 against the backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded in the UK. The main headlines from the provisional police grant settlement for 2021/22, announced in December 2020, are set out below:

- An increase in core grant of £413m (5.3%) to help pay for the second tranche of additional police officers.
- £15 precept flexibility for all PCCs, or equivalent, which could generate an additional £287m nationally for local priorities
- 75% of council tax losses in 2020/21 (due to Covid-19) to be compensated for in 2021/22 via a new Local Council Support Grant
- A reduction of £87.4m in reallocations, down from £1.1bn to £1.03bn
- Flat cash pension grant allocations compared to 2020/21 – still £153 million
- Capital grant funding to PCCs to remain at £12.3m nationally
- £52.3m of capital funding for national priorities and infrastructure

The Coronavirus outbreak (Covid-19) has continued to impact on the UK economy, as well as personal health and wellbeing, since it was first confirmed to have spread to the United Kingdom on 31st January 2020. Since then over 169,000 people have died in the UK, within 28 days of testing positive for the virus. Almost 53m people in the UK have received at least one vaccine. Despite lockdown restrictions being eased in March 2022, record numbers of people are still catching the virus, although the impact on the NHS is less severe than previously.

On 27 October 2021 the Chancellor of the Exchequer, Rishi Sunak MP, announced the outcome of the 2021 comprehensive spending review alongside his Autumn Budget 2021. The key headlines for Policing were:

- Home Office grant to police forces will increase above the 2021/22 baseline by £550m in 2022/23, £650m in 2023/24 and £800m in 2024/25.
- This includes an additional £540m by 2024/25 for forces to deliver the Police Uplift Programme, ensuring forces can complete and maintain the full 20,000 officer uplift over the SR period
- The settlement gives PCCs in England the flexibility to increase their precept income by £10 (for a Band D household) in each of the next three years

- The settlement includes provision for the new Health and Social Care levy which increases employers NI by 1.25% with effect from April 2022
- The public sector pay freeze will end in 2022

The combination of Covid-19 and Brexit have challenged supplier chains and delivery timeframes, and also increased process, which has had a detrimental impact on many TVP projects and programmes.

In addition, the labour market has been very challenging in recent times with record job vacancies and changing working conditions and practices making it extremely difficult to recruit and retain both police officers and staff. It has also affected our contractors and third party suppliers.

On 24th February 2022, President Putin sent Russian troops into Ukraine. His initial goal was to overrun Ukraine and depose its government, ending for good its desire to join the Western defensive alliance NATO. But he failed to capture the capital Kyiv and has now shifted his attention to Ukraine's east and south. This is likely to be a long and bloody war. National Governments have imposed economic sanctions on Russia in an attempt to cripple their economy and limit the funding that can be spent on war. This invasion has caused economic problems for all major economies, not just Russia. Energy and fuel prices have soared which have impacted on inflation and the cost of living.

The Bank of England has raised interest rates four times in the last five months (as at 26.5.22) as it tries to calm the rise in the cost of living, and further rises are expected in coming months. From being 0.1% in November 2021 interest rates are now expected to reach 2% by 2023.

b. Financial Management

The financial standing of TVP is very robust with sound financial management practices.

We have a history of strong and effective financial management which has been acknowledged by HMICFRS in various inspection reports.

Prior to the introduction of the new CIPFA Financial Management (FM) Code on 1st April 2021 the CFO and Director of Finance produced an initial high-level self-assessment against the FM Code requirements and reported the results to the Joint Independent Audit Committee (JIAC) on 19th March 2021. An annual update was provided to JIAC on 18 March 2022 together with a report on financial resilience, which concluded that TVP remains a viable going concern – please see [here](#). Further work will be undertaken during 2022/23 on the small number of areas still identified for improvement.

c. Revenue

Budget 2021/22

The Police Finance Settlement for 2021/22 is explained in section (a) above.

The 2021/22 net budget requirement of £475.892 million represented a cash increase of £26.963 million or 6.0%. In order to fund this increase in expenditure the PCC increased the police element of council tax by £15 for a band D property, or 6.9%. The budget incorporated £5.348 million for service delivery improvements but also required cashable savings of £3.534 million and an appropriation from reserves of £0.686 million.

The budget resulted in a net increase of 170 police officers (growth of 171 less productivity savings of 1) but a net reduction of 60 police staff.

NARRATIVE REPORT AND FINANCIAL REVIEW

Revenue Outturn 2021/22

a) PCC Controlled expenditure

A high-level analysis of the PCC's budget and expenditure is provided below.

	Annual Budget £000	Annual Outturn £000	Variance £000
Office of the PCC	1,256	1,015	- 241
Democratic Representation	157	160	3
Other Costs	173	159	- 13
Commissioning Services			
- Community safety fund	3,301	2,715	- 586
- Victims & witnesses	3,803	3,803	0
PCC Controlled Budgets	8,690	7,852	- 838

b) Group level

The following table provides a high-level comparison between the approved budget for 2021/22 and actual expenditure at the Group level (i.e. PCC and Chief Constable).

In March, the revenue monitoring report based on data and information as at 28th February 2022, showed a forecast underspend of £8.958m. Since then the PCC has agreed to transfer circa £9.2m to earmarked revenue reserves to ensure monies are available in coming years to fund specific operational priorities. The final revenue surplus for 2021/22 is £1.2m which equates to less than 0.3% of the net revenue budget of £475.892 million which is an excellent achievement.

	Annual Budget £000	Annual Outturn £000	Variance £000
PCC controlled budgets	8,690	7,852	- 838
TVP Operational budgets – direction and control of the Chief Constable			
<i>Pay and Employment Costs</i>			
Police officer pay and allowances	276,531	274,493	- 2,038
Police officer overtime	11,297	12,784	1,487
PCSO pay and allowances	13,847	12,778	- 1,068
Police staff pay and allowances	129,032	126,240	- 2,792
Police officer injury / ill health / death benefits	4,223	3,412	- 811
Other employee expenses	3,293	3,393	100
Restructure, training & conference costs	2,691	3,095	405
	440,913	436,195	- 4,718
<i>Overheads</i>			
Premises	17,609	16,968	- 641
Transport	10,369	10,194	- 175
Supplies & services	62,654	62,550	- 104
Third party payments	13,574	13,036	- 538
Specific grants	- 66,836	- 67,547	- 711
Force income	- 33,922	- 36,330	- 2,408
	3,449	- 1,129	- 4,578

NARRATIVE REPORT AND FINANCIAL REVIEW

Other			
Capital financing	10,034	10,077	44
Interest on balances	- 890	- 821	69
Statutory accounting adjustments	440	440	0
Appropriation from balances	13,256	22,056	8,800
	22,840	31,752	8,912
Regional collaboration services			
South East Regional Organised Crime Unit	25,354	25,354	0
Counter Terrorist Police South East	30,273	30,273	0
Chiltern Transport Consortium	20,416	20,416	0
Regional CT firearms specialist officers	4,322	4,322	0
Government grants and partnership income	- 80,365	- 80,365	0
	0	0	0
Cost of Services	475,892	474,671	-1,221
Funded by:			
General grant income	- 262,716	- 262,716	0
Council tax	- 213,176	- 213,176	0
Net Revenue position	0	- 1,221	- 1,221

Outlook – Medium Term Financial Plan

The separate but related Financial Strategy and Capital Strategy for 2022/23 were approved by the PCC in January 2022 and are available on the PCC's website.

The PCC's medium term financial plan (MTFP) was approved in January 2022. The revenue budget for 2022/23 includes provision for the third and final tranche of police officers recruited through the national Police Uplift Programme which has provided TVP with 183 extra police officers in 2020/21, 182 officers in 2021/22 and a further 231 officers in 2022/23, a total of 596 additional officers.

A high-level summary of the MTFP is provided below.

	2022/23	2023/24	2024/25	2025/26
	£'000	£'000	£'000	£'000
Annual Base Budget	475,892	505,001	523,469	537,570
Inflation				
- General	1,569	1,161	890	806
- Pay	10,712	12,778	11,277	10,874
Specific	2,439	2,545	2,543	2,619
Productivity Savings	-2,194	-5,253	-5,650	-3,250
Committed & Statutory Growth	6,650	3,443	1,442	0
Essential Growth	4,462	27	403	53
Investment	5,471	3,767	3,196	669
Reserve Funding	-4,462	-27	-403	0
Net Budget Requirement	505,001	523,469	537,570	549,341
Total External Funding	-505,001	-511,919	-521,177	-526,276
Annual Shortfall/(Surplus)	0	11,550	4,843	6,672
Cumulative Shortfall/(Surplus)	0	11,550	16,393	23,065

NARRATIVE REPORT AND FINANCIAL REVIEW

In accordance with the PCCs instructions for preparing the budget and MTFP this table is based on the approved increase in council tax of £10 for 2022/23 but assumes no further increases in later years. This produces a cumulative budget shortfall of circa £23m by 2025/26

The following table shows the impact of increasing council tax by £10 in 2023/24 and 2024/25 in accordance with the flexibilities set out in Spending Review 2021 and the Provisional Police Finance Settlement 2022/23.

Impact of Precept Rise of £10 (for Band D properties) in Years 2 & 3

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Totals £'000
Calculated MTFP Shortfall with No Council Tax Precept in Years 2 & 3	£0	£11,550	£4,843	£16,393
Council Tax Growth @ £10	£0	-£9,760	-£10,147	-£19,907
	£10.00	£10.00	£10.00	
	4.32%	4.14%	3.98%	
Annual Deficit/(Surplus)	£0	£1,790	-£5,304	-£3,514

As can be seen from the above, over the next three years, the full investment through council tax would allow the funding of the current prioritised strategic plans and growth, together with a small amount of circa £3.5m for, at this time, unforeseen demands not identified in these plans for the next three years.

There are numerous risks to the MTFP and these are clearly explained in the 2022/23 budget book which can be downloaded from the PCC's website at <https://www.thamesvalley-pcc.gov.uk/information-hub/what-we-spend-and-how-we-spend-it/budget/>

All the assumptions underpinning the current MTFP will be revisited and updated in coming months as work is undertaken on the next budget cycle for 2023/24.

The annual revenue budget for 2022/23 of £505.001 million, which required a 4.3% increase in council tax (or £10 for a Band D property), was approved by the Police and Crime Panel on 28th January 2022.

2022 is financially a significant year for TVP in that we have been given the opportunity to realistically plan for the current and future requirements of the force, to start to address the increasing demands and expectations, by increasing our capacity and taking advantage of new technologies. This will place us in a good position to provide the level of service and performance that can realistically be expected by our communities and nationally.

It is also significant that the PCC has been given the responsibility to determine the total funding available to the force for the next 3 years and hence the strategic direction of the force. His decision in January focused on the budget and council tax for 2022/23 but it is clear that the operational and financial stability of the force require continued financial security. This is illustrated by the level of budget deficit in 2022/23 and later years should council tax not be increased.

We still face considerable capacity and financial challenges so improving future productivity and efficiency is going to be key. For example investing in our Forensic technical services will increase our capability and capacity in this vital area, whereas the continued investment in our technological estate to facilitate remote working is enabling us to strategically re-think our physical estate requirements with significant savings now realistically achievable in the future.

Our continued focus on the productivity strategy and the ongoing work to identify new areas to reconsider how and what we do will not only meet the HO requirements, but will ensure we continue to focus the maximum level of resources on our priorities.

On 18 March 2022 we presented a report on financial resilience to the Joint Independent Audit Committee which concluded that TVP remains a viable going concern. That report can be read [here](#)

d. Capital

In addition to spending on day-to-day activities, the PCC incurs expenditure on land and buildings, information technology and other items of plant and equipment which have a longer term life.

Capital outturn 2021/22

The following table shows the net capital position compared to the active capital budget for 2021/22. The variance of £4.644 million comprises scheme underspends of £0.045 million and slippage of expenditure of £4.599 million.

At the start of the financial year, the PCC approved an annual Capital Programme of £33.999m. During the year the active capital budget was adjusted downwards to £29.533m (£28.815m as per February PCC report, increased by £0.718m due to additional grant funding) to reflect prior year re-phasing, grant funding and the impact of Covid-19.

	Annual Budget £m	Actual Spend £m	Variance £m
Property schemes	10.707	6.952	- 3.117
ICT schemes and Business Change	6.454	4.660	- 1.795
Equipment	1.754	1.481	- 0.273
Vehicles	3.662	4.159	0.497
Grant Funded Schemes	7.593	7.637	0.044
Total	29.533	24.889	- 4.644

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £115 million over the five year period 2021/22 to 2025/26, as shown below, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

NARRATIVE REPORT AND FINANCIAL REVIEW

Schedule 1 - Capital Expenditure Forecast Summary

Programme	2021/22 £'000	Future Years				Total 2021/22 to 2025/26 £'000
		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	
Property -						
Western Hub - SEROCU	913	1,800	-	-	-	2,713
Maidenhead Court Building	1,989	366	-	-	-	2,355
Forensics New Build	100	483	2,998	5,996	-	9,577
Corporate Projects	2,768	1,203	335	2,302	446	7,055
Atlantic House	3,682	8,279	-	-	-	11,961
AMOP Projects	617	1,138	1,191	-	-	2,946
Maintenance Provision / Other Projects	-	234	2,000	2,000	2,000	6,234
Total	10,070	13,502	6,524	10,298	2,446	42,840
Technology & Business Change -						
Digital Technology Enablers	1,045	-	-	-	-	1,045
Digital First	118	668	380	-	-	1,165
ESMCP	-	330	1,413	10,990	-	12,733
PRONTO	419	50	-	-	-	469
RMS	784	-	-	-	-	784
Device Refresh Programme	1,930	3,779	3,046	2,230	3,531	14,515
ICT Roadmap	293	211	-	-	-	504
ICT Infrastructure	480	1,299	619	619	619	3,636
Other MTCP Projects	1,385	1,071	1,500	1,500	1,500	6,956
Total	6,454	7,407	6,958	15,339	5,650	41,808
Other Capital Equipment -						
Vehicles	3,442	4,285	3,828	3,935	3,528	19,018
Grant Funded	7,281	-	-	-	-	7,281
Equipment & Radio Replacement	754	2,162	280	280	280	3,756
Total	11,477	6,447	4,108	4,215	3,808	30,055
Grand Total						
	28,001	27,357	17,590	29,852	11,904	114,704
Financing Available						
	50,318	18,448	30,802	14,938	19,471	133,977
Cummulative Funding Position (Existing Programme)	22,317	13,408	26,620	11,706	19,273	

The MTCP will be funded through a combination of capital grants, revenue contributions, capital receipts and PCC reserves. Key focuses of the MTCP are:

- To ensure the property estate remains fit for purpose and effectively utilised, linking in with the Smart ways of working principles, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for ICT & Business Change Technology, to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance, development and replacement of other core assets (e.g. Vehicles, and Communication Infrastructure) to maximise the advantage of new technology and reflect legislative changes.

e. Group Balance Sheet

The Balance Sheet is a snapshot of the PCC's assets, liabilities, cash balances and reserves at the balance sheet date. A high level summary is provided below.

At 31st March 2022 we had negative net assets of £4.844 billion which implies that we are technically bankrupt. Fortunately, this is not the case. The sole reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme (£4.716 billion) coupled with the net deficit of £0.440 billion in the funded Local Government Pension Scheme (LGPS) for police staff.

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions. Further information on pension liabilities is provided below.

Excluding these pension liabilities the PCC's Group Balance Sheet has net assets of £312 million, including £86 million in usable cash reserves.

Group Balance Sheet	At 31.3.21	At 31.3.22
	£m	£m
Non-current assets	279	295
Net current assets	67	85
Pension liabilities	- 5,063	- 5,156
Other long-term liabilities and provisions	- 71	- 68
Net Assets	- 4,788	- 4,844
Usable reserves	60	86
Unusable reserves	215	226
Pensions reserve	- 5,063	- 5,156
Total Equity	- 4,788	- 4,844

Pension Liabilities

The value of net pension liabilities in the Group Balance Sheet is £5.156 billion, comprising £4.716 billion for police officers and £440 million for police staff

The Police Officer pension scheme is an unfunded scheme administered by the Chief Constable, meaning there are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Both police officers and the employer (i.e. the Chief Constable) make annual contributions which are paid into the Police Pension Fund. Pensions are paid from the Fund. The Home Office funds the difference between actual pension payments and pensions income through an annual top-up grant.

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Buckinghamshire Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2021/22 the Group paid an employer's contribution representing 16.6% of pensionable pay. The same rate is payable in 2022/23. The last valuation was in April 2019 which reported a funding level of 100%. This valuation will inform the employers' contribution rate in 2022/23.

Reserves, Balances and Provisions

The PCC receives regular update reports on the level of general balances, earmarked reserves and provisions, particularly during the budget cycle.

Our policy is to maintain general reserves at close to 3% of the annual net revenue budget, with an absolute minimum of 2.5%. General balances at 31st March 2022 amounted to £20.4 million, or 4.3% of the 2022/23 net budget requirement. Given the level of future financial uncertainty, particularly around future pay and price inflation as well as grant and council tax precept levels, we are happy to be carrying a slightly higher level of general balances than previously planned.

We also maintain a number of earmarked revenue reserves which are held for specific purposes or activities. In total, these amounted to £48.4 million at 31 March 2022.

Capital grants and reserves have reduced slightly during the year as they have been applied to help fund the capital programme. At 31st March 2022 they amounted to £17.8 million. These will be used in future years to help finance capital expenditure.

A provision exists for meeting claims under a self-insurance scheme. At 31 March 2022 this amounted to £9.310 million, which is consistent with the level of actuarially assessed liabilities at the balance sheet date.

Treasury Management

The PCC approves a Treasury Management and Investment Strategy Statement before the start of each financial year and receives regular updates on treasury performance during the year.

Cashflow

	31.3.21	31.3.22
	£m	£m
Cash and other cash equivalents	14.717	16.922
Short term investments	73.962	90.136
Total	88.379	107.058

Total investments, cash and cash equivalents at 31 March 2022 is £107.058 million. The three main factors that will affect cash in the future are:

- Acquisition and disposal relating to the capital programme
- The value of reserve balances
- Grants and contributions unapplied

External debt

The PCC has historically financed part of his capital programme by borrowing. At 31st March 2022 the PCC had total external borrowings of £50.678 million and a finance lease liability of £8.650 million. The combined 'debt' figure of £59.378 million is well within the Authorised Limit for external debt of £96.951 million as approved by the PCC on 19 January 2022.

The PCC's Capital Financing Requirement at 31st March 2022 was £63.450 million which, when compared against the combined debt for capital purposes figure of £59.328 million, means that we are currently under-borrowed by £4.123 million.

Investments

At 31st March 2022 we had £116.607 million invested in 8 different institutions, namely Santander UK, Credit Industrial et commercial, Natwest Bank, Goldman Sachs, Close Brothers, National Bank of Kuwait, First Adu Dhabi Bank and Svenska Handelsbanken.

4. NON-FINANCIAL PERFORMANCE

PCC Controlled budgets

Community Safety

The PCC has a community safety budget of £3.2 million plus we received a reimbursement of 2020/21 costs from the MoJ of £0.1 million. Of this £3.3 million, £2.7 million was given in grants to county and unitary councils in the Thames Valley area and £0.6m was retained by the Office of the PCC (OPCC) for spending on force-wide initiatives.

The local authorities have used their grant allocations to deliver the following services:

Services for young people which cover three areas of work:

- £0.771m - Some young people who are already involved in the Youth Justice System. They receive interventions to tackle their offending and improve their life skills and chances. There is also work done around repairing harm that their behaviour has caused such as restorative approaches with their families and their victims
- £0.177m - Some young people will display risky behaviour, be at risk of exclusion from mainstream education, or are identified by youth practitioners and parents. They receive interventions to prevent escalation into criminal behaviour, and support to make different lifestyle and behaviour choices
- £0.119m - Young people are educated and made aware of the risks that they may face and how to identify and tackle them. This work is usually not targeted to certain young people and will take place in school and other youth settings.

Substance Misuse:

- £0.530m was spent on services ranging from raising awareness about the risks of drug and alcohol misuse to treatment and rehabilitation services for those already impacted.

Domestic Abuse:

- £0.400m was spent on services including training professionals to recognise abuse, improving reporting of this hidden harm, outreach support to victims and survivors (face to face, helplines and online), and Independent Domestic Violence Advocates who provide specialist support to men and women who need one-to-one help.

Adult Offending:

- £0.147m was spent on services to help people out of a cycle of offending, such as support for mental ill-health, lack of accommodation and positive connections with family.

Protection of Vulnerable Adults and Places:

- £0.086m was spent on providing help to people who are vulnerable and at risk of harms such as violence against women & girls and exploitation. Funding was also spent on places which can be more vulnerable to certain crimes such as rural areas and consulting with specific groups of people to ensure their concerns are heard.

Anti-social behaviour:

- £0.089m was spent tackling anti-social behaviour through increased enforcement options, case management and additional response capacity.

Multi-disciplinary crime prevention:

- £0.202m - Many local areas have officers who tackle multiple areas of crime and disorder, responding to the volume of community and professional concerns. These issues include County Lines Drugs, Burglary, Serious Violence, Hate Crime, Fraud & Scams, and Terrorism.

Physical Public Safety Measures:

- £0.053m was spent on equipment such as additional CCTV, street lighting and public realm improvements in response to environmental audits and public consultation.

Problem Solving and Analysis:

- £0.026 was spent on improving the use of information to better target resources when the cause of crime is unknown. An example of this was a review into the underlying issues behind grooming / coercion into terrorism.

The PCC used his centrally held budget to fund the following activities:

- £115,455 funded a Thames Valley wide programme to improve chances of education, training and employment to individuals leaving prison or elsewhere in the Criminal Justice System
- £50,000 funded an independent Whole System Review of the complex system surrounding rehabilitation and resettlement for individuals leaving prison. This review supported a successful bid for over £0.5m to the MoJ for work that will take place in 2022/23.
- £20,000 funded a project providing educational and mentoring support for young people not in education, enabling them to obtain qualifications and employment
- £25,000 provided a contribution to the Local Criminal Justice Board that oversees Criminal Justice prevention and interventions across young people and adults, courts, custody and prison
- £25,000 funded GPS tag for offenders released from prison
- £28,640 funded a Taxi-licencing Single Point of Contact :
- £17,000 provided a contribution to the cost of the CrimeStoppers regional manager
- Funding for specific TVP projects such as purchasing a spectrometer to help analyse prohibited drugs and improve the timeliness of drug offences through the criminal justice system (£24,049), first aid equipment for the police dog section (£26,690) and tactical bicycles for public order police response (£12,620)
- Other expenditure includes funding for a BAMER project and contributions to Modus software and the Integrated Offender Management (IOM) scheme

£0.125m of local authority spending on domestic abuse services was transferred to the Victims Services budget below to ensure optimum use was made of the MoJ grant allocation.

Overall, the community safety budget was underspent by £0.586m. This money has been transferred into the PCCs earmarked reserve for community safety initiatives.

Victim services

The PCC receives an annual grant from the Ministry of Justice (MoJ) to commission services for victims and witnesses of crime. During 2021/22 the PCC received an initial grant allocation of £2.814 million, which has been used to deliver the following services and benefits.

- Thames Valley Partnership received £897,934 to provide the Victims First Specialist Service for adults. This service helps victims with longer term, multiple or more complex needs to cope and recover from the effects of crime and includes Independent Sexual Violence Advisors, Exploitation Specialists and Victim-Led Restorative Justice Specialists. Delivery of this service is through a 'Strategic Partner model' led by Thames Valley Partnership and two Delivery Partners (Trust House Reading and OSSARC). The service provided support to 1,156 referrals and supported 985 people to cope and recover from the effects of crime.
- SAFE! received £557,859 to provide a service to support young victims of crime aged from 5-18yrs across Thames Valley. The service prioritises young victims of sexual abuse and domestic abuse. During the last year they have received 1,195 referrals into the service and supported 1,054 young victims.
- Thames Valley Partnership received £227,547 to provide emotional support and advocacy service to 1,339 victims of crime. This service provides up to 12 weeks of ongoing emotional and practical support for all victims of crime.
- Our Victims First Hub acts as a single point of contact for initial contact, assessment, and subsequent immediate and ongoing support to self-referrals, referrals from the police, Action Fraud, and partner agencies for all victims across Thames Valley. This service cost £347,619 and received 9,277 valid referrals where successful contact was made with victims.

- Our new network of specialist counsellors cost £95,875 who supported 244 adults and young people referred into counselling.
- Our domestic violence medium risk safety planning service was commissioned through Hestia and cost £71,386 and managed 2,726 referrals and/or occurrences,
- We commissioned a Domestic Violence complex need service from a range of providers across the Thames Valley. Oxfordshire County Council received £139,359 to provide a complex needs service to Oxfordshire and Buckinghamshire and received 70 referrals; MK Act received £46,027 and received 68 referrals; Slough Council received £48,813 and received 120 referrals; and West Berkshire Council received £48,813 and received 67.
- We funded a Domestic Violence perpetrators programme at a cost of £14,005.
- FLAG DV received £10,519 to provide free legal advice to victims of domestic violence. Their fully qualified family law solicitors provided advice to 421 clients.
- Following the terrorist incident in Forbury Gardens Reading in 2020 provided £30,000 to the NHS to run the Reading Trauma Service, which provided specialist clinical assessment and active monitoring to 21 people affected.
- £125,260 of local authority community safety spend was included within the MoJ budget. This provided additional domestic violence services across the Thames Valley area.

The balance (£0.160 million) has been spent on other services for victims, including commissioning costs.

The PCC received additional in-year funding from the MoJ as set out below.

Needs Based Funding

- We allocated £535,071 of additional Needs Based funding to 20 organisations to provide an enhanced service to victims of Domestic Abuse and Sexual Violence. This funding helped to support an increase in demand for services and to fill identified gaps. From this, local Domestic Abuse services spent £338,355 supporting clients and 5 specialist Rape Support providers spent £196,716 providing specialist support for those affected by Sexual Violence.

Expressions of Interest Funding

- We provided £332,230 of Expressions of Interest funding to 6 organisations who provide Domestic and Sexual Abuse services. This included funding for specialist LGBTQ+ IDVA/ISVA within a local specialist service, and specialist IDVA provision within a Domestic Abuse service and also provided funding to support people from BAME communities.

Critical Support Funding

- We received and allocated an additional £97,681 funding to 5 providers of Domestic Abuse and Sexual Violence. From this funding, a local specialist Rape Support organisation was able to run two 8 week courses for male victims of Sexual Violence in the Thames Valley. Another organisation provided an additional young person's CHISVA for those affected by Sexual Violence. This funding also provided a CHIDVA in a specialist Domestic Abuse service and extra specialist counselling was made available.

COVID-19 Critical Support Fund – community-based services

- A further £17,347 of additional Covid funding was provided to 3 providers of Domestic and Sexual Abuse services. This included funding to provide advocacy for those affected following fatal domestic abuse in Thames Valley.

Community Fund (previously called the Police Property Act Fund)

The Community Fund (previously called the Police Property Act Fund) is created from the proceeds of sale of goods recovered by the police that cannot be returned to their original owner. In accordance with the Police Property Act Regulations (1997) all awards from the fund must be for charitable purposes.

In September 2021, the PCC and Chief Constable sought applications from local charities and community groups for relatively low value grants, whose activities would help the PCC deliver his Police

and Criminal Justice plan priorities. Following evaluation, 30 organisations were supported with total funding of £0.108m

Thames Valley Police

Despite stricter restrictions being lifted, the COVID-19 pandemic continued to impact on the work of the police in the last 12 months. Therefore, when comparing figures against the previous year, it remains important to contextualise police performance data against the backdrop of the pandemic.

The Strategic Plan set out the priorities for the force. These include 4 operational priorities and three organisational priorities for the year, all with accompanying measures of success.

Operational priorities:

- Reduce crime and incidents through problem-solving
- Bring more offenders to justice
- Protect the vulnerable
- Increase satisfaction of victims

Organisational Priorities

- Value our workforce
- Use our resources wisely
- Maximise the benefits of digital developments

The demand from the public for our services has remained high, particularly evident in our 999 volumes which rose by 21% compared with last year resulting in a total of 334,282 calls being received. Service levels were maintained from last year with 87.6% of calls answered within 10 seconds. In contrast calls to our 101 service reduced by 14% to a yearly total of 500,787 calls. Over the course of the year the average time to answer 101 calls was 3 minutes and 4 seconds, narrowly missing the target of 3 minutes.

Online reporting levels reduced by a third compared with last year when the force were receiving high volumes of reports regarding covid rule breaches. However, the 78,972 online reports received remained significantly higher than pre-pandemic levels.

177,577 crimes were recorded in 2021/22. This represents an increase of 18.5% against last year which was widely recognised as an atypical period due to the impact of national lockdowns. Subsequently it is more pertinent to compare the level of recorded crimes with 2019/20 where we observe a 4% increase this year. It is important to recognise the Force has recently been assessed as good at recording crime in its latest HMICFRS PEEL inspection, an improvement from findings in their 2019 inspection.

The Force has seen crime reductions in many areas:

- Residential burglary (dwellings) -40% compared with a 5 year average
- Personal robbery -22% compared with a 5 year average
- Serious violence (including knife crime) -9% compared with last year
- Offences involving a knife (excluding possession offences) -12% reduction compared with last year

However the Force has seen increases in crime in a number of areas which remain key components of the strategic plan in 2022/23.:

- Homicide up by 60% with 24 offences in 2021/22 compared with 15 the previous year
- Violence with injury up by 25.8% compared with last year
- Sexual offences up by 31.7%

Cases where formal action was taken increased again in the last year with 950 more outcomes than the previous 12 month period, representing a 4% increase.

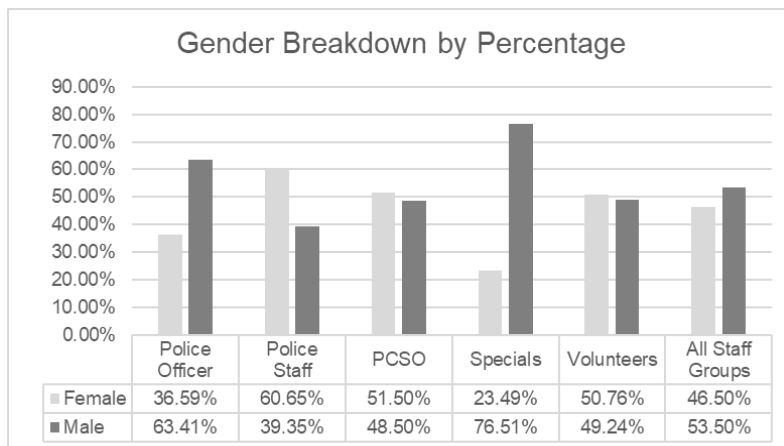
5. PEOPLE

At 31st March 2022 Thames Valley Police employed 8,348 people in full and part time contracts. We also had 281 unpaid members of the special constabulary and 793 volunteers giving a total workforce of 9,422.

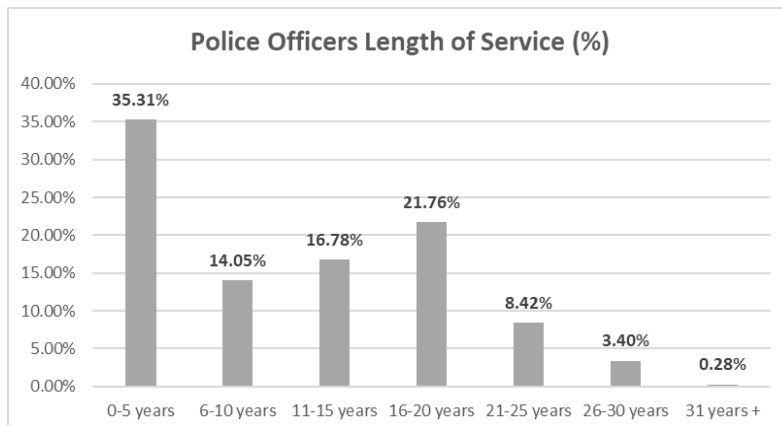
Below is the make-up of the Police workforce. This includes headcount of circa 732 police officers and police staff and FTE of circa 720 police officers and police staff who work in regional collaborated units such as the Counter Terrorist Police South East (CT PSE), SE Regional Organised Crime Unit (SEROCU), regional specialist firearms and the Chiltern Transport Consortium (CTC).

	Workforce	Full Time Equivalent
Police Officers	4,652	4,512
Police Staff	3,362	3,165
PCSO	334	319
Paid employees	8,348	7,996
Special Constabulary	281	
Volunteers	793	
Total workforce	9,422	

The following graph shows the gender breakdown for each type of employee and volunteer.



In terms of police officers Thames Valley has a relatively “young” workforce in terms of experience with 66% of officers having less than 15 years’ service, as shown below.



Paid time off for union representatives

In line with Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) the Chief Constable has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 2021/22. There were 24 employees who were union officials during the period (16.0 full time equivalents). The total cost of this facility time was £849,604 which represents 0.21% of the total pay bill.

6. PRINCIPAL RISKS AND UNCERTAINTIES

A risk management strategy is in place which allows the identification and management of risk at all levels of the Force. There is a defined and consistent process which supports better decision-making based on an understanding of the likelihood and impact of opportunities and risks.

The Chief Constable's Management Team (CCMT) currently leads on 27 strategic risks, which are reviewed and updated quarterly, and the Joint Independent Audit Committee has oversight of these reports.

19 are strategic risks and eight are related to COVID. These are being regularly reviewed and updated, reporting into CCMT and incorporated into the Force recovery planning governance process. Op Restore has recently closed down and as a consequence the COVID risks will be reviewed for possible closure at the next CCMT meeting.

Of the 19 strategic risks, two relate to long-term programmes in the Transformation portfolio. These are:

- Two risks associated with the Emergency Services Mobile Communications Project (ESMCP) programme: financial (high) and technical (medium) of national programme. These two risks are being treated, with mitigating actions in place managed through a regional programme board governance structure.

The remaining risks concern:

- The **Disclosure** risk was added in July 2021. The revised Attorney General guidelines on Disclosure has applied significant demand and pressure on the Force. Mitigating actions are in place.
- A risk around the volume of **Illicit Images of Children Referrals** and backlogs was raised in July 2021. Mitigating actions are in place including increased resource in this area.
- A risk on **Court Backlogs** was raised in April 2021 due to the impact of the pandemic. Local mitigating actions are in place as well as ongoing work with the courts.
- The **Public Protection Unit Demand** risk continues with demand exceeding capacity. Mitigating actions are in place.
- The **Multi-Agency Safeguarding Hub (MASH) Backlog** - The demand placed on the MASH teams is continuing to increase and continues to exceed capacity. This risk was raised in August 2020. Mitigating actions are being progressed.
- The resource shortfalls in Crime Scene Investigator (CSI) and Quality team impacting on achieving **CSI accreditation** and service delivery. This was adopted onto the strategic risk register in February 2020. Mitigating actions have been put in place to treat the risk.
- Pressures on capacity and capability of **custody** service, caused by resourcing shortfalls including high rates of staff abstraction, and the application of COVID- secure processes. This risk was raised in January 2021. Mitigating actions are being progressed.

- Potential central Government **funding limitations** not being sufficient to continue delivering all existing services to the same level of performance, and unlikely to avoid the need to make additional cuts. This medium-level risk has a reasonable level of assurance and is being treated through Corporate Finance with established budgeting and monitoring processes in place.
- There is a potential risk that a lack of governance and leadership regarding **missing and exploitation** could lead to inconsistencies across the Force in respect of vulnerable people who are missing and/or exploited. This risk was raised in November 2020. Mitigating actions are being progressed. The risk was recently split into two risks, one focused on missing and one on exploitation.
- The **recruitment** and **retention** risk remain active with the risk level for both recently being raised due to the wider employment market. If the Force does not reduce officer and staff avoidable turnover, whilst demand and the complexity of policing increase, TVP will be unable to meet existing and future demands. This risk is being treated through the People Directorate Workforce Board.
- The ability of the Force to deploy sufficient officers to ensure minimum resourcing levels due to the anticipated impact of attrition, and abstraction rates created by the **new entry routes to policing** (PCDA / DHEP) training programmes. This medium-risk is being treated with mitigating actions undertaken by the People Directorate and Tasking & Resilience departments.
- The **ICT resourcing** risk was raised in July 2021 which raised the issue of a lack of appropriately skilled ICT resources to carry out Force Change and potentially support BAU operational services. Mitigating actions are in place.
- **Management of information assets in regional policing units** was raised in December 2021. There is a risk of inconsistency and unclear accountability for the management of information assets and information risks arising within the regional policing units.
- The impact of **Released Under Investigation legislation**, which may negatively impact on obtaining positive criminal justice outcomes. This medium-level risk is assessed as having reasonable assurance levels, and is being treated through the Criminal Justice board.
- There are eight **COVID-related risks** currently which are: staff and well-being, remote working, BAU and change activities, recovery of services, critical activities, reputation and public confidence damaged, change in policing demand and unintended legal and regulatory breaches during COVID-19. These eight Covid-related risks have all been closed in early 2022/23

Strategic risks are being actively managed by the Chief Constable's Management Team, supported by the Strategic Governance Unit. Regular reporting mechanisms ensure effective management and oversight. Local and Strategic Risk Registers are routinely reviewed and updated, involving senior stakeholders and subject matter experts as appropriate.

7. SUMMARY AND CONCLUSION

The PCC and Chief Constable have a strong track record of effective financial management. The budgeting process is very thorough with rigorous challenge from both the Chief Constable's Management Team and the PCC.

Since 2010/11 cash savings of over £113 million have been identified and delivered.

The budget for 2021/22 was set in January 2021 at £475.892m. This included funding for the recruitment of an additional 182 police officers from the national Police Uplift Programme.

Throughout 2021/22 the employment market has been extremely challenging with more job vacancies than people actively looking for work. In that context the Force did remarkably well to recruit 183 additional officers i.e. one above the Home Office target.

Even though the Force is moving to a more hybrid way of working, recruiting and retaining police staff proved more problematic and is likely to remain so for the foreseeable future as public sector pay scales lag behind their private sector equivalents. This led to significant underspends in police staff pay budgets

The prevailing economic conditions throughout 2021/22 led to significant underspend in non-employee budgets as well due, in part, to the fragility of supply chains and third party contracts.

In total the revenue budget was underspent by circa £10.4m but the PCC approved appropriations to earmarked reserves of £9.2m leaving an annual surplus of £1.2m which has been transferred to general balances.

In January 2022 the PCC agreed to increase council tax by £10 (for a band property) which enabled an annual revenue budget for 2022/23 of £505 million to be set. The Medium Term Financial Plan for 2023/24 to 2025/26 still shows significant annual and cumulative shortfalls which will need to be managed carefully.

The PCC continues to maintain a healthy level of cash balances which will be used in a judicious manner in future years to help manage the budget and deliver the PCC's police and crime plan priorities.

The financial outlook remains challenging but I am confident that the PCC, Chief Constable and their respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

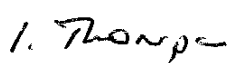
Receipt of further information

If you would like to receive further information about these accounts please do not hesitate to contact me by email ian.thompson@thamesvalley.police.uk or phone (01865 541959)

You can also find information about the PCC's finances by looking at the PCC's website at: www.thamesvalley-pcc.gov.uk

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff in my office, most notably Rachael Martinig, and colleagues in the Force Finance Department (notably Alison Moran). I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support during the year.



Ian Thompson
Chief Finance Officer and Deputy Chief Executive

EXPLANATION OF ACCOUNTING STATEMENTS

The Accounts and Audit Regulations 2015 require the PCC and Chief Constable to produce a Statement of Accounts each financial year. These statements contain a number of different elements which are explained below.

Statement of Accounts

The **Auditor's Report** gives the auditor's opinion on whether the accounts provide a true and fair view of the financial position and operations for the year.

Statement of Responsibilities sets out the respective responsibilities of the PCC and his chief finance officer

The **Core Financial Statements** are:

The **Movement in Reserves Statement** is a summary of the changes to the PCC's (and Group's) reserves over the course of the year. Reserves are divided into "usable" cash reserves which can be invested in capital projects or service improvements and "unusable" accounting reserves which must be set aside for specific purposes. Total usable reserves have increased from £59.569 million on 1st April 2021 to £86.574 million on 31st March 2022.

The **Comprehensive Income and Expenditure Statement (CIES)** record all of the PCC's (and Group's) income and expenditure for the year. This presentation of information is in line with CIPFA guidance and is commensurate with the in-year internal reporting to management of income and expenditure. (See the outturn position table on pages 6 and 7 for more detail of the in-year reporting)

The Group CIES shows an accounting deficit of £56.158 million however this statement should not be viewed in isolation. To gain a true understanding of the Group's financial performance for the year, it is necessary to view the Movement in Reserves Statement which shows how this accounting deficit is managed in the balance sheet. Following the police officer pension fund liabilities and accounting adjustments and transfers to revenue reserves, there is an increase of £1.221 million in the general reserve

The **Balance Sheet** is a snapshot of the PCC's assets, liabilities, cash balances and reserves at the year-end date.

The **Cash Flow Statement** shows the reasons for changes in the PCC's cash (and cash equivalents) balances during the year, and whether that change is due to operating activities, new investment or financing activities (such as repayment of borrowing and other long term liabilities).

The **Group Accounts** provide the overall financial position of the PCC Group for the year ending 31 March 2022. The Group position (PCC Group) reflects the consolidated accounts of the PCC and its subsidiary, the Chief Constable.

The **Supplementary Financial Statements** are:

The **Annual Governance Statement** explains the governance processes and procedures in place to enable the PCC and Group 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.

The **Notes** to these financial statements provide more detail about the PCC's accounting policies and individual transactions.

The **Police Pension Fund Accounts** sets out the financial position of the Police Pension Fund as at 31st March 2022

A **glossary of key terms** can be found at the end of this publication

AUDIT REPORT AND OPINION

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

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STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

PCC's Responsibilities

The PCC is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Organisation, that officer is the Chief Finance Officer and Deputy Chief Executive;
- Manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- Approve the statement of accounts.

I approve this Statement of Accounts on behalf of the PCC for Thames Valley



Matthew Barber
PCC for Thames Valley
XXXXXX

Chief Finance Officer

The PCC's Chief Finance Officer is responsible for the preparation of the Group 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 Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently;
- Made judgements and estimates that were reasonable and prudent;
- Complied with the Code.
- Kept proper accounting records which 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 PCC and the Group accounts for Thames Valley Police at the accounting date and its income and expenditure for the year ended 31 March 2022



Ian Thompson, CPFA,
Chief Finance Officer and Deputy Chief Executive
XXXXXXX

MOVEMENT IN RESERVES STATEMENT

Group Movement in Reserves Statement for the years ended 31st March 2021 and 2022

	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital grant unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000
Note		25	8	25	25	25	26	
Balance at 31st March 2020		19,899	20,818	1,589	13,234	55,540	-4,197,075	-4,141,535
Movement in reserves during 2020/21								
Total comprehensive Expenditure and Income		-181,832	0	0	0	-181,832	-464,189	-646,021
Adjustments between accounting basis & funding basis under regulations	6	184,167		1,301	396	185,864	-185,864	0
Net increase/Decrease before transfers to Earmarked Reserves		2,335	0	1,301	396	4,032	-650,053	-646,021
Transfers to/from (-) earmarked reserves		-2,342	2,342			0	0	0
Increase/Decrease (-) in Year		-7	2,342	1,301	396	4,032	-650,053	-646,021
Balance at 31st March 2021 carried forward		19,892	23,160	2,890	13,630	59,572	-4,847,128	-4,787,556
Movement in reserves during 2021/22								
Total Comprehensive Expenditure and Income		-194,987	0	0	0	-194,987	138,829	-56,158
Adjustments between accounting basis & funding basis under regulations	6	220,748		847	396	221,991	-221,991	0
Net increase/Decrease before transfers to Earmarked Reserves		25,760	0	847	396	27,003	-83,162	-56,158
Transfers to/from (-) earmarked reserves	8	-25,263	25,263			0	0	0
Increase/Decrease (-) in Year		497	25,263	847	396	27,003	-83,162	-56,158
Balance at 31st March 2022 carried forward		20,389	48,423	3,737	14,026	86,575	-4,930,289	-4,843,714

For full details of the movement on general balances, please see note 25.

EXPENDITURE AND FUNDING ANALYSIS

Group Expenditure and Funding Analysis Disclosure Note

The Expenditure and Funding Analysis is a disclosure note that shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes by the Chief Constable's Management Team. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See note 5 for more details. Please note that this is not a primary statement

	2020/21			2021/22		
	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES
	£000	£000	£000	£000	£000	£000
PCC	13,545	4,220	17,766	9,138	5,774	14,912
<i>TVP operational budgets under the direction & control of the Chief Constable</i>						
Employees	365,388	170,178	535,566	379,300	213,180	592,480
Premises	19,180		19,180	19,350		19,350
Transport	22,757		22,757	24,479		24,479
Supplies & Services	68,507		68,507	70,016		70,016
Third Party Payments	12,838		12,838	16,305		16,305
Capital Charges	6,159	13,528	19,687	3,347	10,961	14,308
Non specific Income	-130,643		-130,643	-135,436		-135,436
Cost of Services	377,730	187,927	565,657	386,499	229,915	616,415
Other income & expenditure	-380,065	-3,760	-383,825	-412,260	-9,168	-421,427
(Surplus) or Deficit on provision of services	-2,335	184,167	181,832	-25,760	220,748	194,987
Opening General Fund Balance	19,896			19,889		
Add (surplus) or Deficit	2,335			25,760		
Transfers to/from (-) reserves & General Balances	-2,342			-25,263		
Closing General Fund Balance	19,889			20,386		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement 2021/22

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.

		2020/21				2021/22		
		Gross expenditure	Gross Income	Net Expenditure		Gross expenditure	Gross Income	Net Expenditure
		£000	£000	£000		£000	£000	£000
PCC		21,529	-3,763	17,766		18,833	-3,921	14,912
<i>TVP operational budgets under the direction & control of the Chief Constable</i>								
Employees		535,566	0	535,566		592,480	0	592,480
Premises		19,180	0	19,180		19,350	0	19,350
Transport		22,757	0	22,757		24,479	0	24,479
Supplies & Services		68,507	0	68,507		70,016	0	70,016
Third Party Payments		12,838	0	12,838		16,305	0	16,305
Capital Charges		19,687	0	19,687		14,308	0	14,308
Specific Income		0	-130,643	-130,643		0	-135,436	-135,436
Group Cost of Services		700,063	-134,406	565,657		755,771	-139,357	616,415
Other operating Expenditure:								
Gain/loss on disposal of fixed assets	9a			611				-202
Levies to national police service				0				0
Financing & investment income & expenditure:								
Interest Payable	9b	1,961		1,961		1,932		1,932
Impairment loss allowance	9b	-25		-25		0		0
Pensions Interest Cost	9b	99,741		99,741		101,710		101,710
Interest & Investment Income	9b		-934	-934			-821	-821
Taxation & non specific grant income	9c		-485,180	-485,180			-524,046	-524,046
(Surplus) /deficit on provision of service				181,832				194,987
(Surplus)/deficit on revaluation of fixed assets	14/21			-6,362				-18,039
Remeasurement of net defined liability				470,551				-120,790
Other gain/loss				0				0
Total other comprehensive Income and Expenditure				464,189				-138,829
Total comprehensive Income & Expenditure				646,021				56,158

Notes: Re-measurement of net defined pension liabilities are either due to changes in assumptions (on liabilities) and “experience items” – actual outcome different to expected – for both assets and liabilities.

BALANCE SHEET

The Balance Sheet for the Group

This shows the value at 31st March of the assets and liabilities recognised by the Group. Net assets are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Group is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

31.3.21		Note	31.3.22
£000			£000
	Long Term Assets		
257,213	Property, Plant and Equipment	14	274,987
5,799	Leased assets	29	6,494
14,820	Intangible assets	16	11,459
0	Long term investments	17	0
1,046	Long term debtors	19	2,713
278,879	Total Long Term Assets		295,653
	Current Assets		
73,962	Short term investments	17	90,136
4,044	Inventories	18	2,330
43,793	Short term debtors	19	44,774
14,417	Cash and cash equivalents	20	16,922
481	Assets held for sale	21	536
136,697	Total Current Assets		154,698
	Current Liabilities		
-8,914	Short term borrowing	17	-1,996
-52,074	Short term creditors	22	-60,621
-2,818	Provisions	23	-1,205
-6,673	Accumulated absences	26	-6,085
-70,479	Total Current Liabilities		-69,906
	Long Term Liabilities		
0	Long term creditors		0
-6,285	Provisions	23	-8,106
-59,328	Long term borrowing	17	-58,217
-5,062,361	Liability related to defined benefit pension schemes	32	-5,155,880
-2,666	Donated assets account		-912
-2,013	Capital grants received in advance	28	-1,092
-5,132,653	Total Long Term Liabilities		-5,224,207
-4,787,556	Net Assets / (Liabilities)		-4,843,762
	Reserves		
59,569	Usable reserves	25	86,574
-4,847,125	Unusable reserves	26	-4,930,336
-4,787,556	Total Reserves		-4,843,762

CASH FLOW STATEMENT

The Cash Flow Statement for the Group

This statement shows the change in the Group's cash and cash equivalents during the reporting period. The statement shows how the Group generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

	Note	31.3.21	31.3.22
		£000	£000
Net (surplus)/deficit on the provision of services		181,832	194,987
Adjust net surplus/deficit for non cash movements	33	-208,357	-235,991
Adjust for items included in surplus/deficit that are investing and financing activities		1,955	3,156
Net cash flows from Operating Activities	33	-24,570	-37,847
Investing Activities	33	20,247	27,310
Financing Activities	33	-5,848	8,032
Net increase (-) or decrease in cash and cash equivalents		-10,171	-2,504
Cash and cash equivalents at the beginning of the reporting period	20	4,246	14,417
Cash and cash equivalents at the end of the reporting period	20	14,417	16,922

GROUP 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), the Accounts and Audit Regulations 2015. 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 compiled in accordance with the code, except that it has departed from the code in respect of the treatment of certain types of inventories in order to achieve a true and fair presentation. (See note 18 for more details)

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the PCC/CC will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

In carrying out a Going Concern assessment the PCC has taken into account its statutory duty to allocate assets and funds to the Chief Constable. The PCC/CC has considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short-term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the PCC/CC are satisfied that they can prepare their accounts on a going concern basis.

The PCC/CC's detailed assessment has considered the following:

- ◆ We have a history of strong and effective financial management which has been acknowledged by HMICFRS in various inspection reports.
- ◆ We have carried out a self-assessment against the new CIPFA Financial Management Code and reported the results to the Joint Independent Audit Committee, who will also monitor implementation of agreed action plans
- ◆ We have produced a financial resilience assessment which concluded that TVP remains a viable going concern – the report can be read [here](#)
- ◆ We have an efficient and effective internal audit service that reports jointly to the PCC CFO and the Force Director of Finance. Quarterly update reports are presented to the Joint Internal Audit Committee. In his Annual Audit opinion for 2021/22 the Chief Internal Auditor is expected to issue an overall grade of 'Reasonable Assurance'.
- ◆ We manage annual budgets very effectively. Since 2016/17, the largest variation against NRE has been 0.3%. In March 2022 the revenue monitoring report, based on data and information as at 28th February 2022, showed a forecast underspend of £8.958m. The PCC subsequently agreed to transfer circa £9.2m to earmarked revenue reserves to ensure monies are available in coming years to fund specific operational priorities. The final revenue surplus for 2021/22 is £1.2m which equates to less than 0.3% of the net revenue budget of £475.892 million. This level of underspend reflected difficulties in recruiting and retaining police officers and staff, coupled with supply chain and contractor problems, rather than an inability to manage expenditure effectively.
- ◆ We have a proven history of delivering productivity savings to balance annual budgets and reinvesting these in frontline operational services. In the eleven years between 2010/11 and 2021/22, some £112.7m was removed from base revenue budgets, with a further £16.3m identified for delivery over the next four years. This work is ongoing through the Efficiency and Effectiveness Programme, driven by the Deputy Chief Constable and supported by the Director of Finance and other senior colleagues
- ◆ We produce and publish a detailed annual financial strategy, capital strategy, reserves strategy and a treasury management strategy statement

- ◆ We produce a very detailed 4-year medium term financial plan as well as a 4-year capital programme. Although the current MTFP is not balanced in 2023/24 and later years, this is because the PCC has instructed that the planning assumption should be no increase in council tax in future years. However, as shown in Table 1 above, should the PCC make full use of the £10 precept flexibilities afforded to him in the Spending Review and the Police Grant Settlement 2022/23, there would be a small cumulative budget surplus of circa £3.5m at the end of 2024/25. This would be available to fund, as yet, unidentified cost pressures or new investment.
- ◆ We maintain a healthy level of cash reserves. General balances are forecast to remain above the agreed 3% of NRE level throughout the MTFP period. Although earmarked reserves are scheduled to reduce slightly over the next four years, as we utilise funding in support of one-off initiatives in the revenue budget and capital programme, they are still forecast to be close to £10m at the end of 2024/25.
- ◆ We maintain an insurance provision, currently £9.3m, which is sufficient to meet the actuarially assessed level of insurance liabilities at 31st March
- ◆ Due to significant capital receipts in coming years, capital reserves will still exceed £11m at the end of 2024/25.
- ◆ Borrowing costs when expressed as a percentage of NRE remain very low – less than 1% throughout the MTFP period.
- ◆ External debt peaked at £61m in 2021/22. According to current capital expenditure plans, overall debt should not rise above this level over the next four years. However, there may be a technical increase from 2022/23 onwards if IFRS 16 (leases) is implemented which will increase the value of assets held on the balance sheet, with a consequential increase in finance lease borrowing costs
- ◆ The CFO publishes a detailed Section 25 report (Local Government Act 2003) to accompany the annual budget report highlighting all key issues and concerns
- ◆ All revenue and capital budgets have a nominated budget manager. Detailed budget monitoring is undertaken on a monthly basis with summary reports being to CCMT and the PCC, with remedial action taken immediately to address any areas of concern.
- ◆ The Annual Governance Statement for 2021/22 has not identified any significant areas weakness in governance or internal control that require immediate attention during 2022/23,

Based on all the above, the PCC does not consider that there is a material uncertainty in respect of its ability to continue as a going concern for the period to 30 September 2023

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 PCC is also required to produce Group accounts.

The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31 March 2022. The identification of the PCC as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the PCC under the PRSR Act 2011.

The Financial Statements included here represent the accounts for the PCC and Group (PCC accounts on pages 83 to 109). The financial statements cover the 12 months to the 31 March 2022.

Some figures within tables may not sum up exactly due to rounding differences when stating values to the nearest thousand pounds.

The notes relating to specific financial statement lines 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 income and expenditure

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

- Fees, charges and rents due are accounted for as income at the date the Group provides the relevant goods or services;
- Any income received under contract is recognised in accordance with the performance obligations in the contract.
- Where income and expenditure has been recognised (using estimates when appropriate) but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet.

c. Charges to Revenue for Non-Current Assets

The PCC's and Group's CIES is charged with the following amounts, to record the real cost of holding fixed assets during the year.

- Depreciation attribute to the assets used by the relevant service;
- Revaluation gains or losses on land and buildings
- Amortisation of intangible assets

The Group is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement. The Minimum Revenue Provision (MRP) is set on a prudent basis as determined by the Group in accordance with statutory guidance.

d. Government grants and other contributions

Whether paid on account, by instalments or in arrears, revenue government grants and third party contributions are recognised as income at the date that the PCC satisfies the conditions of entitlement to the grant / contribution.

The grant / contribution is recognised within the CIES as income when the conditions of entitlement are known to be satisfied. If the grant / contribution has been received in advance of need then the amount is transferred to a Grant in Advance account.

Grants to cover general expenditure (e.g. Police Grant) are credited to the CIES within the provision of services.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account (CAA). Amounts in the Capital Grants Unapplied reserve are transferred to the CAA once they have been applied to fund capital expenditure.

e. Heritage assets

A heritage asset is one with "historical, artistic, scientific, technological, geophysical or environmental qualities that is held and maintained principally for its contribution to knowledge and culture". The Group will recognise any heritage asset that is valued in excess of £500,000. As at 31st March 2022, the Group does not recognise any heritage assets on its balance sheet. Whilst the Group does display various items of historical interest in the force museum, the cost and effort of obtaining a valuation for these objects would be more than the perceived worth of the assets.

f. 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.

g. Overheads and support services

In line with CIPFA's Police Objective Analysis, the costs of support services are fully allocated to the Group's services.

h. Reserves

The PCC maintains reserves that are either earmarked for specific purposes or held for accounting adjustments. Earmarked reserves will be established from time to time to meet specific expected revenue or capital costs as determined by the PCC. The PCC also maintains reserves to finance future commitments, unforeseen circumstances, fluctuations in annual grant settlements and council tax precepts and emergency expenditure which cannot be contained within the approved budget. The approved reserves policy sets a target for the level of general reserves of 3% of net budgeted expenditure.

Reserves are created by appropriating amounts in the CIES. When expenditure to be financed from a reserve is incurred, it is charged to the CIES against the Net Cost of Services. The reserve is appropriated back in the Movement of Reserves Statement so that there is no net charge for the expenditure.

Details of movements on usable revenue reserves during the year appear as note 25 on page 63

Certain reserves are kept to manage the accounting processes for tangible fixed assets and retirement benefits and other technical accounting standards and they do not represent usable resources for the PCC – see note 26 on page 64.

i. VAT

Income and expenditure 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. GROUP ACCOUNTING STANDARDS THAT HAVE BEEN ISSUED BUT HAVE NOT YET BEEN ADOPTED

- Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.
- Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2022/23 Code). This means that only the standards listed in

paragraph 15.3 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

- The only standard introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code which affects policing is:

IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

2. GROUP SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the PCC 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:

- Establishing the valuations of operational and residential properties (see Notes 14 and 21 for details of amounts and the valuation process involved). Depreciation is a calculation by the fixed asset register system, based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year
- We have reviewed all property leases to determine which ones, if any, need to be treated as a finance lease. The outcome of that review is that only the Abingdon PFI scheme needs to be treated as a finance lease; all other property leases are operating leases. The Group has procured a fleet of multifunctional printing devices. The contract for the supply of the service has been reviewed and has been deemed to be a finance lease. The Group has also entered into a contract for a supported, managed and monitored network and voice service. This has also been determined to be a finance lease. Further details of both leases can be found in note 29
- 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 PCC 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.
- A judgement 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 PCC in accordance with the standard set of activities for each corporate body identified in CIPFA's published guidance at the time (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.
- Changes to IFRS 11 (Joint Arrangements) required the Group to classify their collaborative arrangements. Senior Management within Thames Valley Police and their collaboration partners have considered the nature of the arrangements and most importantly, whether joint control exists within each arrangement, and in each case, a judgement has been made that the arrangement is outside the scope of the new collaboration standard. The Group will continue to account for its own share of income and expenditure of each arrangement. Details of these values are shown in note 12 (related party transactions)
- All surplus properties owned by the PCC have been reviewed and have been judged to meet the criteria of surplus properties rather than investment properties

- g. The value of the collection fund adjustments shown in the Group accounts has been partially estimated. Although the Chief Finance Officer wrote to each billing authority and requested the appropriate information to enable the collection fund adjustment account to be calculated accurately, just under a quarter (3 out of 13) of the authorities returned their figures during the specified time period. The remainder of the values were estimated, based on the average of their previous 5 years returns - many of which were also OPCC estimates. Some billing authorities have not provided a timely actual data return since 2013/14.
- h. On the 1st April 2018, significant changes were made to IFRS 9 (Financial Instruments). This has resulted in new classification categories for financial assets and liabilities. All investments and loans have been assessed at year-end and as all investments are made solely for payments of principal and interest, a judgement has been made that they should all be held at amortised cost.
- i. During 2020/21, Thames Valley Police operated the national store for Personal Protective Equipment (PPE) on behalf of all police forces in the country. The stock was initially supplied by forces and paid for via Home Office grant but this was then taken over (both supply and funding) by the Department of Health, TVP was responsible for the onward distribution as determined by the National Police Coordination Centre. As such, it has been determined that TVP are operating as an agent and not as principal in the acquisition and distribution of the stock. The PPE stock is held as an inventory on the Group Balance Sheet, valued at average market price, but no entries will be shown through the Consolidated Income and Expenditure Statement

3. GROUP 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. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year involved the pension liability for 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 32 for a sensitivity analysis and details of the impact of a change in the discount rate. Furthermore, the full impact of the McCloud/Sargeant judgement on both the police officer and police staff pension schemes is still unknown.

4. INTRA GROUP ADJUSTMENTS

Both the Police and Crime Commissioner and the Chief Constable are separate legal entities. The Group statement of accounts (PCC Group) reflects the consolidated accounts of the PCC and its subsidiary the Chief Constable

The table below shows the movement through an intra group account within the respective accounts during 2020/21 and 2021/22. 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 2020/21	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2020	0	0	0
Balance sheet intra group adjustment	- 45,905	45,905	0
PCC resources consumed at the request of the Chief Constable	- 463,849	463,849	0
PCC Intra group adjustment	-509,754	509,754	0
Closing balance as at 31st March 2021	0	0	0

Intra group balances for 2021/22	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2021	0	0	0
Balance sheet intra group adjustment	-54,245	54,245	0
PCC resources consumed at the request of the Chief Constable	-479,057	479,057	0
PCC Intra group adjustment	-533,302	533,302	0
Closing balance as at 31st March 2022	0	0	0

NOTES TO THE ACCOUNT

5. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

	2020/21				2021/22			
Adjustments from General Fund to arrive at the CIES amounts	Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments	Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
PCC	3,936	290	-6	4,220	5,267	505	2	5,774
<i>TVP operational budgets under the direction & control of the Chief Constable</i>								
Employees		169,798	380	170,178		213,770	-590	213,180
Premises				0				0
Transport				0				0
Supplies & Services				0				0
Third Party Payments				0				0
Capital Charges	13,528			13,528	10,961			10,961
Non specific Income				0				0
				0				0
net cost of services	17,465	170,088	374	187,927	16,228	214,275	-588	229,915
				0				0
other income & expenditure from the expenditure & funding analysis	-4,497		737	-3,760	-9,154		-14	-9,168
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services	12,968	170,088	1,111	184,167	7,074	214,275	-602	220,748

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 PCC and Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC and Group to meet future capital and revenue expenditure. All items are adjustments between the general fund balance and the unusable reserves shown below.

2021/22

	General Fund Balance £000	Capital Receipts Reserve £000	Capital grant unapplied £000	Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to or from the pensions reserve)	214,275			-214,275
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-14			14
Holiday Pay (transferred to the accumulated absences account)	-588			588
Non current assets written off on disposal (charged to capital adjustment account)	0			0
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	15,978		396	-16,374
				0
Total Adjustments to the Revenue Resources	229,651	0	396	-230,047
Adjustments between revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-269	3,156		-2,887
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-2,156			2,156
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-6,479			6,479
Total Adjustments between revenue and Capital Resources	-8,904	3,156	0	5,748
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-2,309		2,309
Application of capital grants to finance capital expenditure			0	0
Total Adjustments to capital resources	0	-2,309	0	2,309
Total Adjustments	220,748	847	396	-221,991

NOTES TO THE ACCOUNT

2020/21

	General Fund Balance	Capital Receipts Reserve	Capital grant unapplied	Unusable Reserves
	£000	£000	£000	£000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to or from the pensions reserve)	170,088			-170,088
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	737			-737
Holiday Pay (transferred to the accumulated absences account)	374			-374
Non current assets written off on disposal (charged to capital adjustment account)	2,566			-2,566
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	28,768		396	-29,164
				0
Total Adjustments to the Revenue Resources	202,533	0	396	-202,929
Adjustments between revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-1,955	1,955		0
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-2,259			2,259
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-14,152			14,152
Total Adjustments between revenue and Capital Resources	-18,366	1,955	0	16,411
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-654		654
Application of capital grants to finance capital expenditure			0	0
Total Adjustments to capital resources	0	-654	0	654
Total Adjustments	184,167	1,301	396	-185,864

7. 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 Chief Finance Officer on XXXXXXXX. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information. There are no material non- adjusting events to report

NOTES TO THE ACCOUNT

8. TRANSFERS TO / FROM EARMARKED RESERVES

This note explains the amounts set aside from the General Fund balances in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2021/22.

	Balance at 1.4.21	Appropriation to (-) /from CIES	Movement between reserves	Balance at 31.3.22	Purpose of Reserve
Reserve	£000	£000	£000	£000	
Conditional funding reserve	3,286	139		3,425	Income received can only be spent on the specified project or activity
Transport reserve	461	566		1,026	TVP share of the Chiltern transport Consortium reserves
Service Delivery and Crime Management (SDCM) reserve	0	4,000		4,000	To fund the initial costs of this new operational policing priority in 2022/23
Insurance reserve	1,625	0		1,625	Funds held in case insurance provision proves inadequate to meet known liabilities
SEROCU reserve	1,737	1,919		3,656	Funding for SE Regional Organised Crime Unit, as defined in S22 agreement
Police Uplift Infrastructure reserve	3,000	765		3,765	Infrastructure costs associated with the recruitment of additional police officers through the national Police Uplift Programme
Covid 19 Support reserve	2,606	516		3,122	Government grant support for Covid-19 to fund related costs (e.g. lower council tax receipts) during the period 2021/22 through to 2023/24
Community Safety Reserve	1,510	600		2,110	To fund community safety initiatives that could not delivered before 31st March
Improvement and Performance (I&P) reserve	8,934	12,758	-9,904	11,788	To help fund future policing initiatives, including property adaptations
CCTV reserve	0	1,000		1,000	To help fund CCTV services and infrastructure across the Thames Valley
Estates reserve	0	3,000		3,000	To help fund the long-term capital costs of the police property estate
MTCP Financing Reserve	0		9,904	9,904	To help fund capital investment in future financial years
Total	23,158	25,263	0	48,421	

9. ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**a) Other Operating Expenditure**

	2020/21 £000	2021/22 £000
Gain (-)/loss on disposal of fixed asset	611	-202
Levies to national police service	0	0
Total Operating Expenditure	611	-202

b) Financing and Investment income and expenditure

	2020/21	2021/22
	£000	£000
Interest payable	1,961	1,932
Impairment loss allowance	-25	0
Pensions interest cost on net defined benefit liability	99,741	101,710
Subtotal Financing and Investment expenditure	101,678	103,642
Interest and investment income	-934	-821
Total Operating Expenditure	100,744	102,821

c) Taxation and non specific grant income

	2020/21	2021/22
	£000	£000
Police Grant	-153,446	-163,955
Formula Grant	-79,319	-83,482
Council tax	-200,149	-213,176
Pensions top up grant	-31,880	-39,252
Capital grants and contributions	-5,108	-8,889
Council tax legacy grant	-15,278	-15,292
Total taxation and non specific grant income	-485,180	-524,046

d) Specific grant income

	2020/21	2021/22
	£000	£000
PFI grant	- 1,032	-1,032
Counter terrorism grant (including dedicated security posts)	- 37,544	-36,568
SEROCU grant	- 3,964	-3,981
Disclosure Bureau Services	- 1,470	-1,598
MOJ Victims and Witnesses grant	- 3,763	-3,797
Home Office (Serious violence, Violence reduction unit)	- 2,573	-2,898
Use of the apprenticeship levy	- 90	-618
Pensions grant	- 4,312	-4,312
Covid 19 grant	- 6,600	0
Safer Streets	0	-1,302
Recruitment uplift grant	- 5,118	-5,284
Local Council Tax Guarantee		-2,568
Other small grants	- 1,612	-828
Total specific grant income	- 68,078	-64,788

10. OFFICERS' REMUNERATION

The following sums have been paid to members of the Chief Constable's Management Team as well as to the PCC's Statutory Officers.

	Year	Note	Salary, Fees & Allowance £	Bonuses £	Expense Allowances £	Benefits in Kind £	Total Remuneration excluding Pensions £	Pension Contribution £	Total £
Police Force									
John Campbell	20/21		184,129				184,129	4,550	188,679
(Chief Constable)	21/22	1	185,964				185,964	-	185,964
Jason Hogg	20/21		149,427				149,427	45,702	195,129
(Deputy Chief Constable)	21/22		150,941				150,941	46,172	197,113
Tim De Meyer	20/21		127,509				127,509	36,583	164,092
(Assistant Chief Constable)	21/22		128,880				128,880	37,008	165,888
Tim Metcalfe	20/21						-		-
(Assistant Chief Constable)	21/22	2	102,483				102,483	30,504	132,987
Dennis Murray	20/21						-		-
(Assistant Chief Constable)	21/22	3	7,871				7,871	2,200	10,071
Pete O'Doherty	20/21		116,566				116,566	33,965	150,531
(Assistant Chief Constable)	21/22	4	95,989				95,989	27,179	123,168
Robert France	20/21						-		-
(Assistant Chief Constable)	21/22	5	95,052				95,052	28,650	123,702
Christian Bunt	20/21		106,909				106,909	28,153	135,062
(Temporary Assistant Chief Constable)	21/22		115,100				115,100	28,442	143,542
Linda Waters	20/21		119,275				119,275	19,800	139,075
(Director of Finance)	21/22		120,150				120,150	19,945	140,095
Steven Chase	20/21		116,718				116,718	19,375	136,093
(Director of People)	21/22		117,434				117,434	19,494	136,928
Amanda Cooper	20/21		130,151				130,151	21,605	151,756
(Director of Information)	21/22	6	68,319				68,319	10,882	79,201
Christine Kirby	20/21						-		-
(Director of People)	21/22	7	98,667				98,667	16,379	115,046
Mike Lattanzio	20/21								
(Director of Information)	21/22	8	107,451				107,451	-	107,451

Note 1: John Campbell withdrew from the pension scheme in May 2020

Note 2: Tim Metcalfe was appointed as ACC on 01.09.2021

Note 3: Dennis Murray was appointed as ACC on 07.02.2022

Note 4: Pete O'Doherty left as ACC on 31.12.2021

Note 5: Robert France was promoted from Chief Superintendent to ACC on 14.03.2022 and left on 03.04.2022

Note 6: Amanda Cooper left on the 30.09.2021

Note 7: Christine Kirby was promoted from Assistant to Acting of People on 07.07.2021

NOTES TO THE ACCOUNT

Note 8: Mike Lattanzio become the Director of Information in October 2021 and is a temporary contractor/consultant member of staff

Following changes to taxation regulations, no chief officers have any taxable personal use of vehicles and therefore no longer incur a benefit in kind.

	Year	Note	Salary, Fees & Allowance	Bonuses	Expense Allowances	Benefits in Kind	Total Remuneration on excluding Pensions	Pension Contribution	Total
			£	£	£	£	£	£	£
Office of the Police and Crime Commissioner									
Paul Hammond	20/21		107,708				107,708	17,880	125,588
(Chief Executive)	21/22		110,071				110,071	18,272	128,343
Ian Thompson	20/21		94,151				94,151	15,629	109,780
(Chief Finance Officer)	21/22		95,010				95,010	15,772	110,782

	Year	Note	Salary, Fees & Allowance	Bonuses	Expense Allowances	Benefits in Kind	Total Remuneration on excluding Pensions	Pension Contribution	Total
			£	£	£	£	£	£	£
Police and Crime Commissioner									
Anthony Stansfield	20/21		86,700		344		87,044	7,660	94,704
(PCC)	21/22	1	10,022				10,022	-	10,022
Matthew Barber	20/21		65,000				65,000	10,790	75,790
(PCC)	21/22		84,192				84,192	13,976	98,167

Note 1: Anthony Stansfield withdrew from the pension scheme in October 2020

Note 2: Matthew Barber replaced Anthony Stansfield as PCC in May 2021

The following table shows the number of staff employed and paid directly by TVP 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.

Total Remuneration £	2020/21	2021/22
100,000 - 104,999	1	2
95,000 - 99,999	5	7
90,000 - 94,999	12	12
85,000 - 89,999	17	7
80,000 - 84,999	16	14
75,000 - 79,999	21	23
70,000 - 74,999	27	24
65,000 - 69,999	45	82
60,000 - 64,999	186	249
55,000 - 59,999	341	405
50,000 - 54,999	671	740

11. FEES PAYABLE TO EXTERNAL AUDITORS

The Group has incurred the following costs in relation to the audit of the Statement of Accounts by the Groups external auditors, Ernst and Young:

	2020/21 £000	2021/22 £000
Fees payable in relation to auditing the PCC and Group accounts by the appointed auditor for the year	62	57
Refund in relation to prior years (PCC and Group)	0	-6
Fees payable in relation to auditing the Chief Constable accounts by the appointed auditor for the year	25	23
Refund in relation to prior years (Chief Constable)	0	- 3
Other services provided by the auditor	0	0
Total fees	87	71

12. RELATED PARTY TRANSACTIONS

Central Government has effective control over the general operations of the Group - it is responsible for providing the statutory framework within which the Group operates and provides the majority of its funding in the form of grants. Details of 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, Cambridgeshire Constabulary, Hertfordshire Police, British Transport Police, Civil Nuclear Constabulary and the National Investigation Service. The following table provides a high level split of gross costs.

	£000
TVP	6,553
Bedfordshire Police	2,894
Civil Nuclear Constabulary	722
Hertfordshire Police	3,236
Cambridgeshire Constabulary	2,936
British Transport Police	3,196
National Investigation Service	50
External Income	88
Total Gross Cost	19,675

The South East Regional Organised Crime Unit (SEROUC) comprises several different capabilities as recommended by the National ROCU board. The following table provides a high level split of gross costs.

	£000
TVP	5,233
Hampshire Police	3,944
Sussex Police	3,337
Surrey Police	2,608
Kent Police	27
External Income	10,217
Total Gross Cost	25,367

TVP lead the regional Counter Terrorism Specialist Firearms Officers unit for Thames Valley, Hampshire, Surrey, Sussex and Kent but officers remain employed by their home force and hence their costs do not show in the TVP ledger. As lead TVP receives the full grant from National Counter Terrorism Police Head Quarters and distributes to the regional partners.

NOTES TO THE ACCOUNT

	£000
TVP	2,487
Hampshire Police	-60
Surrey / Sussex / Kent Police	-1,067
External Income	2,968
Total Gross Cost	4,328
Net Direct Expenditure Incurred by other forces	3,549
Total Unit Gross Cost	7,877

TVP leads the Regional Collaboration of a number of intelligence functions through the Counter Terrorist Policing South East (CTPSE) unit, which co-ordinates these function to enable the South East forces of Thames Valley, Hampshire, Surrey, Sussex and Kent to respond appropriately to threats in the region. Most of the officers remain employed by their Home forces as do their direct costs.

	£000
TVP	3,539
Hampshire Police	-886
Surrey / Sussex / Kent Police	-429
Total Gross Cost	2,224
Net Direct Expenditure incurred by other forces	5,646
Total Unit Gross Cost	7,870

We collaborate with Hampshire Police in terms of ICT, Information Management and ANPR which are led by TVP, and also Operations which is led by Hampshire. The following table provides a high level split of the gross costs incurred by each force for the combined units for 2021/22.

	£000
TVP	62,236
Hampshire Police	46,921
Total Gross Cost	109,157

During 2021/22, Thames Valley Police held inventories of personal protective equipment on behalf of the Department of Health. More details can be found in note 18.

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 is one material related party transaction to disclose in 2021/22:

During the period April 2021 – March 2022 the Chief Information Officer and his wife were both senior members of the ICT department. They were also both consultants, appointed through a recruitment agency. Invoices for both consultants are appropriately scrutinised and the Chief Information Officer does not approve the invoices of his wife.

During the period April 2021 – March 2022 the Police and Crime Commissioner and his wife were both majority shareholders of Oxford Menopause. Oxford Menopause works with Thames valley Police to provide teaching and advice. Invoices for Oxford Menopause are appropriately scrutinised and approved.

13. TERMINATION BENEFITS

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Group 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 Group can no longer withdraw the offer of termination benefits. During 2021/22, the Group terminated the contracts of 8 police staff (with service in excess of 2 years and thus entitled to redundancy payment) incurring total liabilities of £0.193m of redundancy payments and £0.355m 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:

2021/22

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	3	4	7	59
£20,001 - £40,000		4	4	96
£40,001 - £60,000	1	2	3	156
£60,001 - £80,000				
£80,001 - £100,000		1	1	99
£100,000 - £150,000		1	1	138
Total	4	12	16	548

2020/21

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	5		5	43
£20,001 - £40,000	2		2	56
£40,001 - £60,000	1		1	60
£60,001 - £80,000				
£80,001 - £100,000				
£100,000 - £150,000	1		1	118
£150,000 - £200,000		1	1	166
Total	9	1	10	443

The figures shown above include, where appropriate, the cost to the Group 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 Group avoids or reduces the requirement to select and implement compulsory redundancies.

14. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, Plant and Equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de-minimus level policy to capitalise expenditure is as follows:

Asset Type	De Minimus £000
Buildings (including PFI)	100
Leased Buildings	10
Vehicles	none
ICT (Total Collaborative project value)	50
Intangible assets (Total Collaborative project value)	50
ESMCP devices	none
Equipment	25
Assets funded by capital grant	none

Schemes with strategic importance (e.g. vehicles, force wide ICT projects, desktop PCs etc) may also be capitalised

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the Group and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the balance sheet at cost.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are carried in the balance sheet using the following measurement bases:

- assets surplus to requirements – measured at fair value, estimated at highest and best use from a market participant's perspective.
- dwellings, other land and buildings, vehicles, plant and equipment – lower of net current replacement cost or net realisable value in existing use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the balance sheet at current value are revalued where there have been material changes in the value and as a minimum revaluations are carried out every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognised unrealised gains.

Disposals

When an asset is disposed of, sale proceeds are transferred to the usable capital receipts reserve and the gain or loss on disposal is shown in the CIES

Component assets

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The Group has set a policy that it will separately account for components of buildings that have a value in excess of £500,000.

The components that will be identified and separately depreciated are as follows:

- Land
- Building fabric
- Mechanical and engineering services
- Roof
- Structures and elevations
- Internal fabric
- External areas

The component must be valued at a minimum of £200,000 or 10% of the value of the parent asset (whichever is greater) in order to be recognised

Impairment

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

Where the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement (CIES). Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, with an adjustment for depreciation that would have been charged if the loss had not been recognised

Depreciation

This is provided for all assets with a useful finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use, on a straight line basis.

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- Plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- vehicles, - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Once the vehicle reaches its residual value we stop depreciating

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Grants and contributions

Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the Group has not satisfied. In that event the amount subject to condition is transferred to the capital grants receipts in advance account. Where the conditions of the grant / contribution are satisfied, but expenditure for which grant is given has not yet been incurred, then such sums will continue to be transferred to the capital grants unapplied reserve.

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Movement on Fixed Assets

2021/22 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Vehicles Plant and Equipment £000	Surplus Assets £000	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2021	203,397	8,145	1,600	60,127	11,238	8,268	292,776
Additions	2,350	0	0	8,624	0	11,087	22,061
Leased assets brought onto balance sheet	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0
Assets under construction - brought into use	0	0	0	0	0		0
Revaluation increases /(decreases) to RR	16,430	780	116	0	700		18,025
Revaluation increases /(decreases) to SDPS	511	0	0	0	-111	0	400
Disposals	-1,212	-525	-198	-5,054	-0		-6,989
Reclassifications	2,100	0	0	0	-2,100	0	0
Assets reclassified to/from Held for sale	-169	0	0	0	0	0	-169
Write out expenditure not adding value	0	0	0	0	0	0	0
Write out fully depreciated assets	0	0	0	0	0	0	0
Depreciation written out on revaluation	-8,661	0	0	0	-1,204	0	-9,864
At 31st March 2022	214,746	8,400	1,518	63,697	8,523	19,355	316,240
Depreciation and Impairment							
At 1st April 2021	1,233	1	0	28,531	0	0	29,766
Depreciation charge	8,848	0	0	9,023	1,204		19,074
Depreciation written out on revaluation	-8,661	0	0	0	-1,204	0	-9,864
Impairment losses / (reversals) to RR	0	0	0	0	0	0	0
Impairment losses / (reversals) to SDPS	0	0	0	0	0	0	0
Disposal	-46	0	0	-4,166	0	0	-4,212
Write out fully depreciated assets	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
At 31st March 2022	1,373	1	0	33,389	0	0	34,763
Net Book Value							
At 31st March 2022	213,373	8,399	1,518	30,308	8,523	19,355	281,476

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

NOTES TO THE ACCOUNT

2020/21 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Vehicles Plant and Equipment £000	Surplus Assets £000	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2020	206,122	9,250	1,722	58,279	11,138	7,275	293,785
Additions	958	0	0	9,648	0	5,194	15,800
Leased assets brought onto balance sheet	0	0	0	5,157	0	0	5,157
Donations	0	0	0	12	0	0	12
Assets under construction - brought into use	4,200	0	0	0	0	-4,200	0
Revaluation increases /(decreases) to RR	5,258	120	18	0	966		6,362
Revaluation increases /(decreases) to SDPS	-3,914	0	0	0	0	0	-3,914
Disposals	0	-1,225	-140	-3,525	0	-0	-4,889
Reclassifications	0	0	0	0	0	0	0
Assets reclassified to/from Held for sale	-481	0	0	0	0	0	-481
Write out expenditure not adding value	0	0	0	0	0	0	0
Write out fully depreciated assets	0	0	0	-9,444	0	0	-9,444
Depreciation written out on revaluation	-8,746	0	0	0	-866	0	-9,611
At 31st March 2021	203,397	8,145	1,600	60,127	11,238	8,268	292,776
Depreciation and Impairment							
At 1st April 2020	1,169	1	0	32,346	0	0	33,517
Depreciation charge	8,809	0	0	7,922	866		17,597
Depreciation written out on revaluation	-8,746	0	0	0	-866	0	-9,611
Impairment losses / (reversals) to RR	0	0	0	0	0	0	0
Impairment losses / (reversals) to SDPS	0	0	0	31	0	0	31
Disposal	0	0	0	-2,323	0	0	-2,323
Write out fully depreciated assets	0	0	0	-9,444	0	0	-9,444
Reclassifications	0	0	0	0	0	0	0
At 31st March 2021	1,233	1	0	28,531	0	0	29,766
Net Book Value							
At 31st March 2021	202,164	8,144	1,600	31,596	11,238	8,268	263,010

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

For further details of leased assets, please see note 29.

Revaluations

Thames Valley Police's property valuers are Lambert Smith Hampton - Commercial Surveyors and Property Consultants. This company has been commissioned to undertake a rolling programme of valuation of one fifth of the property portfolio each year with the remainder being subject to a desktop valuation to ensure that an appropriate value for all properties is maintained within the accounts.

Properties were valued at 1st March 2022 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- The condition of the properties at the date of valuation is identical to that found at the date of the valuer's inspection
- There is no significant risk of contamination to the properties
- No deleterious material has been used in the construction of the properties
- The ground conditions are satisfactory for a traditional method of construction and that there are no contaminating or deleterious materials present which may prevent the development of the sites.
- The uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission
- The properties and their value are unaffected by any matters which will be revealed by a local search or by any statutory notice.
- The properties comply with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

Fair Value disclosures for surplus assets

Details of the PCC's surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2022
	£000	£000	£000	£000
Surplus operational properties	0	5,160		5,160
Surplus land	0	3,719		3,719
Telecommunications sharing sites	0	281		281
Total	0	9,160		9,160

Comparable figures for 2020/21 are as follows:

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2021
	£000	£000	£000	£000
Surplus operational properties	0	5,589	0	5,589
Surplus land	0	4,027	0	4,027
Telecommunications sharing sites	0	332	0	332
Total	0	9,948	0	9,948

Transfer between levels of fair value hierarchy

There were no transfers between levels 1 and 2 during the year

Valuation techniques used to determine level 2 and level 3 fair values for surplus assets

Significant observable inputs – level 2

The fair value for all the surplus assets shown in the table above are based on quoted prices for similar properties in active markets. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at level 2 in the fair value hierarchy

Significant unobservable inputs – level 3

There are no properties categorised at level 3 in the fair value hierarchy.

Valuation process for surplus assets

The fair value of surplus assets is measured annually at 1st March by external valuation experts Lambert Smith Hampton. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and in conjunction with the Chief Constables' finance team. There have been no changes in valuation techniques used during the year

Capital Commitments

The following significant amounts are outstanding on capital contracts which have been entered into by the Chief Constable as at 31 March 2022. The amounts shown are the Thames Valley Police share of the Commitment. Where there is a total joint commitment to the contract by multiple forces, this value is shown in brackets.

	£000
Software Licences	935
Digital Recording Equipment and Software	627
Data Migration	212
Total	1,774

15. CAPITAL EXPENDITURE AND FINANCING

The Group spent £24.889m on the acquisition and enhancement of long term assets in 2021/22, as the following table shows

	2020/21	2021/22
	£000	£000
Land and buildings	6,152	13,436
Vehicles, plant and other equipment	5,370	6,481
Information, communications and technology	4,278	2,143
Total tangible fixed asset expenditure	15,800	22,061
Intangible assets (i.e. computer software licences)	4,533	2,828
Total Capital Expenditure	20,333	24,889

Financing of the capital programme is set out below.

	2020/21	2021/22
	£000	£000
Capital grant	4,451	8,489
Capital receipts	654	3,999
Borrowing Requirement	828	5,922
Third party contributions	248	0
Reserves contributions	7,851	2,915
Revenue contributions	6,301	3,564
Total financing	20,333	24,889

The capital financing requirement for 2021/22 was £63.451m (2020/21 £60.186m)

16. INTANGIBLE ASSETS

Accounting Policy

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Group (e.g. software licences) are capitalised where it will bring benefits to the Group for more than one financial year. Internally generated assets include complex system costs and IT development costs. These are also capitalised where it will bring benefits to the group for more than one year. The balance is amortised to the CIES on a straight line basis over the economic life of the investment (over 5 years) to reflect the pattern of consumption of benefits

	2020/21			2021/22		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value						
Opening balance	20,824	15,661	36,484	18,592	9,987	28,579
Additions (purchased and internally generated)	4,365	169	4,534	2,395	433	2,828
Write out capital expenditure not adding value	0	0	0	0	0	0
Impairment	-6,597	-3,588	-10,185	0	0	0
Donated intangible assets	0	0	0	0	0	0
Write out fully depreciated items	0	-2,254	-2,254	0	-492	-492
Closing balance	18,592	9,987	28,579	20,987	9,928	30,915
Depreciation						
Opening balance	-6,226	-7,638	-13,864	-8,074	-5,686	-13,761
Amortisation charged to income and expenditure	-3,888	-2,028	-5,916	3,661	2,529	-6,190
Write out depreciation on impairment	2,039	1,726	3,765	-	-	0
Write out fully depreciated items	0	2,254	2,254	0	492	492
Closing balance	-8,074	-5,686	-13,761	-11,735	-7,723	-19,458
Net Book Value	10,517	4,301	14,818	9,251	2,205	11,456

17. FINANCIAL INSTRUMENTS

Accounting Policy

Financial liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowings, this means that the amount presented in the balance sheet is the outstanding principal repayable plus accrued interest. Interest charges to the CIES is the amount payable for the year according to the loan agreement.

Financial assets

Financial assets held by the PCC comprise loans and receivables, which are assets that have fixed or determinable payments but are quoted in an active market. Financial assets are categorised based on a classification and measurement approach that reflects the business model for holding the financial asset and their cashflow characteristics. All financial assets held by the PCC are held solely for payment of principal and interest and are therefore measured at amortised cost. Interest and other income received is based on the capital value of their investment multiplied by the rate of interest. For most of the loans that the PCC has made, the amount presented in the balance sheet is the outstanding principal in the loan agreement plus accrued interest. The loans made by the PCC are short term investments consisting of fixed term deposits.

The following categories of financial instruments are carried in the Balance Sheet.

NOTES TO THE ACCOUNT

2021/22

<u>Financial Assets</u>	Long-Term		Current	
	Investments £000	Debtors £000	Investments £000	Debtors £000
Fair value through profit and loss	0	0	0	0
Amortised cost	0	2,713	90,136	44,774
Fair value through other comprehensive income - designated equity instruments	0			
Fair value through other comprehensive income - other	0			
Total financial assets	0	2,713	90,136	44,774
Non-financial assets				
Total	0	2,713	90,136	44,774
<u>Financial liabilities</u>	Long-Term		Current	
	Borrowings £000	Creditors £000	Borrowings £000	Creditors £000
Fair value through profit and loss	0	0	0	0
Amortised cost	50,678	0	382	60,621
Total financial liabilities	50,678	0	382	60,621
PFI and finance lease liabilities	7,539	0	1,614	0
Other non-financial liabilities				
Total	58,217	0	1,996	60,621

(1) At 31 March 2022 the PCC had £116.607m invested in 8 different financial institutions. Accrued interest amounted to £0.136m.

2020/21

<u>Financial Assets</u>	Long-Term		Current	
	Investments £000	Debtors £000	Investments £000	Debtors £000
Fair value through profit and loss	0	0	0	0
Amortised cost	0	1,046	73,962	43,793
Fair value through other comprehensive income - designated equity instruments	0	0	0	0
Fair value through other comprehensive income - other	0	0	0	0
Total financial assets	0	1,046	73,962	43,793
Non-financial assets				
Total	0	1,046	73,962	43,793
<u>Financial liabilities</u>	Long-Term		Current	
	Borrowings £000	Creditors £000	Borrowings £000	Creditors £000
Fair value through profit and loss	0	0	0	0
Amortised cost	50,678	0	7,380	52,074
Total financial liabilities	50,678	0	7,380	52,074
PFI and finance lease liabilities	8,650	0	1,534	0
Other non-financial liabilities				
Total	59,328	0	8,914	52,074

Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement (CIES) in relation to financial instruments are made up as follows:

2021/22

	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000
<i>Net gains/losses on:</i>			
Financial assets measured at fair value through profit or loss			
Financial assets measured at amortised cost			
Investments in equity instruments designated at fair value through other comprehensive income			
Financial assets measured at fair value through other comprehensive income			
Financial liabilities measured at fair value through profit or loss			
Financial liabilities measured at amortised cost			
Total net gains/losses			
<i>Interest revenue:</i>			
Financial assets measured at amortised cost	821		
other financial assets measured at fair value through other comprehensive income			
Total interest revenue	821		
Interest expense	1,932		
<i>Fee Income:</i>			
Financial assets or financial liabilities that are not at fair value through profit or loss			
Trust and other fiduciary activities			
Total fee income			
<i>Fee expense:</i>			
Financial assets or financial liabilities that are not at fair value through profit or loss			
Trust and other fiduciary activities			
Total fee expense			

2020/21

	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Total £000
<i>Net gains/losses on:</i>			
Financial assets measured at fair value through profit or loss			
Financial assets measured at amortised cost			
Investments in equity instruments designated at fair value through other comprehensive income			
Financial assets measured at fair value through other comprehensive income			
Financial liabilities measured at fair value through profit or loss			
Financial liabilities measured at amortised cost			
Total net gains/losses			
<i>Interest revenue:</i>			
Financial assets measured at amortised cost	934		
other financial assets measured at fair value through other comprehensive income			
Total interest revenue	934		
Interest expense	1,961		
<i>Fee Income:</i>			
Financial assets or financial liabilities that are not at fair value through profit or loss	3		
Trust and other fiduciary activities			
Total fee income	3		
<i>Fee expense:</i>			
Financial assets or financial liabilities that are not at fair value through profit or loss			
Trust and other fiduciary activities			
Total fee expense			

Fair value of assets and liabilities carried at amortised cost

Financial liabilities and financial assets represented by loans and receivables are carried in the balance sheet at amortised cost (in current assets/long term liabilities with accrued interest in current assets/current liabilities). No financial asset or liability is held on the balance sheet at fair value. However, the fair value is shown below for information purposes.

Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments, using the following assumptions:

- For loans from the PWLB and other loans payable, premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value
- No early repayment or impairment is recognised
- Where an instrument will mature in the next 12 months, the carrying amount is assumed to approximate to fair value
- The fair value of trade and other receivables is taken to be the invoiced or billed amount

NOTES TO THE ACCOUNT

The fair values calculated are as follows:

	31 March 2021		31 March 2022	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair value £000
PWLB debt	47,178	52,689	47,178	48,415
Market loans	3,500	5,271	3,500	4,863
Local Authority	7,000	7,000	0	0
PFI and finance lease liability	10,184	10,184	8,650	8,650
Trade creditors	26,650	26,650	32,910	32,910
Financial liabilities	94,512	101,794	92,238	94,838

The fair value is higher than the carrying amount because the PCC's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the rates available for similar loans in the market at the balance sheet date.

	31 March 2021		31 March 2022	
	Carrying amount £000	Fair Value £000	Carrying amount £000	Fair value £000
Investments	73,962	73,962	90,136	90,136
Trade debtors	19,298	19,298	18,323	18,323
Cash and cash equivalents	14,417	14,417	16,941	16,941
Total	107,677	107,677	125,400	125,400

All investments are placed for periods of less than 12 months. As such the carrying amount is considered to approximate to the fair value.

Short-term debtors and creditors are carried at cost as this is a fair approximation of their value.

18. INVENTORIES

Accounting Policy

The Group holds stocks of uniforms, vehicle equipment, personal protective equipment (PPE) and other operational equipment. All stocks are valued at purchase price. This is not consistent with IAS2 which requires stocks to be valued at the lower of cost or net realisable value. However, net realisable value for many stock items such as uniforms would be negligible, therefore to comply with IAS2 would significantly understate the value to the Group of the assets held.

The value of inventories held by the Group as at 31st March 2022 is £2.330m. This is categorised as follows:

	31.3.21 £000	31.3.22 £000
Uniforms	579	484
Transport – parts and equipment	221	258
Other operational equipment	578	675
Personal Protective Equipment *	2,666	912
Total	4,044	2,330

* As at 31st March 2022, Thames Valley Police held inventories of personal protective equipment on behalf of the Department of Health for onward distribution to all other 43 police forces in England and Wales. The Group are acting as an agent in this regard as TVP do not hold responsibility for ordering the stock or determining who should receive the stock. The value at the year end was £0.912 million, which was calculated at an average market price at the time of stock count.

NOTES TO THE ACCOUNT

The amount of TVP owned inventories recognised as an expense through the Comprehensive Income and Expenditure Statement during each year is as follows:

	2020-21	2021-22
	£000	£000
Uniforms	1,038	1,150
Transport – parts, livery and equipment	2,309	2,523
Other operational equipment	495	271
Total	3,842	3,944

There were no inventory write downs during 2021-22

As detailed in the accounting policy above, the Group departs from IAS2 by valuing stock at purchase price rather than net realisable value. The financial effect of complying with the code would be to reduce the value of TVP owned stock on the balance sheet as at 31st March 2022 from £0.799m to £0.673m, as per the table below.

	31.3.21	31.3.22
	£000	£000
Uniforms	0	0
Transport – parts and equipment	221	41
Other operational equipment	578	632
Total	799	673

19. DEBTORS

	31.3.21	31.3.22
	£000	£000
<i>Amounts falling due after more than one year</i>		
Trade receivables	315	202
Prepayments	703	2,482
Other receivable amounts	28	29
Total long term debtors	1,046	2,713
<i>Amounts falling due within one year</i>		
Trade receivables	18,983	18,129
Prepayments	2,468	946
Other receivable amounts	22,347	25,730
	43,798	44,806
Less provision for doubtful debts	- 5	-32
Total current debtors	43,793	44,774
Total debtors	44,839	47,487

20. CASH AND CASH EQUIVALENTS

Accounting policy

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents shall include investments placed in instant access call accounts and money market funds which are readily convertible to known amounts of cash with insignificant risk of change in value.

In the cash flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

For the purposes of this note:

NOTES TO THE ACCOUNT

'Cash' includes money held at the bank and/or bank overdraft

'Cash equivalents' includes investments placed in instant access call accounts or Money Market Funds

The balance of cash and cash equivalents as at 31st March 2022 is made up of the following elements:

	2020/21 £000	2021/22 £000
Cash	- 6,052	-9,685
Cash equivalents	20,469	26,607
Total Cash and Cash equivalents	14,417	16,922

21. ASSETS HELD FOR SALE

Accounting Policy

Non-current assets are classified as Held for Sale only if they meet all of the following criteria:

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable. This means the appropriate level of management within the Group must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is re-valued immediately before reclassification and then carried at the lower of carrying value and fair value less costs to sell. Fair Value for Assets Held for Sale is the market value.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets Held for Sale are not depreciated.

Between the 31st March 2022 and 31st May 2022, no further assets have been classified as "held for sale"

	2020/21 £000	2021/22 £000
Balance outstanding at the start of the year	0	481
Assets newly classified as held for sale	481	169
Revaluation losses	0	0
Revaluation gains	0	0
Impairment losses	0	0
Assets declassified as held for sale	0	0
Assets sold	0	-114
Balance outstanding at year end	481	536

22. CREDITORS

	31.3.21 £000	31.3.22 £000
Trade payables	26,650	32,911
Other payables	25,424	27,710
	52,074	60,621

23. INSURANCE PROVISION**Accounting Policy**

Provisions are made where an event has taken place that gives the Group an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Group becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made they are charged to the provision set up in the Balance Sheet.

The Group maintains a provision to meet insurance claims under a self-insurance scheme. There are cumulative limits to these, above which claims would be met by the Group's insurers. This provision covers two main areas of insurance, namely motor and employees/public liability. The adequacy of the insurance provision is assessed annually by a firm of actuaries. Payments for employees and public liability insurance are notoriously long tail, which means that it could be as long as 7 years before all current claims are finally paid and settled.

Comparative figures for provisions are not required.

	2021/22 £000
Opening balance at 1 April 2021	9,104
Transactions during the year:	
Additional provisions made in the period	2,444
Amounts used (incurred and charged against the provision) in the period	- 2,248
Amounts transferred from earmarked insurance reserve	0
Closing balance at 31 March 2022	9,300

24. CONTINGENT ASSETS AND LIABILITIES**Accounting Policy**

The Group recognises material contingent assets and liabilities, which arise from past events, whose existence can only be confirmed by the occurrence of one or more uncertain future events, which are not wholly within the Group's control.

Following successful claims in the court case Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, the judge has selected a number of test cases to consider all of the issues arising in these claims against forces across the country. TVP claims are therefore stayed by order of the High court pending the outcome of the test cases. The total cost of the claims will be dependent upon the principles established in the test cases and a number could go back over a six year period but the overall financial impact is not expected to be material in relation to the overall financial position of the force. There is no insurance indemnity for these claims

25. USABLE RESERVES

NOTES TO THE ACCOUNT

The Group maintains a number of cash reserves in the Balance Sheet which are available to help fund future spending plans.

	31.3.21	31.3.22
	£000	£000
Usable capital receipts	2,888	3,736
Capital grant unapplied account	13,631	14,026
Earmarked reserves	23,158	48,421
General balances	19,892	20,390
Total	59,569	86,574

Usable Capital Receipts Reserve

This reserve holds the proceeds from the sale of fixed assets, pending their use to finance capital expenditure.

	2020/21	2021/22
	£000	£000
Opening balance at 1 April	1,588	2,888
Add receipts in year	1,955	2,273
Less applied to finance capital expenditure	- 654	-1,426
Closing balance at 31 March	2,888	3,736

Capital grants unapplied account

This reserve holds capital grant and contributions that do not have any outstanding conditions attached to them, but have not yet been used to finance capital expenditure.

	31.3.21	31.3.22
	£000	£000
Opening balance	13,235	13,631
Amounts received in year	396	396
Amounts applied to finance capital expenditure (transferred to capital adjustment account)	0	
Closing balance	13,631	14,026

Earmarked Reserves

Please see Note 8 on page 42

General Balances

The Group must retain adequate reserves so that unexpected demand pressures on budgets can be met without adverse impact on achievement of the Group's key priorities. The following table shows the movement in general balances during the year.

	2020/21	2021/22
	£000	£000
Opening balance as at 1 April	19,899	19,892
Planned use of balances to fund revenue expenditure	- 205	-723
Transfer from / to (-) other reserves	0	
Add revenue account surplus / (deficit)	198	1,221
Balance as at 31 March	19,892	20,390

26. UNUSABLE RESERVES

The Group keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. This category of reserves includes those which hold unrealised gains and losses (revaluation reserve) where amounts would only become available to provide services if the assets were sold, and those which hold timing differences shown in the Movement in Reserves Statement line “adjustments between accounting basis and funding basis under regulations”

	31.3.21 £000	31.3.22 £000
Revaluation Reserve	85,210	96,817
Capital Adjustment Account	134,170	132,270
IAS 19 negative Pensions Reserve	- 5,062,361	-5,155,880
Collection Fund Adjustment Account	2,529	2,543
Accumulated Absences Account	- 6,673	- 6,085
Total	- 4,847,125	-4,930,336

Revaluation Reserve

The revaluation reserve records the accumulated gains on the Property, Plant and Equipment held by the Group arising from increases in value, as a result of inflation or other factors. The balance is reduced when assets with accumulated gains are:

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

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31.3.21 £000	31.3.22 £000
Balance brought forward	84,511	85,210
Revaluation of fixed assets	6,362	18,025
Amounts written out relating to sold assets	- 743	-819
Historical cost depreciation adjustment	- 4 920	-5,599
Balance carried forward	85,210	96,817

Capital Adjustment Account (CAA)

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the PCC as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2020/21 £000	2021/22 £000
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NOTES TO THE ACCOUNT

Opening Balance	143,171	134,170
Direct Revenue Financing	14,151	6,479
Credit for donated asset	12	0
Minimum Revenue Provision	2,259	2,156
Revaluation reserve write down	5,663	6,418
Receipts on disposal of fixed assets used to finance capital expenditure	654	0
Carrying value of disposed assets	- 2,565	0
Less:		
Annual depreciation and impairment	- 33,875	-25,421
Application of Government grant and capital contributions to finance capital expenditure	4,700	8,467
Closing balance	134,170	132,270

IAS 19 Pension Reserve

See Note 32 on page 76.

Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the local authority Collection Funds.

	31.3.21 £000	31.3.22 £000
Balance at 1 April	3,266	2,529
Amount by which council tax income credited to the Comprehensive Income and Expenditure account is different from council tax income calculated for the year in accordance with statutory requirements	- 737	13
Balance at 31 March	2,529	2,543

Accumulated Absences Account**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 Group.

IAS 19 (Employee Benefits) requires the Group 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. The accrual for untaken leave is charged to the provision of services, and reversed out through the Movement in Reserves Statement so that the leave is charged to the CIES in the financial year in which the holiday absence is taken.

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

NOTES TO THE ACCOUNT

	31.3.21 £000	31.3.22 £000
Opening balance	6,299	6,673
Reversal of prior year accrual	- 6,299	- 6,673
Accrual for accumulated absences at year end	6,673	6,085
Closing balance	6,673	6,085

27. CAPITAL GRANT INCOME

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2021/22. All grants were credited to Taxation and Non Specific Grant Income:

	2020/21 £000	2021/22 £000
Counter Terrorism grant	3,493	6,287
General capital grant	396	396
Third party contributions	248	6
Home office specific capital grants	959	780
Donated assets	12	0
Total capital grant, contributions and donations	5,108	7,463

28. CAPITAL GRANTS RECEIVED IN ADVANCE

This account holds the capital grants and contributions which have been received with conditions attached to them. As at 31st March 2022, the conditions have not been met.

	2020/21 £000	2021/22 £000
Opening balance	2,328	2,012
Amounts received in year	4,792	7,965
Amounts recognised in comprehensive income and expenditure account once conditions met	- 5,108	-8,885
Amounts repaid once it is known that the conditions will not be met	0	0
	2,012	1,092

29. LEASES**Accounting Policy**

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

The PCC as lessee

Finance leases

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

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability on the balance sheet, and
- A finance charge (debited to the Financing and Investment Income and Expenditure line in the CIES).

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

The Group is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

During 2019/20, the Group entered into a contract to lease a fleet of multi function printers/scanners/photocopiers. The terms of the contract mean that these assets fulfil the criteria of a right for use asset and as such have been recognised on the Group balance sheet within the vehicle, plant and equipment category of Property, Plant and Equipment. This has been recognised with a value of £1.34 million. The assets have been determined to have a useful economic life of seven years and will be depreciated on a straight line basis accordingly. An MRP charge will be charged to the accounts in line with the write down of the liability. The liability was revalued during 2020/21 following changes to the contract and additional machines brought into use.

The outstanding liability to the supplier is as follows:

	2020/21 £000	2021/22 £000
Balance outstanding at the start of the year	1,292	1,404
Liability brought onto balance sheet	340	
Payments during the year	- 228	-236
Balance outstanding at year-end	1,404	1,168

The Group is committed to payments as follows:

	Finance Lease	Total
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NOTES TO THE ACCOUNT

	principal £000	Interest £000	Cost £000
Payable in 2022/23	240	17	257
Payable within 2 to 5 years	929	29	958
Payable within 6 to 10 years	0	0	0
Total	1,168	46	1,215

During 2020/21, the Group entered into a contract with BT to provide a fully supported, managed and monitored network and voice service. BT took ownership of all network assets previously held on the balance sheet of Thames Valley Police and ensured that any equipment that was at its 'end of life' stage was replaced or upgraded within the first year of the contract. The terms of the contract mean that these assets fulfil the criteria of a right for use asset and as such have been recognised on the Group balance sheet within the vehicle, plant and equipment category of Property, Plant and Equipment. This has been recognised with a value of £4.816 million. The assets have been determined to have a useful economic life of five years and will be depreciated on a straight line basis accordingly. An MRP charge will be charged to the accounts in line with the write down of the liability.

The outstanding liability to the supplier is as follows:

	2020/21 £000	2021/22 £000
Balance outstanding at the start of the year	0	4,224
Liability brought onto balance sheet	4,816	0
Payments during the year	- 592	-436
Balance outstanding at year-end	4,224	3,787

The Group is committed to payments as follows:

	Finance Lease principal £000	Interest £000	Total Cost £000
Payable in 2022/23	984	64	1,047
Payable within 2 to 5 years	2,803	75	2,878
Payable within 6 to 10 years	0	0	0
Total	3,787	138	3,925

Operating leases

Leases that do not meet the definition of finance leases are accounted for as operating leases. Rentals payable are charged to the relevant service revenue account on a straight-line basis over the term of the lease, generally meaning that rentals are charged when they become payable.

The Group leases various land and buildings. The amount paid under these arrangements in 2021/22 was £0.808m (2020/21 £0.67m)

The Group was committed at 31 March 2022 to making payments of £0.477m under operating leases, (2020/21 £0.338m) comprising the following elements (annual rental payments):

NOTES TO THE ACCOUNT

	2020/21	2021/22
	£000	£000
Leases expiring within 12 months	46	28
Leases expiring between 1 year and 5 years	126	64
Leases expiring after 5 years	216	385
Total	388	477

Each lease comprises an element for land (approx 30% of the total lease value) and buildings (approx 70%).

Group as lessor

Accounting Policy

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the "specific income" line in the CIES.

The gross value of assets held for use in operating leases was £5.382m (2020/21 £5.322m) (valued at 31st March 2022 and subject to £0.77m depreciation to 31 March 2022). The Group received £0.597m in income from the use of these assets during 2021/22. (2020/21 £0.58m)

The future annual minimum lease payment, under non-cancellable operating leases, is as follows:

	2020/21	2021/22
	£000	£000
Payments receivable within 12 months	247	132
Payments receivable between 1 year and 5 years	214	257
Payments receivable after 5 years	49	139
Total	510	528

Private Finance Initiatives and similar contracts

Accounting Policy

PFI contracts are agreements to receive services, where the responsibility for making available the PPE needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI Scheme at Abingdon, the Group carries the fixed assets used under this contract on its Balance Sheet.

The initial recognition of these fixed assets is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as PPE owned by the Group.

The amount payable to the PFI operator is analysed into three elements:

- fair value of the services received during the year – debited to the Income and Expenditure Account
- finance cost – an interest charge of 8.3% on the outstanding Balance Sheet liability, debited to interest payable in the Income and Expenditure Account
- payment towards liability – applied to write down the balance Sheet liability towards the PFI operator

2021/22 was the twenty second year of a 30 year PFI contract for the construction, maintenance and operation of a new Sector Station for Abingdon, Traffic Base for policing the A34 and surrounding area and a new Headquarters for the Southern Oxfordshire Area. The PCC has rights under the contract to use the building 24/7, 365 days a year. The contract specifies minimum standards for the services to

be provided by the contractor, with deductions from the fee payable being made if facilities are unavailable or performance is below the minimum standards. The contractor took on the obligation to construct the building and maintain it in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the building as an operational police HQ and sector station. In 2002/03 the Police Authority paid a capital lump sum to Abingdon Ltd (the PFI provider) to convert the vacant mezzanine level into a Control Room.

Additional Custody cells and other ancillary facilities were added during 2010/11 and again the Authority paid a capital lump sum for this work. The only increase in the annual unitary charge relates to additional ongoing facilities management services and costs arising from the extension to the building which are provided under the PFI project agreement (e.g. cleaning, cyclical maintenance, etc).

At the end of the 30 year contract period the PCC will have the following options:

- Walking away without further payment
- Purchasing the building and site and operating itself
- Renegotiating terms for continued operation

The PCC only has the rights to terminate the contract if it compensates the contractor in full for costs incurred and future profits that would have been generated over the remaining term of the contract.

Property Plant and Equipment (PPE)

The assets used to provide these policing services at Abingdon are recognised on the PCC's Balance Sheet. Movements in their value are detailed in the analysis of the Movement on the PPE balance in Note 14, page 51.

Payments

The PCC makes an agreed payment which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standard in any year but is otherwise fixed.

The PCC receives an annual grant from the Government to help finance these payments. This grant was initially calculated on a reducing balance basis over the 30 year contract term but, in 2005, it was converted to an annuity grant for the remaining 25 years of the contract. The PCC will receive grant income of £1.032m in each of the next 8 years, with a small residual payment of £0.043m in year 9.

Payments remaining to be made under the PFI contract at 31 March 2022 (excluding any estimation of inflation and availability performance deductions) are as follows.

	Payment for services £000	Finance Lease principal £000	Interest £000	Sub- Total £000	Grant Income £000	Net Cost £000
Payable in 2022/23	1,188	390	350	1,929	- 1,032	897
Payable within 2 to 5 years	4,753	1,914	1,048	7,714	- 4,128	3,587
Payable within 6 to 10 years	4,753	1,897	324	6,974	-4,171	2,803
Total	10,694	4,201	1,722	16,617	- 9,330	7,287

Comparable figures for 2020/21 are as follows:

	Payment for services £000	Finance Lease principal £000	Interest £000	Sub- Total £000	Grant Income £000	Net Cost £000
Payable in 2021/22	1,119	360	380	1,859	- 1,032	827
Payable within 2 to 5 years	4,476	1,766	1,195	7,437	- 3,139	4,298
Payable within 6 to 10 years	4,476	2,435	527	7,438	0	7,438
Total	10,071	4,561	2,102	16,734	- 4,171	12,563

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The outstanding liability to the contractor for capital expenditure incurred is as follows:

	2020/21	2021/22
	£000	£000
Balance outstanding at the start of the year	4,888	4,556
Payments during the year	- 332	-360
Balance outstanding at year-end	4,556	4,196

30. IMPAIRMENT LOSSES ON PROPERTY PLANT AND EQUIPMENT

Details of impairment losses on Property, Plant and Equipment are disclosed in note 14. All impairment losses on fully constructed assets have been experienced due to the general fall in market values.

31. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The PCC's activities expose it to a variety of financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the PCC
- Liquidity risk – the possibility that the PCC might not have funds available to meet its commitments and make payments
- Re-financing risk – the possibility that the PCC might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms
- Market risk – the possibility that financial loss might arise for the PCC as a result of changes in such measures as interest rate and stock market movements

Overall procedures for managing risk

The PCC's overall risk management procedures focus on the unpredictability of financial markets and are structured to implement suitable controls to minimise these risks. The procedures for risk management are set out through a legal framework in the *Local Government Act 2003* and the associated regulations. These require the PCC to comply with the CIPFA Prudential Code, the CIPFA Code of Practice on Treasury Management in the Public Services and Investment Guidance issued through the Act. Overall these procedures require the PCC to manage risk in the following ways:

- ✓ by formally adopting the requirements of the CIPFA Code of Practice on Treasury Management;
- ✓ by adopting the Treasury Policy Statement and the treasury management clauses within Financial Regulations;
- ✓ by approving annually in advance prudential and treasury indicators for the following three years limiting:
 - The PCC's overall borrowing;
 - Its maximum and minimum exposures to fixed and variable rates;
 - Its maximum and minimum exposures for the maturity structure of its debt;
 - Its maximum annual exposures to investments maturing beyond a year.
- ✓ by approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance;

These are required to be reported and approved at or before the PCC's annual council tax setting budget meeting or before the start of the year to which they relate. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC's financial instrument exposure. Actual performance is reported to the PCC on a quarterly basis.

The annual treasury management strategy which incorporates the prudential indicators was approved by the PCC on 19 January 2021. The key issues within the strategy were:

- The Authorised Limit for 2021/22 was set at £96.951m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £76.951m. This is the expected level of debt and other long term liabilities during the year.

The PCC's treasury management policies are implemented by staff in the Office of the PCC (OPCC). The OPCC maintains written principles for overall risk management, as well as written policies (Treasury Management Practices - TMPs) covering specific areas such as interest rate risk, credit risk, and the investment of surplus cash. These TMPs are a requirement of the Code of Practice and are reviewed periodically.

Credit risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the PCC's customers.

The risk is minimised through the Annual Investment Strategy, which requires that deposits are not made with banks and/or building societies unless they meet identified minimum credit criteria, in accordance with Fitch, Moody's and Standard & Poor's credit rating services. The Annual Investment Strategy also considers maximum amounts and time limits in respect of each financial institution. Deposits are not made with banks and financial institutions unless they meet minimum investment criteria. Additional selection criteria are also considered after this initial criteria is applied.

The PCC uses the creditworthiness service provided by Link Asset Service. This service uses a sophisticated modelling approach with credit ratings from all three rating agencies – Fitch, Moody's and Standard & Poors, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- credit watches and credit outlooks from credit rating agencies
- CDS spreads to give early warning of likely changes in credit ratings
- sovereign ratings to select counterparties from only the most creditworthy countries

The Investment Strategy for 2021/22 was approved by the PCC on 19th January 2021

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors.

The PCC's maximum exposure to credit risk in relation to its investments in individual banks [or group] and building societies of £40m cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of irrecoverability applies to all of the PCC's deposits but there was no evidence at the 31 March 2022 that this was likely to crystallise.

The following analysis summarises the PCC's potential maximum exposure to credit risk on other financial assets, based on experience of default and uncollectability over the last five financial years.

	Amount at 31 March 2022 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2021 %	Estimated maximum exposure to default and write-off £000
Customers	5,151	0.31	0.14	7

No breaches of the PCC's counterparty criteria occurred during the reporting period and the PCC does not expect any losses from non-performance by any of its' counterparties in relation to deposits.

Customers

Customers are assessed, taking into account their past trading experience and other factors, with new customers being subject to pre-payments for services to be received, in accordance with procedures set by the PCC.

The PCC does not generally allow credit for customers, such that £2.194m of the £5.151m balance on the Accounts Receivable ledger at 31 March 2022 is past its due date for payment (i.e. 30 day payment terms). The past due amount can be analysed by age as follows:

	31.3.21	31.3.22
	£000s	£000
Less than three months ¹	689	1,309
Three to six months	20	840
Six months to one year	- 19	11
More than one year	33	34
Total	723	2,194

Liquidity risk

The PCC manages its liquidity position through the risk management procedures above (the setting and approval of prudential indicators and the approval of the treasury and investment strategy reports) as well as through a comprehensive cash flow management system, as required by the CIPFA Code of Practice. This seeks to ensure that cash is available when it is needed.

The PCC has ready access to borrowings from the money markets to cover any day to day cash flow need, and the PWLB and money markets for access to longer term funds. In addition, the PCC also has an overdraft facility with Nat West bank which can be increased in value if required. The PCC is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

The maturity analysis of financial assets is as follows:

	31.3.21	31.3.22
	£000	£000
Less than one year	94,431	116,743
More than one year	0	0
	94,431	116,743

All trade and other payables are due to be paid in less than one year and are not shown in the table above.

Refinancing and Maturity Risk

The PCC maintains a significant debt and investment portfolio. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the PCC relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved prudential indicator limits for the maturity structure of debt and the limits placed on investments placed for greater than one year in duration are the key parameters used to address this risk. The PCC's approved treasury and investment strategies address the main risks and OPCC staff address the operational risks within the approved parameters. This includes:

- ✓ monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt; and
- ✓ monitoring the maturity profile of investments to ensure sufficient liquidity is available for the PCC's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity analysis of financial liabilities is as follows:

	31.3.21 £000	31.3.22 £000
Analysis of loans by type		
Public Works Loans Board	47,178	47,178
Barclays	3,500	3,500
Other Local Authorities	7,000	0
	57,678	50,678
Analysis of loans by maturity		
Short term - less than 1 year	7,000	0
Between 1 and 2 years	0	0
Between 2 and 5 years	756	756
Between 5 and 10 years	8,393	10,393
More than 10 years	41,529	39,529
	57,678	50,678

All trade and other payables are due to be paid in less than one year.

Market risk

Interest rate risk

The PCC is exposed to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the PCC, depending on how variable and fixed interest rates move across differing financial instrument periods. For instance, a rise in interest rates would have the following effects:

- borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Account will rise;
- borrowings at fixed rates - the fair value of the borrowing will fall (no impact on revenue balances);
- investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Account will rise; and
- investments at fixed rates - the fair value of the assets will fall (no impact on revenue balances)

Borrowings are not carried at fair value on the balance sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or other Comprehensive Income and Expenditure. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The PCC has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the PCC's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a treasury indicator is set which provides maximum limits for fixed and variable interest rate exposure. The treasury team in the OPCC will monitor market and forecast interest rates within the year to adjust exposures appropriately.

The treasury management team has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

According to this assessment strategy, at 31 March 2022, if all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	£000s
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Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	610
Impact on Surplus or Deficit on the Provision of Services	610
Decrease in fair value of fixed rate investment assets	0
Impact on Other Comprehensive Income and Expenditure	0
Decrease in fair value of fixed rate long term borrowing liabilities (no impact on the Provision of Services or Other Comprehensive Income and Expenditure)	7,641

The approximate impact of a 1% fall in interest rates would be as above but with the movements being reversed.

Price risk

The PCC does not invest in equity shares nor does it have shareholdings in joint ventures or local industry. There is therefore, no exposure to price risk.

Foreign currency risk

The PCC has no financial assets or liabilities denominated in foreign currencies.

Income received is banked immediately and converted using the spot exchange rate at the time of banking. All contracts are sought in sterling. In exceptional cases where this is not possible an additional price is sought from the contractor to fix the price in sterling. The PCC is then asked whether it wishes to pay this additional sum, or not.

Other than these exceptional cases the PCC has no exposure to loss arising from movements in exchange rates.

32. PENSIONS

Accounting Policy

Post employment benefits

The Group operates three 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, 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 governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2007). The Police Pension Scheme 2015 (PPS 2015) which started on 1st April 2015 is also a contributory occupational pension scheme governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2015) 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 all three schemes.

This is an unfunded scheme administered by the Chief Constable, meaning that there are no investment assets built up to meet the pension 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 Group must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up grant. In the unlikely event that the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group which must then repay the amount to central government

The PPS, NPPS and 2015 scheme 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 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 2022. The pension liabilities in these accounts have been calculated accordingly at a discount rate of 2.00% (2.00% in 2020/21).

Police Staff

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Buckinghamshire Council. This is a funded scheme. In 2021/22 the Group paid an employer's contribution representing 16.6% 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 Group is responsible for all pension payments relating to any added years' benefits, together with the related increases.

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 2.00% (2.00% in 2020/21)

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Police Pension Scheme		LGPS	
2020/21	2021/22	2020/21	2021/22

NOTES TO THE ACCOUNT

	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
• current service costs	135,640	154,060	38,207	71,072
• past service costs	0	0	0	0
• curtailment and settlements	0	0	432	440
• Administration expenses	0	0	566	523
<i>Financing and Investment Income and Expenditure</i>	93,610	91,810	6,131	9,900
• Net interest on defined liability				
<i>Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services</i>	229,250	245,870	45,336	81,935
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• actuarial gains and losses and return on plan assets	299,510	12,500	299,890	-81,390
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	528,760	258,370	345,226	545
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	229,250	245,870	45,336	81,935
<i>Actual amount charged against council tax for pensions in the year:</i>				
• employers' contribution payable to scheme and retirement benefits payable to pensioners	85,604	50,395	18,984	20,141

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Unfunded liabilities: Police Pension Scheme		Funded liabilities: LGPS	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Opening balance at 1 April	4,144,310	4,569,500	790,313	1,139,360
Current service cost	114,100	132,140	38,207	70,632
Interest cost	93,610	91,810	18,484	21,842
Contributions by scheme participants	21,540	21,920	7,636	7,938
Actuarial gains (-) and losses	299,510	12,500	299,890	-81,390
Losses on curtailments		0	432	440
Liabilities extinguished on settlements				
Benefits paid (net of transfers in)	-103,570	-112,070	-15,203	-16,619
Past service costs	0	0	0	0
Unfunded pension payments			-253	-249
Historical adjustment between assets & liabilities			-146	0
Closing balance at 31 March	4,569,500	4,715,800	1,139,360	1,141,954

Reconciliation of fair value of the scheme assets:

LGPS

NOTES TO THE ACCOUNT

	2020/21 £000	2021/22 £000
Opening balance on 1 April	512,901	646,499
Interest on assets	12,353	11,942
Actuarial gains and losses (-)	111,145	32,750
Employer contributions, Including unfunded benefits	18,545	20,136
Contributions by scheme participants	7,636	7,938
Benefits paid	-15,456	-16,868
Administration expenses	-479	-523
Historical adjustment between assets & liabilities	-146	0
Closing balance on 31 March	646,499	701,874
Net liability on LGPS	492,861	440,080

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 £32.750m (£123.498m in 2020/21).

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 2019.

The principal assumptions used by the actuary have been:

	Police Pension Scheme		LGPS	
	2020/21	2021/22	2020/21	2021/22
Long-term expected rate of return on assets in the scheme:	N/A	N/A	21.8%	22.0%
Mortality assumptions				
• Longevity at 65 for current pensioners (years)				
Men	22.0	21.6	21.6	21.6%
Women	23.7	25.0	25.0	25.0%
• Longevity at 65 for future pensioners (years)				
Men	23.7	23.0	22.9	23.0
Women	25.3	26.5	26.4	26.5
Rate of inflation - CPI	2.40%	3.20%	2.85%	3.20%
Rate of increase in salaries	4.15%	4.20%	3.85%	4.20%
Rate of increase in pensions	2.40%	3.20%	2.85%	3.20%
Rate of discounting scheme liabilities	2.00%	2.60%	2.05%	2.60%
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

NOTES TO THE ACCOUNT

women. In practice, this is unlikely to occur and changes in some of the assumptions may be interrelated.

	Impact on the Defined Benefit Obligation			
	Police Pension Scheme		LGPS	
	Increase in assumption £ million	Decrease in assumption £ million	Increase in assumption £ million	Decrease in assumption £ million
Longevity (increase or decrease by 1 year)	158.00	(158.00)	535.00	(493.00)
Rate of increase in salaries				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	54.00	(54.00)	514.00	(513.00)
Rate of increase in pensions				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	444.00	(444.00)	532.00	(496.00)
Rate for discounting schemes				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	(486.00)	486.00	(496.00)	532.00

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 2021	31 March 2022
	%	%
Equities – UK	0	10
Equities - Overseas	55	55
Gilts	9	10
Bonds	15	14
Property	6	6
Cash	1	3
Alternative assets	1	2
Private Equity	4	0
Absolute return portfolio	4	0
Hedge funds	5	0
Total	100	100

McCloud / Sargeant judgement

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions. Past service costs were included in the 2018/19, 2019/20 and

2020/21 accounts and the 2021/22 service cost allows for the higher expected cost of accrual under McCloud.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Thames Valley Police, this affects 3233 members (both active and retired). Scheme actuaries originally estimated the increase in scheme liabilities to be 4.4% or £183.52m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2019-20, scheme actuaries reviewed these assumptions at a force level and estimated a decrease of £246.46m in scheme liabilities. In 2020/21, the estimated increase is a further £31.09m reflecting an additional years benefits from the remedy.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

Compensation Claims

Claimants have lodged claims for compensation. One of the cases is being settled by the Secretary of State and Governments Legal Department with no contributions being sought from our Chief Officer. We are aware of a second case that is still being processed, however little progress has been made so far. As at 31 March 2022, it is not possible to reliably estimate the extent or likelihood of these claims being successful, or who may be responsible for funding them. Therefore no liability in respect of compensation claims is recognised in these accounts.

33. NOTES TO THE CASHFLOW STATEMENT

NOTES TO THE ACCOUNT

Analysis of operating, investing and financing activities:

	2020/21	2021/22
	£000	£000
Operating activities		
Taxation	-200,149	-213,176
Grants	-347,591	-372,781
Sales of goods and rendering of services	-66,328	-74,569
Interest received	-1,062	-846
Cash inflows generated from operating activities	-615,130	-661,372
Cash paid to and on behalf of employees	435,438	492,471
Cash paid to suppliers of goods and services	153,180	129,123
Interest paid	1,941	1,930
Other payments for operating activities	0	0
Cash outflows generated from operating activities	590,560	623,525
Net cash flows from operating activities	-24,570	-37,847
Investing activities		
Purchase of property, plant and equipment and intangible assets	21,428	24,985
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-1,955	-3,158
Proceeds from short and long term investments	2,800	16,200
Other receipts from investing activities	-2,026	-10,717
Net cash flows from investing activities	20,247	27,310
Financing activities		
Cash receipts of short and long term borrowing	0	31,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	1,152	1,032
Repayments of short and long term borrowing	-7,000	-24,000
Net cash flows from financing activities	-5,848	8,032

Analysis of non-cash adjustments:

	2020/21	2021/22
	£000	£000
IAS 19 pension liability	-170,088	-214,275
Depreciation, impairment and amortisation	-33,875	-24,863
Carrying amount of non current assets sold	-2,566	-2,888
Premium/discount on restructuring of debt	0	0
Other non cash items charged to deficit	4,734	9,473
(Increase)/decrease in provisions	-75	-207
Increase/(decrease) in stock	77	40
Increase/(decrease) in debtors	-2,222	8,335
(Increase)/decrease in creditors	-4,341	-11,605
Total adjustment for non cash items	-208,357	-235,991

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 Accounts

	2020/21 £000	2021/22 £000
Contributions Receivable		
From employer		
- normal	- 49,826	-50,406
- early retirements	- 323	-524
From members	- 21,536	-21,919
Transfers in		
- individual transfers in from other schemes	- 355	-461
Benefits Payable		
- pensions	87,884	89,946
- commutations and lump sum retirement benefits	15,491	21,986
- lump sum death benefits	380	330
Payments to and on account of leavers		
- refund of contributions	100	194
- individual transfers out to other schemes	65	106
Sub-total for the year before transfer from the Group of an amount equal to the deficit	31,880	39,252
Additional funding payable by the Group to fund the deficit for the year¹	- 31,880	-39,252
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 Statement

Pension Fund Net Asset Statement

	2020/21 £000	2021/22 £000
Unpaid pension benefits	0	0
Amount owing from the general fund	0	0
Net Current Assets and Liabilities	0	0

Introduction

This section of the Statement of Accounts reports on the Income and Expenditure, Assets and Liabilities attributable to the Police and Crime Commissioner (PCC) for Thames Valley Police. It focuses on those discrete activities that the PCC has direct responsibility for such as community safety and commissioning services for victims and witnesses of crime. This is separate to the PCC Group accounts, which details the total income, expenditure and balance sheet position for the PCC and the Chief Constable in consolidation.

The PCC accounts have been prepared under the International Financial Reporting Standards (IFRS) using the IFRS Based Code of Practice on Local Authority Accounting.

Accounting policies

The accounting policies adopted by the Group have been followed in preparing the PCC accounts. Where the policy deviates from the Group policy, the PCC accounting policy is shown with the appropriate note.

PCC Movement in Reserves Statement for the years ended 31st March 2021 and 2022

	Note	General Fund	Earmarked Reserves	Capital Receipts Reserve	Capital grant unapplied	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000
Note		25	8	25	25	25	46	
Balance at 31st March 2020		19,899	20,818	1,588	13,234	55,539	245,158	300,697
Movement in reserves during 2020/21								
Total comprehensive Expenditure and Income		2,409	0	0	0	2,409	4,848	7,257
Adjustments between accounting basis & funding basis under regulations	36	-74		1,301	396	1,623	-1,623	0
Net increase/Decrease before transfers to Earmarked Reserves		2,334	0	1,301	396	4,031	3,225	7,257
Transfers to (-) /from earmarked reserves		-2,342	2,342			0	0	0
Increase/Decrease in Year		-8	2,342	1,301	396	4,031	3,225	7,257
Balance at 31st March 2021 carried forward		19,891	23,160	2,889	13,630	59,570	248,383	307,954
Movement in reserves during 2021/22								
Total comprehensive Expenditure and Income		29,154	0	0	0	29,154	19,101	48,255
Adjustments between accounting basis & funding basis under regulations	36	-3,394		847	396	-2,151	2,151	0
Net increase/Decrease before transfers to Earmarked Reserves		25,761	0	847	396	27,003	21,252	48,255
Transfers to (-) /from earmarked reserves	8	-25,263	25,263			-0	0	-0
Increase/Decrease in Year		498	25,263	847	396	27,003	21,252	48,255
Balance at 31st March 2022 carried forward		20,389	48,423	3,736	14,026	86,573	269,635	356,209

For full details of the movement in general balances, please see note 25

PCC Expenditure and Funding Analysis Disclosure note 2021/22

The Expenditure and Funding Analysis is a disclosure note that shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the departments Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See note 35 for more details. Please note that this is not a primary statement.

	2020/21			2021/22		
	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES
	£000	£000	£000	£000	£000	£000
PCC						
Office of the PCC	943	284	1,227	932	507	1,439
Democratic representation	197		197	160		160
Other costs	10,463	3,936	14,399	5,448	5,267	10,715
Commissioned services	1,943		1,943	2,597		2,597
Cost of Services	13,545	4,220	17,766	9,138	5,774	14,912
Other income & expenditure	-15,880	-4,295	-20,174	-34,899	-9,168	-44,066
(Surplus) or Deficit	-2,334	-74	-2,409	-25,761	-3,394	-29,154
Opening General Fund Balance	19,899			19,891		
Add (surplus) or Deficit	2,334			25,761		
Transfers to/from reserves & General Balances	-2,342			-25,263		
Closing General Fund Balance	19,891			20,389		

PCC Comprehensive Income and Expenditure Statement 2021/22

			2020/21			2021/22		
			Gross expenditure	Gross Income	Net Expenditure	Gross expenditure	Gross Income	Net Expenditure
			£000	£000	£000	£000	£000	£000
Office of the PCC			1,227	0	1,227	1,439	0	1,439
Democratic representation			197	0	197	160	0	160
Other costs			14,399	0	14,399	10,715	0	10,715
Commissioned services			5,706	-3,763	1,943	6,518	-3,921	2,597
Cost of Services before funding			21,529	-3,763	17,766	18,833	-3,921	14,912
Intra group funding					463,849			479,057
Net cost of services					481,615			493,969
Other operating Expenditure:								
Gain/loss on disposal		37a			64			-271
Levies to national police service					0			0
Financing & investment income & expenditure:								
Interest payable		37b	1,961		1,961	1,932		1,932
Pensions interest cost		37b	53		53	83		83
Interest & investment income		37b		-934	-934		-821	-821
Taxation & non specific grant income		37c		-485,168	-485,168		-524,046	-524,046
Surplus/deficit on provision of service					-2,409			-29,154
Surplus/deficit on revaluation of fixed assets		41/21			-6,362			-18,039
Remeasurement of net defined liability					1,514			-1,062
Other gain/loss					0			0
Total other comprehensive Income and Expenditure					-4,848			-19,101
Total comprehensive Income & Expenditure					-7,257			-48,255

The Balance Sheet for the PCC

This shows the value at 31st March of the assets and liabilities recognised by the PCC. Net assets are matched by the reserves held by the PCC. Reserves are reported in two categories. The first category of reserves are usable reserves i.e. those reserves that the PCC may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (e.g. the capital receipts reserve may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the PCC is not able to use to provide services. This category includes reserves that hold unrealised gains and losses (e.g. the revaluation reserve) where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'

31.3.21		Note	31.3.22
£000			£000
	Long Term Assets		
231,417	Property, Plant and Equipment	41	251,280
5,799	Leased assets	29	6,494
0	Intangible assets		0
0	Long term investments	17	0
704	Long term debtors	43	2,482
237,920	Total Long Term Assets		260,256
	Current Assets		
73,962	Short term investments	17	90,136
0	Inventories		0
15,565	Short term debtors	43	18,128
14,417	Cash and cash equivalents	20	16,922
481	Assets held for sale	21	536
47,223	Intra group balance	4	45,905
151,648	Total Current Assets		171,627
	Current Liabilities		
-8,914	Short term borrowing	17	-1,996
-7,113	Short term creditors	44	-10,647
0	Provisions		0
-28	Accumulated absences	46	-30
-16,055	Total Current Liabilities		-12,672
	Long Term Liabilities		
0	Long term creditors		0
0	Provisions		0
-59,328	Long term borrowing	17	-58,217
-4,216	Liability related to defined benefit pension schemes	47	-3,693
0	Donated assets account		0
-2,013	Capital grants received in advance	28	-1,092
-65,557	Total Long Term Liabilities		-63,002
307,955	Net Assets / (liabilities)		356,209
	Reserves		
59,569	Usable reserves	25	86,574
248,386	Unusable reserves	46	269,635
307,956	Total Reserves		356,209

The Cash Flow Statement for the PCC

This statement shows the change in the PCC's cash and cash equivalents during the reporting period. The statement shows how the PCC generated and used cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the PCC are funded by taxation and grant income or from the recipients of services provided by the PCC. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the PCC's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the PCC.

	Note	31.3.21	31.3.22
		£000	£000
Net (surplus)/deficit on the provision of services		-2,409	-29,154
Adjust net surplus/deficit for non cash movements	48	-10,167	957
Adjust for items included in surplus/deficit that are investing and financing activities		1,301	2,284
Net cash flows from Operating Activities		-11,274	-25,914
Investing Activities	48	6,951	15,377
Financing Activities	48	-5,848	8,032
Net increase (-) or decrease in cash and cash equivalents		-10,171	-2,504
Cash and cash equivalents at the beginning of the reporting period	20	4,246	14,417
Cash and cash equivalents at the end of the reporting period	20	14,417	16,922

34 SIGNIFICANT ESTIMATES AND JUDGEMENTS

The preparation of the financial statements requires the PCC 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. Establishing the valuations of operational and residential properties (see Note 14 for details of amounts and the valuation process involved). Depreciation is a calculation by the system, based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to CIES will increase. The PCC monitors the useful life of assets to identify where any changes to the depreciation charge are required during the year
- b. We have reviewed all property leases to determine which ones, if any, need to be treated as a finance lease. The outcome of that review is that only the Abingdon PFI scheme needs to be treated as a finance lease; all other property leases are operating leases. The Group has procured a fleet of multifunctional printing devices. The contract for the supply of the service has been reviewed and has been deemed to be a finance lease. The Group has also entered into a contract for a supported, managed and monitored network and voice service. This has also been determined to be a finance lease. Further details of both leases can be found in note 29
- c. 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 PCC 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.
- d. A judgement 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 PCC in accordance with the standard set of activities for each corporate body identified in CIPFA's published guidance at the time (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.
- e. All surplus properties owned by the PCC have been reviewed and have been judged to meet the criteria of surplus properties rather than investment properties
- f. The value of the collection fund adjustments shown in the Group accounts has been partially estimated. Although the Chief Finance Officer wrote to each billing authority and requested the appropriate information to enable the collection fund adjustment account to be calculated accurately, just under a quarter (3 out of 13) of the authorities returned their figures during the specified time period. The remainder of the values were estimated, based on the average of their previous 5 years returns - many of which were also OPCC estimates. Some billing authorities have not provided a timely actual data return since 2013/14.
- g. On 1st April 2018, significant changes were made to IFRS 9 (Financial Instruments). This has resulted in new classification categories for financial assets and liabilities. All investments and loans have been assessed at year end and as all investments are made solely for payments of principal and interest, a judgement has been made that they should all be held at amortised cost.

35 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

	2020/21				2021/22			
Adjustments from General Fund to arrive at the CIES amounts	Adjustments for capital purposes	Net change for the pensions Adjutments	Other differences	Total Adjustments	Adjustments for capital purposes	Net change for the pensions Adjutments	Other differences	Total Adjustments
	£000	£000	£000	£000	£000	£000	£000	£000
PCC								
Office of the PCC		290	-6	284		505	2	507
Democratic representation				0				0
Other costs	3,936			3,936	5,267			5,267
Commissioned services				0				0
net cost of services	3,936	290	-6	4,220	5,267	505	2	5,774
				0				0
other income & expenditure from the expenditure & funding analysis	-5,032		737	-4,295	-9,154		-14	-9,168
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services	-1,095	290	731	-74	-3,887	505	-12	-3,394

36 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 Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC to meet future capital and revenue expenditure. All items are adjustments between the general fund balance and the unusable reserves shown below.

2021/22 Adjustments

	General Fund Balance £000	Capital Receipts Reserve £000	Capital grant unapplied £000	Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to or from the pensions reserve)	505			-505
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-14			14
Holiday Pay (transferred to the accumulated absences account)	2			-2
Non current assets written off on disposal (charged to capital adjustment account)	0			0
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	1,670		396	-2,066
Total Adjustments to the Revenue Resources	2,163	0	396	-2,559
Adjustments between revenue and capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-269	269		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-2,156			2,156
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-3,132			3,132
Total Adjustments between revenue and Capital Resources	-5,557	269	0	5,288
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		578		-578
Application of capital grants to finance capital expenditure	0			0
Total Adjustments to capital resources	0	578	0	-578
Total Adjustments	-3,394	847	396	2,151

2020/21 Adjustments

	General Fund Balance £000	Capital Receipts Reserve £000	Capital grant unapplied £000	Unusable Reserves £000
Adjustments to the Revenue Resources				
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to or from the pensions reserve)	290			-290
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	737			-737
Holiday Pay (transferred to the accumulated absences account)	-6			6
Non current assets written off on disposal (charged to capital adjustment account)	1,365			-1,365
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	9,093		396	-9,489
				0
Total Adjustments to the Revenue Resources	11,479	0	396	-11,875
Adjustments between revenue and capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-1,301	1,301		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-2,259			2,259
				0
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-7,993			7,993
Total Adjustments between revenue and Capital Resources	-11,553	1,301	0	10,252
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		0		0
				0
Application of capital grants to finance capital expenditure	0			0
Total Adjustments to capital resources	0	0	0	0
Total Adjustments	-74	1,301	396	-1,623

37 ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

a) Other operating Expenditure

	2020/21	2021/22
	£000	£000
Gain (-)/loss on disposal of fixed asset	64	-271
Levies to national police service	0	0
Total Operating Expenditure	64	-271

b) Financing and Investment income and expenditure

	2020/21	2021/22
	£000	£000
Interest payable	1,961	1,932
Pensions interest cost on net defined benefit liability	53	83
Subtotal Financing and Investment expenditure	2,014	2,015
Interest and investment income	-934	-821
Total Operating Expenditure	1,081	1,194

c) Taxation and non specific grant income

	2020/21	2021/22
	£000	£000
Police grant	-153,446	-163,955
Formula Grant	-79,319	-83,482
Council tax	-200,149	-213,176
Pensions top up grant	-31,880	-39,252
Capital grants and contributions	-5,096	-8,889
Council tax legacy grant	-15,278	-15,292
Total taxation and non specific grant income	-485,168	-524,046

d) Specific grant income

	2020/21	2021/22
	£000	£000
MoJ Victims & Witnesses grant	-3,763	-3,797
Total specific grant income	- 3,763	-3,797

38 OFFICERS' REMUNERATION

The following sums have been paid to the PCC's Statutory Officers.

	Year	Note	Salary, Fees & Allowance £	Bonuses £	Expense Allowances £	Benefits in Kind £	Total Remuneration on excluding Pensions £	Pension Contribution £	Total £
Office of the Police and Crime Commissioner									
Paul Hammond	20/21		107,708				107,708	17,880	125,588
(Chief Executive)	21/22		110,071				110,071	18,272	128,343
Ian Thompson	20/21		94,151				94,151	15,629	109,780
(Chief Finance Officer)	21/22		95,010				95,010	15,772	110,782

	Year	Note	Salary, Fees & Allowance £	Bonuses £	Expense Allowances £	Benefits in Kind £	Total Remuneration on excluding Pensions £	Pension Contribution £	Total £
Police and Crime Commissioner									
Anthony Stansfield	20/21		86,700		344		87,044	7,660	94,704
(PCC)	21/22	1	10,022				10,022	-	10,022
Matthew Barber	20/21		65,000				65,000	10,790	75,790
(PCC)	21/22		84,192				84,192	13,976	98,167

Note 1: Anthony Stansfield withdrew from the pension scheme in October 2020

Note 2: Matthew Barber replaced Anthony Stansfield as PCC in May 2021

The following table shows the number of staff employed and paid directly by the PCC 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 HMRC on Form P11D. This table excludes those senior officers whose salaries etc. are disclosed separately above, as well any staff who, as at 31st March 2021, are seconded to national bodies such as the College of Policing.

Total Remuneration £	2020/21	2021/22
90,000 – 94,999	0	0
85,000 – 89,999	0	0
80,000 – 84,999	0	0
75,000 – 79,999	0	0
70,000 – 74,999	0	0
65,000 – 69,999	0	0
60,000 – 64,999	0	0
55,000 - 59,999	3	2
50,000 – 54,999	0	0

39 FEES PAID TO EXTERNAL AUDIT

The PCC has incurred the following costs in relation to the audit of the Statement of Accounts by the PCC's external auditors, Ernst and Young:

	2020/21 £000	2021/22 £000
Fees payable in relation to auditing the PCC accounts by the appointed auditor for the year	62	57
Refund relating to prior year	0	- 6
Total fees	62	51

40 RELATED PARTY TRANSACTIONS

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

Members and 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 Group during the financial year. The Chief Financial Officer has written to the PCC, deputy PCC and chief officers to collect this information.

During the period April 2021 – March 2022 the Police and Crime Commissioner and his wife were both majority shareholders of Oxford Menopause. Oxford Menopause works with Thames valley Police to provide teaching and advice. Invoices for Oxford Menopause are appropriately scrutinised and approved.

41 PROPERTY PLANT AND EQUIPMENT (PPE)

Accounting Policy

Property, Plant and Equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de-minimus level policy is to capitalise expenditure as follows:

Asset Type	De Minimus £000
Buildings (including PFI)	100
Leased Buildings	10
Equipment	25
ICT (Total Collaborative project value)	50
Assets funded by capital grant	none

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the PCC and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the balance sheet at cost.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are carried in the balance sheet using the following measurement bases:

- assets surplus to requirements – measured at fair value, estimated at highest and best use from a market participant's perspective
- dwellings and other land and buildings – lower of net current replacement cost or net realisable value in existing use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Assets included in the balance sheet at current value are revalued where there have been material changes in the value and as a minimum revaluations are carried out every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognised unrealised gains.

Component assets

Where an item of PPE asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately. The PCC has set a policy that it will separately account for components of buildings that have a value in excess of £500,000.

The components that will be identified and separately depreciated are as follows:

- Land
- Building fabric
- Mechanical and Engineering services
- Roof
- Structures and Elevations
- Internal fabric
- External areas

The component must be valued at a minimum of £200,000 or 10% of the value of the parent asset (whichever is greater) in order to be recognised

Impairment

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

Where the loss is determined for a previously revalued asset, it is written off against any revaluation gains held for the relevant asset in the Revaluation Reserve, with any excess charged to the Comprehensive Income and Expenditure Statement (CIES). Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the CIES, up to the amount of the original loss, with an adjustment for depreciation that would have been charged if the loss had not been recognised.

Disposals

When an asset is disposed of, sale proceeds are transferred to the usable capital receipts reserve and the gain or loss on disposal is shown in the CIES

Depreciation

This is provided for all assets with a useful finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use, on a straight line basis over the useful life of the property as estimated by the valuer

Where an asset has major components with different estimated useful lives, these are depreciated separately.

Grants and contributions

Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the PCC has not satisfied. In that event the amount subject to condition is transferred to the capital grants receipts in advance account. Where the conditions of the grant / contribution are satisfied, but expenditure for which grant is given has not yet been incurred, then such sums will continue to be transferred to the capital grants unapplied reserve.

Movement on Fixed Assets

2021/22 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Surplus Assets £000	Vehicles, Plant and Equipment	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2021	203,397	8,145	1,600	11,238	6,494	8,268	239,143
Additions	2,350	0	0	0	0	11,087	13,437
Leased assets brought onto balance sheet	0	0	0	0	0	0	0
Donations	0	0	0	0	0	0	0
Assets under construction - brought into use	0	0	0	0	0	0	0
Revaluation increases /(decreases) to RR	16,430	780	116	700	0	0	18,025
Revaluation increases /(decreases) to SDPS	511	0	0	-111	0	0	400
Disposals	-1,212	-525	-198	-0	0	0	-1,935
Reclassifications	2,100	0	0	-2,100	804	0	804
Assets reclassified to/from Held for sale	-169	0	0	0	0	0	-169
Write out expenditure not adding value	0	0	0	0	0	0	0
Depreciation written out on revaluation	-8,661	0	0	-1,204	0	0	-9,864
At 31st March 2022	214,746	8,400	1,518	8,523	7,298	19,355	259,841
Depreciation and Impairment							
At 1st April 2021	1,232	1	0	695	0	0	1,928
Depreciation charge	8,848	0	0	1,204	0	0	10,051
Depreciation written out on revaluation	-8,661	0	0	-1,204	0	0	-9,864
Impairment losses / (reversals) to RR	0	0	0	0	0	0	0
Impairment losses / (reversals) to SDPS	0	0	0	0	0	0	0
Disposal	-46	0	0	0	0	0	-46
Reclassifications	0	0	0	0	0	0	0
At 31st March 2022	1,372	1	0	695	0	0	2,068
Net Book Value							
At 31st March 2022	213,374	8,399	1,518	7,828	7,298	19,355	257,773

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

2020/21 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Surplus Assets £000	Vehicles, Plant and Equipment	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2020	206,122	9,250	1,722	11,138	1,338	7,275	236,844
Additions	958	0	0	0	0	5,194	6,152
Leased assets brought onto balance sheet	0	0	0	0	5,157	0	5,157
Donations	0	0	0	0	0	0	0
Assets under construction - brought into use	4,200	0	0	0	0	-4,200	0
Revaluation increases /(decreases) to RR	5,258	120	18	966	0	0	6,362
Revaluation increases /(decreases) to SDPS	-3,914	0	0	0	0	0	-3,914
Disposals	0	-1,225	-140	0	0	-0	-1,365
Reclassifications	0	0	0	0	0	0	0
Assets reclassified to/from Held for sale	-481	0	0	0	0	0	-481
Write out expenditure not adding value	0	0	0	0	0	0	0
Depreciation written out on revaluation	-8,746	0	0	-866	0	0	-9,611
At 31st March 2020	203,397	8,145	1,600	11,238	6,494	8,268	239,143
Depreciation and Impairment							
At 1st April 2019	1,168	1	0	0	95	0	1,264
Transfer of assets to Chief Constable	8,809	0	0	866	600	0	10,275
Depreciation charge	-8,746	0	0	-866	0	0	-9,611
Depreciation written out on revaluation	0	0	0	0	0	0	0
Impairment losses / (reversals) to RR	0	0	0	0	0	0	0
Impairment losses / (reversals) to SDPS	0	0	0	0	0	0	0
Disposal	0	0	0	0	0	0	0
Reclassifications	0	0	0	0	0	0	0
At 31st March 2020	1,232	1	0	0	695	0	1,928
Net Book Value							
At 31st March 2020	202,165	8,144	1,600	11,238	5,799	8,268	237,215

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

Revaluations

Thames Valley Police's property valuers is Lambert Smith Hampton - Commercial Surveyors and Property Consultants. This company have been commissioned to undertake a rolling programme of valuation of one fifth of the property portfolio each year with the remainder being subject to a desktop valuation to ensure that an appropriate value for all properties is maintained within the accounts.

Properties were valued at 1st March 2021 in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

The significant assumptions applied in estimating the fair values are:

- The condition of the properties at the date of valuation is identical to that found at the date of the valuer's inspection
- There is no significant risk of contamination to the properties
- No deleterious material has been used in the construction of the properties
- The ground conditions are satisfactory for a traditional method of construction and that there are no contaminating or deleterious materials present which may prevent the development of the sites.
- The uses being carried out in each of the properties is an authorised planning use and that the buildings have been erected with full planning permission
- The properties and their value are unaffected by any matters which will be revealed by a local search or by any statutory notice.
- The properties comply with current fire regulations, building regulation controls, employment regulations, defective premises and health and safety legislation.

Fair Value disclosures for surplus assets

Details of the PCC's surplus assets and information about the fair value hierarchy as at 31 March 2022 are as follows:

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2022
	£000	£000	£000	£000
Surplus operational properties		5,160		5,160
Surplus land		3,719		3,719
Telecommunications sharing sites		281		281
Total		9,160		9,160

Comparative figures for 2020/21 are:

<i>Recurring fair value measurements using:</i>	Quoted prices in active markets for identical assets (level 1)	Other significant observable inputs (level 2)	Significant unobservable inputs (level 3)	Fair value as at 31 March 2021
	£000	£000	£000	£000
Surplus operational properties	0	5,589	0	5,589
Surplus land	0	4,027	0	4,027
Telecommunications sharing sites	0	332	0	332
Total	0	9,948	0	9,948

Transfer between levels of fair value hierarchy

There were no transfers between levels 1 and 2 during the year

Valuation techniques used to determine level 2 and level 3 fair values for surplus assets

Significant observable inputs – level 2

The fair value for all the surplus assets shown in the table above are based on quoted prices for similar properties in active markets. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised at level 2 in the fair value hierarchy

Significant unobservable inputs – level 3

There are no properties categorised at level 3 in the fair value hierarchy.

Valuation process for surplus assets

The fair value of surplus assets is measured annually at 1st March by external valuation experts Lambert Smith Hampton. All valuations are carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors and in conjunction with the Chief Constables' finance team. There have been no changes in valuation techniques used during the year

Capital commitments

There are no significant amounts outstanding on capital contracts which have been entered into by the PCC as at 31 March 2022.

42 CAPITAL EXPENDITURE AND FINANCING

The PCC spent £13.436m on the acquisition and enhancement of long term assets in 2021/22, as the following table shows

	2020/21	2021/22
	£000	£000
Land and buildings	6,152	13,436
Vehicles, plant and other equipment	0	0
Information, communications and technology	0	0
Total tangible fixed asset expenditure	6,152	13,436
Intangible assets (i.e. computer software licences)	0	0
Total Capital Expenditure	6,152	13,436

Financing of the total capital programme can be found in the Group accounts, note 15

The capital financing requirement for 2021/22 was £63.450m (2020/21 £60.186m)

43 DEBTORS

	31.3.21 £000	31.3.22 £000
<i>Amounts falling due after more than one year</i>		
Trade receivables	0	0
Prepayments	704	2,482
Other receivable amounts	0	0
Total long term debtors	704	2,482
<i>Amounts falling due within one year</i>		
Trade receivables	63	101
Prepayments	0	0
Other receivable amounts	15,502	18,028
	15,565	18,128
Less provision for doubtful debts	0	0
Total current debtors	15,565	18,128
Total debtors	16,268	20,609

44 CREDITORS

	31.3.21 £000	31.3.22 £000
Trade payables	261	1,424
Other payables	6,852	9,223
	7,113	10,647

45 CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Accounting Policy

The PCC recognises material contingent assets and liabilities, which arise from past events, whose existence can only be confirmed by the occurrence of one or more uncertain future events, which are not wholly within the PCC's control.

As at 31st March 2022, there are no known contingent assets or liabilities

46 UNUSABLE RESERVES

The PCC keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. This category of reserves includes those which hold unrealised gains and losses (revaluation reserve) where amounts would only become available to provide services if the assets were sold, and those which hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations"

	31.3.21 £000	31.3.22 £000
Revaluation Reserve	85,210	96,817
Capital Adjustment Account	164,891	173,998
IAS 19 negative Pensions Reserve	- 4,216	-3,693
Collection Fund Adjustment Account	2,529	2,543
Accumulated Absences Account	- 28	-30
Total	248,386	269,635

Revaluation Reserve

The revaluation reserve records the accumulated gains on the Property, Plant and Equipment held by the Group arising from increases in value, as a result of inflation or other factors. The balance is reduced when assets with accumulated gains are:

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

The reserve contains revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

	31.3.21 £000	31.3.22 £000
Balance brought forward	84,511	85,210
Revaluation of fixed assets	6,362	18,025
Amounts written out relating to sold assets	- 743	-819
Historical cost depreciation adjustment	- 4,920	-5,599
Balance carried forward	85,210	96,817

Capital Adjustment Account (CAA)

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Group as finance for the costs of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

	2020/21 £000	2021/22 £000
Opening Balance	159,830	164,891
Direct Revenue Financing	7,992	3,132
Minimum Revenue Provision	2,259	2,156
Voluntary Revenue Provision	0	0
Revaluation reserve write down	5,663	6,418
Receipts on disposal of fixed assets	0	0
Carrying value of disposed assets	- 1,365	0
Less:		
Annual depreciation and impairment	-14,188	-11,066
Application of Government grant and capital contributions to finance capital expenditure	4,700	8,467
Application of reserves to finance capital expenditure		
Closing balance	164,891	173,998

IAS 19 Pension Reserve

See Note 47 on page 105.

Collection Fund Adjustment Account

This account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the general fund from the local authority Collection Funds.

	31.3.21 £000	31.3.22 £000
Balance at 1 April	3,266	2,529
Amount by which council tax income credited to the Comprehensive Income and Expenditure account is different from council tax income calculated for the year in accordance with statutory requirements	-737	13
Balance at 31 March	2,529	2,543

Accumulated Absences Account

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 PCC.

IAS 19 (Employee Benefits) requires the PCC 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. The accrual for untaken leave is charged to the provision of services, and reversed out through the Movement in Reserves Statement so that the leave is charged to the CIES in the financial year in which the holiday absence is taken.

The accumulated absences account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	31.3.21 £000	31.3.22 £000
Opening balance	- 34	- 28
Reversal of prior year accrual	34	28
Accrual for accumulated absences at year end	- 28	- 30
Closing balance	- 28	- 30

47 PENSIONS

Accounting Policy

Post employment benefits

Police staff are eligible to join the Local Government Pension Scheme administered by Buckinghamshire Council. This is a funded scheme. In 2021/22 the PCC paid an employer's contribution representing 16.6% 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 PCC is responsible for all pension payments relating to any added years' benefits, together with the related increases.

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 2.00% (2.00% in 2020/21).

Transactions relating to retirement benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income & Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

	2020/21 £000	2021/22 £000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services</i>		
• current service costs	365	550
• past service costs	0	0
• curtailment and settlements	0	0
• Administration expenses	5	5
 <i>Financing and Investment Income and Expenditure</i>	53	83
• Net interest on defined liability		
 <i>Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services</i>	423	638
 <i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• actuarial gains and losses and return on plan assets	2,536	-531
 <i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	2,959	107
 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	423	638
 <i>Actual amount charged against council tax for pensions in the year:</i>		
• employers' contribution payable to scheme	133	198

- retirement benefits payable to pensioners

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Funded liabilities: LGPS	
	2020/21 £000	2021/22 £000
Opening balance at 1 April	5,102	10,359
Current service cost	365	550
Past service cost	0	0
Interest cost	172	208
Contributions by scheme participants	89	88
Actuarial gains (-) and losses	2,536	-531
Benefits paid (net of transfers in)	- 142	-52
Historical adjustment between assets and liabilities	2,237	0
Closing balance at 31 March	10,359	10,622

Reconciliation of fair value of the scheme assets:

	2020/21 £000	2021/22 £000
Opening balance on 1 April	2,690	6,143
Interest on assets	119	125
Actuarial gains and losses (-)	974	437
Employer contributions, including unfunded benefits	181	193
Contributions by scheme participants	89	88
Benefits paid	- 142	-52
Administration expenses	- 5	-5
Historical adjustment between assets and liabilities	2,237	0
Closing balance on 31 March	6,143	6,929
Net Liability on LGPS	4,216	3,693

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 £0.437million.

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 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 2019.

The principal assumptions used by the actuary have been:

	2020/21	2021/22
Long-term expected rate of return on assets in the scheme:	21.8%	
Mortality assumptions		
• Longevity at 65 for current pensioners (years)		
Men	21.6	21.6
Women	25.0	25.0
• Longevity at 65 for future pensioners (years)		
Men	22.9	23.0
Women	26.4	26.5
Rate of inflation - CPI	2.80%	3.2%
Rate of increase in salaries	3.80%	4.2%
Rate of increase in pensions	2.80%	3.2%
Rate of discounting scheme liabilities	2.00%	2.6%
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.

Impact on the Defined Benefit Obligation

	LGPS	
	Increase in assumption £ 000	Decrease in assumption £ 000
Longevity (increase or decrease by 1 year)	382	(368)
Rate of increase in salaries (increase or decrease by 0.1%)	40	(40)
Rate of increase in pensions (increase or decrease by 0.1%)	209	(204)
Rate for discounting schemes (increase or decrease by 0.1%)	(245)	251

The LGPS assets consist of the following categories, by proportion of the total assets held:

	31 March 2021	31 March 2022
	%	%
Equities – UK	0	10
Equities - Overseas	55	52
Gilts	9	10
Bonds	15	14
Property	6	6
Cash	1	3
Alternative assets	1	2
Private Equity	4	4
Absolute return portfolio	4	0
Hedge funds	5	0
Total	100	100

48 NOTES TO THE CASHFLOW STATEMENT

Analysis of operating, investing and financing activities:

	2020/21	2021/22
	£000	£000
Operating activities		
Taxation	-200,149	-213,176
Grants	-347,591	-372,781
Sales of goods and rendering of services	-66,328	-74,569
Interest received	-1,062	-846
Cash inflows generated from operating activities	-615,130	-661,372
Cash paid to and on behalf of employees	435,438	492,471
Cash paid to suppliers of goods and services	153,180	129,123
Interest paid	1,941	1,930
Other payments for operating activities	0	0
Cash outflows generated from operating activities	590,560	623,525
Net cash flows from operating activities	-24,570	-37,847
Investing activities		
Purchase of property, plant and equipment and intangible assets	7,478	12,168
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-1,301	-2,274
Proceeds from short and long term investments	2,800	16,200
Other receipts from investing activities	-2,026	-10,717
Net cash flows from investing activities	6,951	15,377
Financing activities		
Cash receipts of short and long term borrowing	0	31,000
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	1,152	1,032
Repayments of short and long term borrowing	-7,000	-24,000
Net cash flows from financing activities	-5,848	8,032

Analysis of non-cash adjustments:

	2020/21	2021/22
	£000	£000
IAS 19 pension liability	-290	-505
Depreciation and impairment	-14,188	-10,555
Carrying amount of non current assets sold	-1,365	-2,003
Premium/discount on restructuring of debt	0	0
Amortisation of intangible assets	0	0
Other non cash items charged to deficit	5,102	8,883
(Increase)/decrease in provisions	0	0
Increase/(decrease) in stock	0	0
Increase/(decrease) in debtors	1,128	16,410
(Increase)/decrease in creditors	-553	-11,274
Total adjustment for non cash items	-10,167	957

Annual Governance Statement 2021/22

This Annual Governance Statement explains how the Police and Crime Commissioner (PCC) and Chief Constable for Thames Valley have complied with their published corporate governance framework for the year ended 31 March 2022, including plans for the financial year 2022/23.

A glossary of terms is provided at the end of the Statement of Accounts.

Due to the changed service delivery and governance circumstances created by the global pandemic, an insight into both specific issues arising from and measures put into place in response to COVID-19 are included in the 'Arrangements for Review of Effectiveness' section of this report, where relevant, with a further general update included as an Addendum.

SCOPE OF RESPONSIBILITY

Following the introduction of the Police Reform and Social Responsibility Act 2011 (the 2011 Act), 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. However, the 2011 Act gives PCCs responsibility for the totality of policing within their force area and requires them to hold their force Chief Constable to account for the operational delivery of policing.

Under the 2011 Act, the PCC is the recipient of all funding, including government grant, precept and other sources of income related to policing and crime reduction, and all funding for a force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, who provides professional advice and recommendations to the PCC. However, the PCC is ultimately accountable to the public for the management of the Police Fund.

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards of governance and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively in the discharge of his statutory duties and powers.

Both the PCC and Chief Constable are required to, and have, appointed chief financial officers who each have a fiduciary duty to the local taxpayer for securing the efficient use of public funds. Under the Local Government Act 1999 the PCC makes arrangements to secure continuous improvement in the way his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, including police officers and staff under his direction and control, remains operationally independent in the service of the public. In discharging his 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 Policing Protocol Order 2011 requires both the PCC and Chief Constable to abide by the seven principles of personal conduct set out in 'Standards in Public Life: First Report of the Committee on Standards in Public Life' (commonly known as the 'Nolan Principles'), i.e. 'Selflessness', 'Integrity',

‘Objectivity’, ‘Accountability’, ‘Openness’, ‘Honesty’ and ‘Leadership’. The Nolan Principles are incorporated into both the PCC’s Code of Conduct and the College of Policing ‘Code of Ethics’ that applies to every individual who works in policing, including the Chief Constable and PCC.

(Copies of the PCC’s Code of Conduct and the College of Policing’s Code of Ethics can be found at:

<https://thamesvalley.s3.amazonaws.com/Documents/Our%20information/Policies%20and%20Procedures/PCC%20and%20DPCC%20Code%20of%20Conduct%2029%20March%2017.pdf>.

https://www.college.police.uk/What-we-do/Ethics/Ethics-home/Documents/Code_of_Ethics.pdf)

In addition, from an organisational perspective, the PCC and Chief Constable have approved and adopted a Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA / SOLACE guidance ‘Delivering Good Governance in Local Government’ (<http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>)

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The governance framework comprises the systems and processes, and culture and values by which the PCC and Chief Constable discharge their responsibilities and through which the police service 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 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 Thames Valley Police (TVP) include:

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

The PCC and the Chief Constable have developed and approved a ‘Joint Corporate Governance Framework’ which clarifies the working relationship between the PCC, Chief Constable and their respective staff. This includes the code of corporate governance, the scheme of delegation and financial

regulations. The Framework is informed by the requirements of 'The Good Governance Standard for Public Services' and is consistent with the seven Nolan Principles of standards in public life.

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

Measures are in place to ensure that the PCC, Deputy PCC and employees of the Office of the PCC (OPCC) and TVP are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the Anti-Fraud, Bribery and Corruption Policy and guidance on the acceptance of gifts, loans and hospitality. Notifications of disclosable interests and a register of gifts and hospitality are published on the PCC's and the Force websites.

The PCC and Chief Constable have transparent and accessible arrangements for dealing with complaints received from the public.

The Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of TVP. PSD manages the application of police misconduct regulations, and the administration of complaints by members of the public against the quality of service they have received from the Force and/or the conduct of police officers and police staff below the rank of Chief Constable. The PCC has a statutory responsibility to undertake reviews (formerly known as 'appeals') of the handling and outcome of complaints made against the Force, where requested by complainants, to improve transparency and accountability on behalf of the public. Furthermore, complaints against the Chief Constable are dealt with by the PCC. The independent Thames Valley Police and Crime Panel (PCP) handles formal complaints made against the PCC.

A Professional and Ethical Standards Panel has been jointly established by the PCC and Chief Constable to facilitate the discharge of their respective statutory obligations around handling and monitoring of police complaints, and to ensure that issues relating to policing integrity, ethics and professional standards are independently considered in order to maintain public confidence in policing. It does this by providing an annual assurance report to the PCC and Chief Constable.

Both the PCC and Chief Constable are required to demonstrate respect for the rule of law and comply with relevant laws and regulations. To that end, both employ in-house legal advisors to provide assurance and guidance upon lawful decision-making. The PCC is independent of Force management and operational decision-making, which is the responsibility of the Chief Constable. Established mechanisms and guidance are in place to ensure that the PCC and Chief Constable do not breach or misuse their legal and regulatory powers inadvertently. The PCC and his Deputy (when appointed) are subject to the PCC's Code of Conduct and Oath of Office, and the Chief Constable (and all other individuals who work in policing) are subject to the College of Policing's Code of Ethics, both of which are consistent with the Nolan principles. The Chief Executive of the OPCC is also the designated statutory Monitoring Officer, and the OPCC Head of Governance and Compliance is Deputy Monitoring Officer, with responsibility for advising on the legality and appropriateness of the PCC's actions and decisions.

The PCC and Chief Constable create the conditions for all members of the OPCC and Force to be able to discharge their responsibilities in accordance with good practice. Guidance originating from the College of Policing and NPCC is disseminated Force-wide by the Learning and Development Team in People Services and/or the Policing Strategy Unit. Similarly, best practice for PCCs is obtained via the Association of Police and Crime Commissioners (APCC), Association of Policing and Crime Chief Executives (APAC²E) and Police and Crime Commissioners' Treasurers Society (PACCTS), and is disseminated amongst the OPCC.

The Force employs a Force Vetting Manager and team within the Professional Standards Department to ensure compliance with relevant national vetting standards.

B. Ensuring openness and comprehensive stakeholder engagement

The PCC has a statutory responsibility to consult the Chief Constable and obtain the views of the community and victims of crime about the policing of the Force area, and he must have regard to their views as well as the priorities of responsible authorities within the Thames Valley and relevant government bodies before issuing a police and crime plan.

The police and crime plan must be published by the end of the financial year in which the PCC is elected and, may be reviewed and revised, as necessary and appropriate, to ensure it remains relevant and fit for purpose. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public.

The PCC's 'Police and Criminal Justice Plan 2021-2025' discharges the above duties and sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered, over the four-year period of his current tenure of office. The delivery of his Plan is supported by the Force's Strategic Plan, the OPCC's internal Strategic Delivery Plan and the corporate Financial Strategy. The Police and Criminal Justice Plan has due regard to the Strategic Policing Requirement as issued by the Home Secretary and is developed in consultation with the Chief Constable, informed by the views of the local community, victims of crime and the priorities of other key stakeholders.

The independent Thames Valley Police and Crime Panel meets regularly to review and scrutinise the decisions and actions of the PCC and his performance in delivering the priorities and key aims contained in his Police and Criminal Justice Plan. It also meets specifically to consider the PCC's proposed annual council tax precept increase; Police and Criminal Justice Plan, Annual Report and any proposed senior appointments to the roles of Deputy PCC, Chief Constable, OPCC Chief Executive and OPCC Chief Finance Officer.

Arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements. These arrangements include a schedule of formal public and private meetings, i.e. regular public Performance and Accountability Meetings (formerly known as 'Level 1' meetings), with the reports and agendas published on the PCC's website, supplemented by regular fortnightly informal, private, liaison meetings between the PCC and Chief Constable (in respect of which minutes are taken but not published).

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

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

The PCC published his 2020/21 Annual Report last June (2021). This explained his main achievements during that financial year and provided information on operational and financial performance for 2020/21. His 2021/22 Annual Report is due to be published in June 2022.

The Chief Constable has prepared and published the TVP Strategic Plan. A performance update on the strategic plan is provided to the PCC's Performance and Accountability meetings every 8 weeks, in respect of which the agenda and papers are published on the PCC's website.

Key information about the Force, including the Strategic Plan, is published on the TVP website. Information about neighbourhood policing, partnerships and sponsors, corporate events and public misconduct or special case hearings is also published, including details of upcoming hearings and how to attend. The site also allows for crimes and road traffic incidents to be reported, feedback to be given or complaints made.

The PCC and Chief Constable regularly attend local authority council meetings across the Thames Valley and provide formal briefings to constituency MPs on topical policing and crime issues at both a local and national level. In addition, the Police and Crime Panel acts as a two-way mechanism to enable local authority Panel representatives to inform the PCC of their local policing and crime matters of importance to their respective authorities and communities, and to brief their authorities of the activities and initiatives of the PCC (and the Panel).

The PCC works with and part-funds local authority Community Safety Partnerships, Youth Offending Teams and Drug and Alcohol Teams across the Thames Valley to support crime reduction and community safety activities in their local areas. Such activities are aligned to the PCC's strategic priorities and key aims, as set out in his Police and Criminal Justice Plan, and are funded from the PCC's Community Safety Fund. Through working in partnership, these activities not only help the PCC to deliver his strategic objectives but also support partners in achieving their local priorities too.

The PCC is a member of the Thames Valley Local Criminal Justice Board, which meets regularly to consider and discuss the performance of the local criminal justice system and any issues or initiatives being addressed individually and collectively by the criminal justice agencies. The PCC has chaired this Board since January 2019. An Assistant Chief Constable (ACC) represents TVP on the Board.

The Force has appropriate mechanisms for engaging with a variety of external organisational stakeholders. The Chief Constable generally attends Local Authority Chief Executive's meetings annually, it is slightly different dependant on the area and the pandemic has altered the consistency of this over the last two years, but this is still the intention. The Chief Constable has delivered a presentation and answered questions in an open forum to each Council across the Thames Valley.

The South East Regional Integrated Policing (SERIP) Board meets quarterly to discuss regional change programmes and projects. All collaborative change programmes are supported by appropriate change frameworks to ensure appropriate governance processes are adopted and supported by standard products including risk and issue logs.

The OPCC and TVP 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.

In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. Furthermore, the decisions and actions of the PCC are subject to regular review and scrutiny by the Police and Crime Panel.

The Chief Constable has a statutory duty to make arrangements for obtaining the views of persons within each neighbourhood about crime and disorder in that neighbourhood. 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. Community Forums 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. In addition, the Force runs 'Cover It Live' on-line events

specific to themes or incidents, and has active social media outlets including Facebook and Twitter. The Thames Valley Alert system also enables electronic public engagement en masse.

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

The PCC's Police and Crime Plan sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered over his tenure of office.

The Chief Constable has published the annual TVP Strategic Plan, outlining a clear vision of the organisation's purpose, priorities and strategic intentions, taking account of the PCC's Police and Crime Plan and the Home Secretary's national Strategic Policing Requirement. Progress against the Force's strategic objectives (the seven 'Priority Outcomes') is assessed through focussed Strategic Plan success measures, and reviewed via the Service Improvement Reviews, Force Performance Group and Strategic Vulnerabilities framework.

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

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

There are also partnership arrangements in place with other agencies and stakeholders to manage vulnerability caused by the changing crime landscape, including Multi-Agency Safeguarding Hubs (MASHs).

The Medium Term Financial Plan (MTFP) and Medium Term Capital Plan (MTCP) ensure that planned activities to support the objectives of the PCC and Chief Constable are financially sustainable in the longer term. The Productivity Strategy is an integral part of the MTFP and identifies where savings and efficiencies can be achieved and hence more resources directed to priority areas. Service delivery is reviewed within the Force's Governance & Service Improvement (GSI) department, developing an understanding of present and future demand to inform organisational and operational strategies aimed at sustaining service delivery or improvement. The Effectiveness & Efficiency programme is the methodology adopted to identify the respective costs and priority of services to help direct investment into priority areas to achieve a sustainable service that balances effectiveness with efficiency, ensuring economic viability and public value.

Risk and business continuity matters are managed through a governance framework at a local and strategic level, to manage and mitigate threats to service delivery. Strategic Risk and Business Continuity is managed within the Force's Strategic Governance Unit, bringing together horizon scanning, local risk registers and change-programme risk and business continuity issues.

The Force and PCC both have a duty to consider the impact on equality of proposed changes to policies, procedures and practices. Equality Impact Assessments are routinely undertaken by TVP for policies and change programmes to assess impact internally and externally for staff, stakeholders and the public.

D. Determining the actions necessary to achieve the intended outcomes

The Force planning cycle incorporates the annual Force Management Statement, financial plans, workforce plans and the PCC's Police and Crime Plan to inform the Force's annual Strategic Plan.

Priority activities, measures and intended outcomes are proposed and approved through the Chief Constable's Management Team (CCMT), and monitored through the service improvement framework and quarterly updates to inform the PCC's Performance and Accountability meetings.

The Chief Constable maintains a rolling MTFP, which forms the basis of the annual budgets and provide a framework for the evaluation of future proposals. These are accompanied by mid-term workforce plans, managed by the People Directorate.

Decision-making at all levels of the Force is undertaken within the framework of the National Decision Model, which has the Code of Ethics at its core. The National Decision Model was introduced to ensure a greater focus on delivering the mission of policing, acting in accordance with values, enhancing the use of discretion, reducing risk aversion and supporting the appropriate allocation of limited policing resources as the demand for them increases. Both are now fully embedded in the Force, to ensure officers have the tools to act lawfully in their decision making and to enable them to use their full powers for the benefit of citizens, communities and other stakeholders.

With regards to change programmes, Force change proposals are governed through the Change Governance Meeting, which co-ordinates and prioritises proposals, assessing them against the organisation's strategic objectives, capacity and financial capability. Each proposal is captured through an application then, if appropriate, a business case. Bi-lateral projects and programmes, or those requiring the support of a collaborated unit to deliver, and governed through a Joint Change Governance board with representation from Thames Valley Police, Hampshire Constabulary and collaborated units.

In-flight programmes are managed by a Programme Board, chaired by a Senior Responsible Officer. Updates inform the Joint Portfolio Meeting and run collaboratively with Hampshire Constabulary, to enable co-ordination, planning and the oversight of resources from enabling departments to achieve the desired outcomes. All programmes and projects have strategic oversight through the Force Transformation Board, DCCs Collaboration Board, and respective Chief Officer Groups. Collaborated programmes have consideration to and management of shared risks and issues.

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 MTFP and a MTCP, which are reviewed throughout the financial year alongside the OPCC's reserves to provide an effective financial probity framework for decision making. The MTFP and MTCP are closely aligned to the PCC's Police and Criminal Justice Plan and the Force Strategic Plan. The PCC approves the MTFP and the MTCP as well as the Force's annual budgets. The Police and Crime Panel must review the PCC's proposed council tax precept increase and make recommendations to the PCC before he formally sets the annual budget in February each year. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is presented to the PCC's regular public Performance and Accountability meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website as well as being reviewed regularly by the CCMT).

The Productivity Strategy forms an integral part of the MTFP and incorporates the outcomes of initiatives such as Effectiveness & Efficiency or the Estates Asset Management Plan. Under the Productivity Strategy, £3.5m of cash savings were identified and removed from the revenue budget during 2020/21.

Force and Local Police Area Tasking and Co-ordination Group processes enable the regular review of operations, performance and resource deployment in an operational setting. CCMT provides strategic oversight for performance against Strategic Plan measures and priorities, as well as financial plans and asset management plans.

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

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 matters and treasury management, is sourced externally, as this is more practical and cost-effective.

Chief Officers have clearly defined leadership roles and are responsible for implementing strategy and managing the delivery of services within their respective portfolios.

Officers and staff manage their performance and continuous development through the Performance Development Review framework. An annual assessment of competencies and objectives linked to Strategic Plan outcomes is supported by interim reviews and a requirement for officers and staff to undertake Continuous Professional Development. The framework also allows for the management of unsatisfactory performance or attendance where it is identified. The Force has a stated Health and Wellbeing Strategy, along with a workforce plan focussed on recruitment, retention and resilience. Progress on becoming increasingly representative of the communities the Force serves is also an area of focus. The Force is committed to being considered an employer of choice.

Chief Officers have promoted a learning environment climate focussed on continuous service improvement, recognising the importance of independent and peer review when needed. Integral to this is the identification of lessons learned, recommendations and identified areas for improvement through end of project / programme closure reports undertaken before transitioning to business as usual, results analysis, individual management reviews, serious case reviews and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) audit / inspection processes.

The PCC has received appropriate induction training. As the PCC has a power to appoint a Deputy to assist him discharge his statutory functions, where appointed the Deputy PCC will also receive appropriate induction training. Ongoing training and development for the PCC (and the Deputy PCC where appointed) includes attendance at appropriate national conferences and seminars.

The PCC has also implemented a staffing structure within the OPCC to ensure it has the necessary capability and capacity to support him deliver his statutory functions, such as commissioning services for victims and witnesses. 'Victims First' is the overarching name for all the PCC's services in providing support for victims of crime.

The PCC reviews the workload and performance of his office via the internal OPCC Strategic Delivery Plan, which allows him to monitor activities and identify workload priorities and staffing capacity needs in accordance with the delivery of his strategic priorities.

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). The Chief Constable and his fellow chief officers are members of the National Police Chiefs' Council (NPCC).

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

The Chief Constable, officers and staff all recognise that risk management is an integral part of their daily function, in operational, corporate and change environments. The Risk Management Policy is supported by the Risk and Business Continuity Communications Strategy. The management of risk is governed through the Force Risk Management Group, which exists to oversee strategic risk management and business continuity processes; take ownership of strategic risk issues; delegate actions to appropriate risk managers; accept strategic risk reports and recommendations through the

Governance and Service Improvement department, authorise actions and allocate resources where necessary.

The PCC and Chief Constable monitor service delivery effectively via their respective performance regimes.

The PCC has a duty to hold the Chief Constable to account for the performance of TVP generally. The PCC has therefore implemented an effective scrutiny and oversight function. He holds quarterly public 'Performance and Accountability' meetings at which the Chief Constable is required to demonstrate that the Force is performing against the strategic priorities and key aims in the PCC's Police and Crime Plan, the Home Secretary's Strategic Policing Requirement and the Force's own Strategic Plan. Similarly, the PCC meets monthly with the Chief Constable on a private, informal, basis to review and discuss more regularly the general performance of the Force against topical national, regional and local issues. The PCC maintains an HMICFRS tracker to follow up on any risks to the performance of the Force that have been highlighted by HMICFRS inspections.

The OPCC provides an update against its internal Strategic Delivery Plan to the PCC via the OPCC Strategic Management Group monthly meetings and quarterly Performance and Accountability meetings. The PCC therefore receives regular reports on service delivery plans and on progress towards outcome achievement of the priorities and aims set out in the Police and Criminal Justice Plan.

The Chief Constable holds a quarterly Performance Group meeting together with his management team, regularly attended by the PCC as an observer, in which the Chief Constable reviews performance of the Force against the annual Strategic Plan. The Service Improvement Review framework is a comprehensive schedule of LPA or Departmental review meetings, starting with a period of fieldwork, and culminating with a meeting, chaired by the DCC with attendance from the local command team, to review findings and set actions. A performance update against the Force Strategic Plan is considered quarterly at CCMT meetings. This same meeting determines and monitors Force strategy, policies and performance. Gold Groups are set up and managed in response to particular areas of vulnerability or to manage particular areas of performance as necessary, for example in response to a critical incident.

The Chief Constable has implemented monthly Demand & Performance meeting, chaired by DCC, attended by ACC of crime and ACC LP, the FCR and 3 Chief Superintendents. The meeting reviews the Demand and Performance paper. In addition, the Improvement and Innovation meeting has also been set up, chaired by the DCC, in which constructive challenge and debate on recommendations, thematic operational policies and procedures is encouraged. There are been 10 meetings this year. The findings of these meetings are fed into the Chief Constable's Performance Group or CCMT.

The Force Risk Management Group oversees risk management within the Force and is chaired by the Chief Constable. The Group focusses on strategic risks but also monitors risk management processes across the Force, including within change programmes. The OPCC maintains its own strategic risk register.

A Joint Independent Audit Committee (JIAC) operates in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Home Office Financial Management Code of Practice. The JIAC's main role is to provide assurance to the PCC and Chief Constable that the corporate internal control and governance framework, including risk management, is operating adequately and effectively. It does this by providing an annual assurance report to the PCC and Chief Constable. The JIAC meets in public, and reports and minutes are placed on the PCC's website.

Effective counter-fraud and anti-corruption arrangements are in place and are monitored, in the main, by the Force's Professional Standards Department. The Anti-Fraud, Bribery and Corruption Policy is

updated every two years and is considered and endorsed by the JIAC before formal publication. It was last updated in December 2020.

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

The Force manages its information in accordance with the Data Protection Act 2018 and the General Data Protection Regulation, the Freedom of Information Act 2000 and the Code of Practice on the Management of Police Information. This is overseen by the Information Governance Board chaired by the Chief Information Officer (who also holds the position of Senior Information Risk Owner). The Joint Information Management Unit leads on information compliance for both TVP and Hampshire Constabulary (HC) and ensures that appropriate policies and procedures are in place. The Joint Information Management Unit is also responsible for providing guidance on lawful sharing of information with partners, completion of Data Protection Impact Assessments and maintains a library of Information Sharing Agreements. Information Asset Owners have been appointed to manage the risks to specific information types, supported by a network of data guardians. National Centre for Applied Learning Technologies (NCALT) training packages on the Code of Practice on the Management of Police Information and the Government Security Classification policy are mandatory for all officers, staff and volunteers who have access to information and completion rates are monitored by the Information Governance Board.

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.

Financial management arrangements

The annual financial strategy and the capital strategy for the forthcoming financial year are approved in November each year.

The Chief Constable produces a MTFP and a MTCP which are regularly reviewed during each financial year and form the basis of the annual budgets, to provide an effective framework for decision making. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is regularly reviewed by the CCMT as well as being presented to the PCC's regular public Performance and Accountability meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website).

The Productivity Strategy is an integral part of the MTFP, challenging the effectiveness of the force and identifying savings and efficiencies to help balance the budget whilst achieving the PCC's and Chief Constable's objectives. £3.7m of cash savings were identified and removed from the revenue budget during 2021/22. The delivery savings within the Productivity Strategy are monitored as part of the regular financial monitoring.

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 JIAC and also provides an independent opinion on the adequacy and effectiveness of the risk management, control and governance processes.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the PCC and the Chief Financial Officer of the Chief Constable (March 2021). These local financial management arrangements will be reviewed and updated to ensure compliance with the new Financial Management Code issued by CIPFA.

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

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

The PCC's decisions and actions are scrutinised by the Police and Crime Panel, which includes reviews of significant documentation produced by the OPCC for the benefit of the public.

The PCC complies with the Elected Local Policing Bodies (Specified Information) Order 2011 (as amended) and publishes required information on his website. Decisions of significant public interest made by the PCC are published in accordance with a template that ensures they are easy to access and interrogate. Similarly, public reports are compiled in accordance with best practice and scrutinised by the JIAC. Furthermore, the OPCC (and TVP) has reviewed its compliance with the new legal requirements of the Public Sector Bodies Accessibility Regulations 2018 and taken all reasonable steps to help make sure our online services are accessible to all users, including disabled people.

The Chief Constable's Corporate Communications department oversee communications to the public on behalf of the Force. In doing so they abide by the corporate style guide, which is designed to ensure communications are issued in an understandable style appropriate to the intended audience. In addition, the PCC has his own communications team.

The PCC and Chief Constable both report at least annually on performance, value for money, and the stewardship of resources to stakeholders in a timely and understandable way.

The PCC and Chief Constable maintain a process to assess the extent to which the organisation is applying the principles contained in the Framework of Corporate Governance and publish the results of that assessment in the Annual Governance Statement, including an action plan for improvement and evidence to demonstrate good governance in action.

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

The PCC and Chief Constable ensure that all accepted recommendations for corrective action made by external audit are acted upon.

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

Both the PCC and Force are subject to external independent scrutiny and review, through the external audit of their financial statements, systems and management arrangements, and through the inspection of policing performance by HMICFRS. The resultant audit and inspection reports are published on both the PCC and TVP websites.

HMICFRS is charged with independently assessing the effectiveness, efficiency and legitimacy of police forces and fire and rescue services, in the public interest. The PCC is required to publish a response to formal reports issued by HMICFRS. The Force engages fully with the cycle of Police Effectiveness, Efficiency and Legitimacy (PEEL) inspections, Joint Targeted Area Inspections and Thematic Inspections as required.

The PCC and Chief Constable make best use of peer challenge, reviews and inspections from regulatory bodies and professional partners (e.g. College of Policing) and implement agreed recommendations.

Before delivering key services through third party suppliers, the PCC and Chief Constable gain assurance on risks associated with service delivery and subject these arrangements to regular review.

When working in partnership, the PCC and Chief Constable ensure that the arrangements for accountability are clear and that the need for wider public accountability has been recognised.

ARRANGEMENTS FOR REVIEW OF EFFECTIVENESS

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

a) The Police and Crime Commissioner

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

- produce and publish a five-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- set the annual policing budget and council tax precept;
- secure the maintenance of an efficient and effective police force;
- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- undertake reviews (formerly known as appeals), where requested by a complainant, of the handling and outcome of their complaints made against the Force;
- handle complaints made against the Chief Constable;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the Force area;
- commission victims' support services;
- power to take on the responsibility for the governance of fire and rescue services within the Force area; and
- produce and publish an annual report.

The following key governance activities took place during 2021/22 and demonstrate how the PCC has discharged these powers and duties during that year:

- The updated framework for corporate governance was approved on 30 March 2021.
- The PCC allocated £3.0m from his Community Safety Fund in 2021/22 to help improve community safety and crime prevention across the Thames Valley. £2.7m was allocated to local authorities and £0.3m was retained by the OPCC to help fund Thames Valley-wide initiatives.
- The PCC published his 2020/21 Annual Report in June 2021 to highlight major achievements during that financial year and to report on operational and financial performance during 2020/21.
- In July 2021 the OPCC published its Strategic Delivery Plan for 2021/22. This is an internal OPCC management action plan that supports the PCC to monitor the delivery of both policing and non-policing activities, targets and measures within the Police and Crime Plan. Progress reports were presented to the PCC in public meetings on a regular basis throughout the year and the Plan is reviewed and updated each year.
- During the autumn of 2021 the PCC worked closely with the Chief Constable to update the MTFP (2022/23 to 2024/25). He submitted his budget and council tax proposals for 2021/22 to the Police and Crime Panel on 28th January 2022. The Panel endorsed his £10 (or 4.3%) increase in Band D council tax.

- 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 and the National Police Air Service).
- The PCC has been actively engaged in the scrutiny of major Force business change programmes such as Contact Management Platform (CMP) and Equip (Enterprise, Resource Planning), which were both escalated to the relevant collaboration governance boards.
- Four PCC public Performance and Accountability meetings (formerly known as 'Level 1' meetings) were held in 2021/22, supplemented by fortnightly private and informal liaison meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account.

b) The Force

The CCMT met on 15 occasions as part of the strategic governance framework. In addition, CCMT met far more regularly than in previous years to incorporate effective governance of decision-making and the need for organisational change specific to COVID-19, alongside determining and monitoring Force strategy, policies and performance. This also included finance and strategic planning sessions. The Joint Chief Officers Group (TVP and HC) met formally on 2 occasions during 2021/22 to determine and monitor collaborated strategy, policies and performance, with one meeting focused on the joint annual planning bids.

In response to COVID-19, the Operation Restore command structure was implemented in February 2020. Through Op Restore, the Force worked together with Local Resilience Forum partners to contribute to the Multi agency response to COVID-19. May 2021 saw the implementation of the Operation Renew Command Structure with a C/Supt Gold Commander in place.

Governance structures incorporated internal arrangements for the safety and wellbeing of officers and staff, as well as external arrangements for the enactment of new legislation and the continuity of policing services to the public.

A risk-register specific to tactical COVID-19 considerations was established and reported through Gold. Strategic COVID-19 risks were incorporated onto the Strategic Risk Register, presented to CCMT monthly. The Strategic Risk Register and Business Continuity incidents are reviewed on a quarterly basis at CCMT. Existing business continuity plans were reviewed and revised to reflect the challenges of the pandemic as it developed. Alongside this, regular reporting of key performance indicators for sickness absence, resilience, crime, Fixed Penalty Notices and intelligence were delivered.

Beyond COVID-19, among the key discussions during the year was the review of the MTFP, MTCP, the PCC reserves and the Asset Management Plan, as part of the annual budget cycle. The financial plans were considered several times and the associated decisions facilitated the formal approval of the Revenue Estimates and Capital Estimates 2021/22 by the PCC at his Level 1 meeting on 19th January 2021. As part of the annual budget process the Productivity Strategy was reviewed and continues to play an important role in identifying options to address the budget shortfall and ensure the use of resources is focused on priority areas. Delivery of the outcomes from the Effectiveness & Efficiency Programme remains a central aspect of productivity.

CCMT reviews finance and workforce planning, performance and HMICFRS activity on a regular basis. Strategic Risks and Business Continuity are included quarterly. Other significant areas of note discussed in 2020/21 include CPS Strategic Priorities, Traumatic Risk Incident Management, Detective Recruitment and Senior Appointment Boards. The Strategic Plan success measures are reviewed comprehensively at the Operational and Organisational Force Performance Group meetings that are held on a quarterly basis.

The Force Transformation Board met every other month to review all in-flight change programmes in the Thames Valley only portfolio including Recruitment & Retention, the Front-End Demand programme and the Endeavour Programme (to achieve outstanding investigation). The Joint DCC Collaboration Board met every other month as part of the governance for all bi-lateral programmes including Contact Management Programme, RMS and Digital First. The regional SERIP board met to review the

Emergency Services Mobile Communications Programme (ESMCP). These governance boards are in addition to the regular programme boards chaired by each programmes' Senior Responsible Owner.

Following the conclusion of the Tri-Force Equip programme 1 February 2021 the JIAC received a comprehensive analysis of the Tri force lessons learnt report at its December meeting, changes in governance since the initiation of the Equip programme were noted alongside progress on implementing the points highlighted. The Next Steps programme board met on 11 occasions to manage the delivery of the upgrades to the existing systems. The APTOS financial system was upgraded on 16th February 2022. These upgrades address the risks reported in the strategic risk register.

Both CCMT and Force Transformation Board are aligned to bilateral forums including Joint Chief Officer Group and DCCs Collaboration Board, and regional forums such as SERIP. Significant areas of scrutiny included CMP and Equip.

The Governance & Service Improvement department continues to draw together corporate and strategic elements of the organisation. The over-arching function is to provide a central point of co-ordination, governance, strategy, policy and guidance development, change delivery, and the provision of internal evaluation of delivery including the identification of opportunities for continuous improvement.

HMICFRS have adapted their Integrated PEEL methodology, and were due to launch the new inspection process in 2020. As a result of COVID-19, all HMICFRS activity was suspended from March to September 2020. The Force was notified in January 2021 that it would be subject to a PEEL inspection during the course of the 2021/22 year, including a Victim Services Assessment in May and culminating in fieldwork in November 2021. The current inspection report was published 28 April 2022 and looks at police effectiveness, efficiency and legitimacy. The findings show the force has improved in many areas, although there is more we need to do to increase our service to the public. The report shows that TVP are a good force and of the nine sections graded within the report, Thames Valley Police were found to be 'Good' in three sections and 'Adequate' in four sections, this is a new grading which means that we meet the standards expected. We received a grading of 'Requires Improvement' in two areas. There were no areas considered 'Inadequate'. At this time of increased public scrutiny around policing, it is a positive message that the force was recognised as having a strong, ethical and inclusive culture. In particular, the efforts being made to treat people fairly both inside and outside the force were recognised. We were also commended on our innovative approach, which is due to our staff seeking ways in which to improve our knowledge, and provide a better service for our communities

Due to previous areas for improvements identified on 'Crime Data Integrity' (CDI), the Force continues to address the shortcomings identified in the CDI inspection through a dedicated Gold Group, overseen by the DCC. Due to significant improvements made, these meetings will be quarterly from January 2022. The action plan is routinely reviewed, and supported by regular audits and a dedicated resource to drive improvements.

All recommendations and areas for improvement from inspection activity have been actioned and are tracked and updated through a local database and the HMICFRS monitoring portal. The Improvement & Innovation meeting, chaired by the DCC, has been established to provide governance, leadership and drive to continuously improve and innovate in support of the Force's strategic aims; central to this is the timely delivery of improvement activity and the identification, sharing and adoption of organisational learning from all areas, reviews and inspections. This forum will ensure accountability, co-ordination, and timeliness of action. There have been 10 meetings in 2021/2022.

c) The Joint Independent Audit Committee

During 2021/22 the JIAC met five times to consider the external audit and internal audit plans for 2021/22, as well as receiving timely updates in terms of risk management and business continuity. The JIAC also received regular briefings, including appropriate written reports, during the year from the PCC, Chief Constable and relevant senior officers. This included specific updates on the Equip programme. JIAC members also attend Force working groups (including the Force Transformation Board, TVP/HC Bilateral Governance Board and Performance Group) and other panel meetings

(including the Professional and Ethical Standards Panel) as observers to gain a greater understanding of current governance, operational and risk activities and to assist their judgment of the adequacy of the overall Corporate Governance Framework.

The JIAC's Annual Assurance Report for 2021 was presented to the PCC and Chief Constable at their JIAC meeting on 17 December 2021. At that time the JIAC was able, based on the information that they had considered collectively or knew about individually, to give assurance to the PCC and Chief Constable that the risk management and internal control environment in Thames Valley was operating efficiently and effectively.

d) **The Governance Advisory Group**

A joint OPCC/TVP officer governance group (the 'Governance Advisory Group') operates 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.

The Joint Corporate Governance Framework for 2021/22 was approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 30 March 2021.

The Governance Advisory Group also developed this joint Annual Governance Statement for 2021/22.

e) **Internal Audit**

The annual report of the Chief Internal Auditor for 2021/22 was presented to the JIAC on 17 June 2022. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

As at March 2021, the 2021/22 Joint Internal Audit Plan had been collated and was endorsed by the JIAC.

The 2021/22 Joint Internal Audit Plan has been completed and on the basis of this work, the opinion of both organisations' governance, risk and control frameworks is '**reasonable assurance**'. The governance, risk management and control arrangements are good, although some action is required to improve efficiency or effectiveness. The opinion demonstrates a good awareness and application of effective risk management, control and governance to facilitate the achievement of both organisations' objectives, outcomes and delivery of services. Areas were identified through our work where the design or effectiveness of arrangements in place required enhancing or strengthening. Where these areas were reported, management responded positively, identifying appropriate actions to address the risks raised.

At a statistical level, the opinion represents a slight reduction compared to the previous year with more limited assurance ratings and fewer substantial / reasonable outcomes. However, as the Joint Internal Audit Plan does not include the same audits year on year, this cannot be taken as a direct comparison.

In terms of the implementation of audit actions and mitigation of risk, progress continues to be very good across both organisations with the number of actions completed consistently being in excess of 80%.

As in previous years, to support this year's opinion additional sources of assurance were utilised where they provided commentary on the effectiveness of the organisations' governance framework or general management of risk. The assurances obtained provided a positive view of the organisation's arrangements and supported the overall opinion of reasonable assurance.

Overall, the opinion is very positive considering the challenges both organisations have faced during 2021/22 and the continuing Covid-19 pandemic.

f) External audit

In December 2021, EY issued unqualified audit opinions in respect of the 2020/21 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.

g) Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)

During 2021/22 HMICFRS published a number of reports with respect to inspection activity, research or super-complaints. These are considered by the Force via the DCCs Innovation & Improvement meeting. All reports are publicly available on the HMICFRS website.

Below are the inspections reports that contain recommendations or areas for improvement for policing (specific to TVP or nationally). All inspection reports that contain recommendations for the Force require the PCC to publish a formal response within 56 days of the publication of the report, with the exception of reports resulting from super-complaints:

Date published by HMICFRS	National / Force Report	Report Types	Report Title	Date CC Reported to PCC	PCC Response to HMICFRS: Y/N
20-Apr-21	National	COVID-19 Thematic	Custody services in a COVID-19 environment	24.06.21	Y
20-Apr-21	National	COVID-19 Thematic	Policing in the pandemic - The police response to the coronavirus pandemic during 2020	24.06.21	Y
26-May-21	National	Super Complaint	Report on Hestia's super-complaint on the police response to victims of modern slavery	24.06.21	Y
23-Jun-21	National	COVID-19 Thematic	Review of policing domestic abuse during the pandemic - 2021	24.06.21	Y
07-Jul-21	National	Thematic	Interim report: Inspection into how effectively the police engage with women and girls	26.11.21	Y
15-Jul-21	National	Thematic	Neurodiversity in the criminal justice system: A review of evidence	N/A	N/A (Review report – no recommendations)

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16-Jul-21	National	Thematic	A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase one: From report to police or CPS decision to take no further action	31.03.22	Y*
25-Feb 2022	National	Thematic	A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge	31.03.22	Y*
21-Jul-21	National	State of Policing	State of Policing: The Annual Assessment of Policing in England and Wales 2020	N/A	N/A Review report – no recommendations
28-Apr 22	Force	PEEL	PEEL 2021/22 Police effectiveness, efficiency and legitimacy An inspection of Thames Valley Police	N/A	N/A

The PCC (or OPCC) is invited to attend the Strategic Brief at the start of inspection activity and the de-brief provided by HMICFRS following each inspection. Alternatively, the Chief Constable may provide the PCC with a briefing following an HMICFRS inspection.

h) Risk management and business continuity

The Force Risk Management Group met four times during 2021/22 as part of the CCMT strategy meetings. High level strategic risk management and business continuity issues were reported to the JIAC on a timely basis. As at 31st March 2022 there were 28 risks on the Strategic Risk Register with mitigating actions, 8 of which are strategic risks caused by COVID-19.

Business continuity incidents, categorised by impact, were detailed in quarterly reports to CCMT and then the JIAC, including measures taken to minimise their impact. Issues reported primarily related to ICT loss of service and estates issues. The JIAC also received information on exercises to test business continuity plans, which now include key learning points.

All risks at a local and strategic level have clear ownership, are regularly reviewed and rescored according to the risk matrix, and allocated the appropriate risk action – tolerate, treat, transfer, terminate. Risks to collaborated programmes or areas under bi-lateral governance feature on both Forces' registers.

Risk and Business Continuity were central to the Force's response to COVID-19. All Business Continuity plans were reviewed and invoked as appropriate. Also, the Force established a COVID-19 specific risk register and contributed to the Local Resilience Forum's COVID-19 risk register. Risk and Business Continuity were reviewed weekly by the Gold Commander, and monthly by CCMT during the COVID period.

i) Health and Safety and Environmental Management

Copies of the Health & Safety Management Policy are accessible to all staff via the Intranet, and displayed on the health and safety notice boards in all TVP premises.

The Health & Safety Annual Report was taken back to JIAC in 2021 for scrutiny and was signed off along with the Wellbeing report. The report covered the key management areas specified within the revised 2013 publication HSG65 'Successful Health & Safety Management' (Appendix A) and documented the continuous improvement of Thames Valley Police policies and procedures for the effective management of health and safety.

Health & Safety considerations, requirements and issues were incorporated into the COVID-19 Silver command governance structure, and reported into the Gold Commander.

The Health and Safety Governance arrangements and structures are currently under review with changes likely to be implemented in 2022.

j) Ethics and Integrity

A protocol between the PCC and Chief Constable provides the PCC with overview and scrutiny of complaints handling by the Force. The Professional and Ethical Standards Panel (previously called Complaints, Integrity and Ethics Panel) meets every two months and reports jointly to the PCC and Chief Constable. The Panel conducts an assessment of how the Force deals with complaints and provides a challenge and support role in respect of how the Force respond to ethical issues.

During the last 12 months, some of the issues the Panel challenged were Taser use, in particular key improvements through learning taken in response to the IOPC report. The Panel also considered the key community policing challenges and issues faced, including disproportionality in the BAME community. Other matters include TVP perspective on HMIC Stop & Search being that statistics show that in 2019/20, Black, Asian and Minority Ethnic (BAME) people were over four times more likely to be stopped and searched than White people; for Black people it was nearly 9 times higher. Disproportionality of complaints against BAME officers and the ethical issues regarding the prosecution of rape were also discussed.

The Panel's Annual Assurance Report for 2021 was presented at the Performance Accountability meeting on 31 March 2022. This 2021 Report highlighted that the Panel had scrutinised matters including the following themes:

- Ethics of relationships within TVP.
- Wellbeing of officers subject to misconduct hearings.
- Protective monitoring of police computer use.
- Dismissal of a former officer for Covid breach and dishonesty.
- Proportionality of severity assessments.
- Use of social media by officers.

The Panel was able to provide an assurance to the PCC and Chief Constable that the complaints handling and management arrangements in place within TVP are operating efficiently and effectively.

The Force also has an internal Ethics & Integrity Board, chaired by the Head of the Professional Standards Department (PSD), which meets quarterly. The Force has recruited a dedicated Ethics

Researcher, supporting the Ethics & Integrity Board. The Ethics Champions network has been rejuvenated, and now meet regularly to discuss ethical considerations or concerns raised from across the Force.

Policies are reviewed by the Strategic Independent Advisory Group to provide feedback on accessibility and raise ethical considerations. These are then taken to the Professional Ethical Standards Panel as necessary and appropriate.

The Chief Constable continues to promote the fundamental importance of TVP officers and staff employing the highest professional standards, principles that are embodied and enforced through the Code of Ethics. All police officers and staff have been required to complete an on-line training package and attend a dedicated Code of Ethics training session. All new Officers and staff receive training on the Code of Ethics as part of their induction.

During 2021/2022, 2 Panel members have resigned and 2 new Panel members appointed. As such, the Panel now consists of 8 members and no further recruitment is anticipated during the coming year.

During 2020/21 the PSD received and processed 3,401 complaints and 131 conduct matters, and held 25 misconduct meetings and 24 misconduct hearings in accordance with the statutory scheme. From 1st February 2020, following implementation of the new Regulations, as per the Policing and Crime Act 2017, the criteria for recording complaints and the definition of a complaint has changed and this change will be reflected in the above figures. In addition, the OPCC itself handled 12 complaints made against the Chief Constable and received 331 requests for complaint reviews in accordance with the statutory police complaints scheme.

k) Thames Valley Police and Crime Panel

During 2021/22 the independent Police and Crime Panel (PCP) met on 4 occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2020/21 year, and scrutiny and consideration of the PCC's 2022/23 budget and council tax precept proposals. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the previous PCC's Police and Crime Plan strategic priorities and key aims, including the contribution made by other partner agencies, and updates on matters of topical interest to the Panel.

In addition, the Panel operates a permanent Complaints Sub-Committee as well as ad-hoc task and finish working groups. During 2021/22 the Chief Executive of the OPCC, acting under delegated authority on behalf of the PCP, referred 6 complaints against the PCC/Deputy PCC to the PCP for consideration by them under the statutory scheme. None of these complaints were upheld.

The Panel itself published its own 2020/21 Annual Report in June 2021.

l) Collaboration and partnership working

The joint TVP and HC Bi-lateral Collaboration Governance Board formally met twice during 2021/22. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Contact Management, Joint Operations Unit, Joint ICT and Joint Information Management) as well as development of collaborated change programmes. Updates are provided on new collaborative opportunities being explored. These formal meetings were supplemented by specific briefings for the PCCs and senior officers as appropriate on the Contact Management Platform (CMP) programme. In addition to the Governance Board, the Joint Chief Officer Group met three times during 2020/21.

Governance of collaboration between forces across the South East region is undertaken by chief police officers at the SE Regional Integrated Policing (SERIP) Board, and by PCCs and chief constables at the Regional Governance Board. The respective Deputy Chief Constables (DCCs) specifically govern

this meeting (with one of them chairing and the others attending). Four meetings of the regional governance board were held during 2021/22. The South East Regional Organised Crime Unit, hosted by TVP, brings together the regional organised crime units under one structure. It is operationally aligned with the Counter Terrorism Policing South East unit. A regional Assistant Chief Constable (ACC), who reports directly to the Chief Constable of TVP, exercises overall command of the regional crime and counter terrorism functions. This ACC also represents serious organised crime at the South East Regional Governance Board and nationally with the National Crime Agency and other key stakeholders.

m) **Conclusion**

The work carried out by the Governance Advisory Group to review the Joint Corporate Governance Framework itself, and how it has been applied in practice over the financial year 2021/22, has informed the latest review of the Framework which was approved in March 2022. Consequently, the PCC and Chief Constable will be able to satisfy themselves that key governance structures supporting the discharge of their responsibilities have and continue to receive effective scrutiny.

SIGNIFICANT GOVERNANCE ISSUES

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

There were no significant actual or potential governance issues identified in respect of the 2020/21 year AGS which were due to be monitored during 2021/22.

There are currently no significant actual or potential governance issues identified in respect of 2021/22 'business as usual' activities. Accordingly, the Governance Advisory Group is satisfied to the best of its knowledge that no material breaches of the governance arrangements occurred in 2021/22 and there are no significant weaknesses in the internal control and governance environment.

The coronavirus pandemic (COVID-19) impacted on operational and governance arrangements initially in March 2020 but remedial business continuity measures and alternative operational management arrangements are now bedded in as 'business as usual'. Nevertheless, as we need to ensure that the AGS is current at the time of publication, it is essential that the AGS also reflects any residual ongoing impact of COVID-19 on the adequacy and effectiveness of our governance framework and arrangements.

To that end, the Addendum to the AGS specifically addresses the challenges and impact of COVID-19 on our governance and our response to it. No significant governance issues were identified in respect of 2021/22 and no potential significant governance issues have been identified for specific monitoring during 2022/23.

However, as identified in the attached Addendum, the impact on governance arising from the COVID-19 crisis, and from the changed environment in which TVP is operating, remains ongoing at the time of publication of this document.

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In any event, the governance arrangements of the PCC and the Chief Constable will remain under review at least annually over forthcoming financial years.

Matthew Barber
Police and Crime Commissioner

Paul Hammond
Chief Executive
(Monitoring Officer)

Ian Thompson
Chief Finance Officer and
Deputy Chief Executive

ADDENDUM

REFLECTING THE CHALLENGES FROM CORONAVIRUS

The organisational response to COVID-19 has meant that there have been no significant changes or impacts on existing governance arrangements. The two organisations have adjusted the way that services and governance have been managed and delivered, but not substantially changed the framework of delivery and the range and quality of services delivered.

a) Impact on business as usual in the delivery of services**TVP**

Business Continuity was a central strand of the structure, quickly establishing critical functions for each policing function (operational and organisational). Resilience and abstraction rates were reported into the Gold Commander on a daily basis, alongside the operating status for each business area. An assessment of each business area's ability to deliver its critical functions was produced using the following scale:

- Blue – business as usual - no functions disrupted other than normal demand deviations and levels of sickness.
- Green – moderate temporary impact - there are some occasions where demand is exceeding capacity or where there are abnormal levels of sickness and absenteeism.
- Amber – moderate sustained impact – crucial activities cannot be sustained due to demand being exceeded or where there are levels of sickness which require non-critical activities being re-deployed for a sustained period of time.
- Red – severe impact – inability to meet demand or there are significant levels of sickness / absenteeism, resulting in officers and staff being deployed from 'desirable' critical services.

Policies and processes were reviewed to enable a more agile approach to delivering services. Widespread roll-out of mobile devices and improvements to the ICT network enabled a significant proportion of the workforce, where it was possible to do so, to keep working from home to achieve social-distancing or when in self-isolation.

In conjunction with the Local Resilience Forum and the Force Procurement Department, the Silver Commander oversaw the sourcing of increased amounts of Personal Protective Equipment (including facemasks, disposable gloves, hand sanitiser and wipes) for all staff and officers not able to work from home.

Operational Guidance, and health, safety and wellbeing advice, were shared Force-wide with senior leaders and directly with staff via Corporate Communication messages.

Weekly demand and impact assessments were completed, alongside intelligence briefings, indicate that there has not been an impact on the Force's ability to respond to calls for service or victims of crime. Whilst some non-critical services were initially impacted, service delivery has now returned to normal.

A Gold and Silver structure are currently still in place with regular meetings and monthly reports on operating status, risks and issues that come back into CCMT. TVP will soon be moving in to a post-Op Restore environment in line with UK Government policy.

OPCC

OPCC services and functions were reviewed and prioritised by the Strategic Management Group (SMG) when the national COVID-19 'lockdown' restrictions were implemented in late March 2020.

Following that prioritisation review, OPCC staff have been allocated a laptop computer so they can work remotely from home where possible, in line with Government advice and local TVP policy in place at the time during 2020/21 and 2021/22, whilst delivering services remotely with a minimised impact on 'business as usual'.

The OPCC SMG have maintained regular, twice-weekly, video conference calls during the pandemic period, as well as formal monthly meetings, to monitor service delivery performance and address practical problems and issues affecting the effectiveness and productivity of staff. Furthermore, in line with the TVP Welfare Policy to manage the impact of COVID-19, OPCC managers and supervisors have engaged in regular weekly telephone contact with staff to monitor their welfare and wellbeing.

As a result, key service delivery (including closure of accounts, victim support services and the independent custody visiting scheme) has largely continued on a 'business as usual' basis, albeit having adopted alternative 'remote' or office-based 'safe-working' arrangements and practices, as necessary.

b) New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g.

- Implementation of new policies and processes
- Emergency assistance

TVP

The introduction of emergency legislation and policing powers was managed through the Gold Command structure, with clear guidance being issued to officers and staff, alongside a review of policy / procedure to ensure all areas relevant to policing were captured. The enforcement of the legislation was closely monitored and regularly reported into Gold Command and CCMT. The issuing of Fixed Penalty Notices for breaching lockdown measures was further reported nationally.

Thames Valley Gold Commander played an active role in the Strategic Co-ordination Group of the Thames Valley Local Resilience Forum (LRF), and the Thames Valley Police Silver Commander chaired the LRF Tactical Co-ordination Group.

In terms of 'emergency assistance', TVP, together with a handful of other forces across the country, took the lead nationally in the procurement and distribution of personal protective equipment (PPE) on behalf of other police forces.

OPCC

The PCC has publicly supported the Force in terms of its local operational policing response to COVID-19 (i.e. 'Operation Restore'). Furthermore, the necessary changes made to operational policing priorities and practices do not appear to have had any material adverse impact on the Force's ability and capacity to maintain delivery of the PCC's strategic policing priorities, as set out in the current Police and Criminal Justice Plan 2021-2025. Monitoring and scrutiny of Force performance by the PCC has continued during 2021/22 via the PCC's regular 'Performance and Accountability Meetings', at which the Chief Constable reports Force performance against the relevant policing priorities and success measures as contained in the PCC's 'Police and Criminal Justice Plan 2021-2025'.

From a governance perspective, throughout 2021/22 the PCC has engaged with the Force's 'Gold' group overseeing and managing the Force's overall response to COVID-19 in a coordinated fashion and has maintained regular communications with the Chief Constable. This approach has enabled the PCC to continue to exercise effective governance and oversight of the

Force's activities, decision-making processes, operational policing policies and tactics, and performance during a challenging (from an operational management perspective) period of time, whether in respect of COVID-19 or 'business as usual' related activities.

c) **The funding and logistical consequences of delivering the local policing response, e.g.**

- Changes to statutory meetings and decision making arrangements
- New collaborative arrangements
- Funding and cash flow challenges

TVP

The Force has continued to produce audit and performance reports to inform existing governance forums and provide assurance; for example, the Risk Management and Business Continuity Progress reports to the Joint Independent Audit Committee each quarter. .

The Chief Constables Management Team has met more regularly to enable swift decision-making and suitable oversight of the Force response to COVID-19. From June 2021 CCMT returned to monthly formal meetings but with any urgent decisions being progressed through a weekly Wednesday morning CCMT meeting.

Gold Command convened a daily management meeting in the initial phase, moving to three times per week once the Force response was established, and now once a week, with the option of increasing frequency in response to operational or organisational need.

Telephone conferences and Microsoft Teams have enabled forums to continue through the pandemic. Whilst some operational improvement functions were temporarily suspended to allow officers and staff to focus on immediate requirements, Force Performance Group and the DCC Joint Collaboration Board has continued

Organisational learning has been proactively sought and captured throughout the Force's response to COVID-19. Learning is being used to inform decision-making concerning the Force's ongoing response to COVID-19 and the recovery phase.

The financial impact of COVID-19 on TVP has been closely monitored and managed during the year through the normal reporting mechanisms.

OPCC

The PCC is not required to hold public decision-making meetings but he is required to publish 'significant' decisions on his website. The OPCC has continued to discharge that requirement during the COVID-19 crisis. In addition, meetings that would normally have taken place in public (e.g. the Joint Independent Audit Committee and the PCC's Performance and Accountability public meetings) were held as 'virtual' video conference meetings, and the agenda, papers and minutes for them have been published on the OPCC website to facilitate transparency and accountability to the public.

The Thames Valley Police and Crime Panel, which has responsibility for scrutinising the decisions and actions of the PCC, has also adopted 'virtual' video conference meetings during this pandemic period.

The scrutiny and oversight by relevant partner PCCs of policing functions being developed or discharged by TVP in collaboration with other police forces has continued but undertaken in virtual form, usually by way of video conference call arrangements.

Regarding the consequential financial implications of delivering the local policing response to COVID-19, this continues to be monitored and managed by a combination of the ongoing close working of the PCC and Chief Constable's chief finance officers and their respective teams.

At this time, it is considered that the financial reserves currently held by the PCC are sufficient to avoid any critical funding and cash flow challenges over the immediate future.

d) Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g.

- Existing projects and programmes that may have been put on hold
- New priorities and objectives introduced
- New risks identified or existing risks escalated

TVP

The TVP Change Delivery Unit, Hampshire Constabulary Force Development Departments and the Joint ICT Department have worked together throughout the pandemic to reprioritise the change portfolio. Whilst some projects have been accelerated (e.g. laptop roll-out and Windows 10) others have been paused. The three Departments have also re-baselined starting quarters and co-ordinated risks, interdependencies and resource requirements. Programme Boards have continued to be held to assess impacts.

A more agile approach to change has been introduced to meet the needs of the organisation during the emergency response phase. The learning and experience has been captured to retain the positives of the agile methodology post-recovery.

Of particular note is the accelerated introduction of more agile working practices, supported by the roll-out of digital devices and capabilities. These working practices have been advantageous across the whole organisation and will now be incorporated into business-as-usual practice through the Working Smart programme.

A number of strategic risks specific to COVID-19 have been identified and incorporated into the Force Strategic Risk Register. These include welfare & wellbeing, the provision of critical functions, reputational risk and legitimacy, unintended legal or regulatory breaches, meeting demand and achieving recovery. These risks are being managed through Gold Command and also report into CCMT monthly.

All new risks have identified risk-leads and mitigating actions to treat them.

OPCC

At this time, no significant and/or critical existing projects and work programmes have been put on hold and no new COVID-19 related priorities and objectives have been introduced by the OPCC.

e) Reviewing lessons learned from our response to COVID-19.

The impact on governance arising from the COVID-19 crisis, and the changed environment in which TVP and the OPCC will be operating, remains ongoing at the time of publication of this document.

However, TVP have been capturing and chronicling organisational and operational learning throughout the pandemic, which will be used to inform the recovery phase and post-incident

reviews. An early finding is that the Gold structure and regular access to CCMT through increasing the frequency of governance meetings, together with the active engagement of the PCC in these arrangements, has enabled fast and co-ordinated decision-making in response to the challenges presented by the pandemic.

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)

ACC

Assistant Chief Constable

Accruals

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

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.

APCC

Association of police & Crime Commissioners

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.

Assets

An asset is a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit

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.

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".

CCMT

Chief Constable's Management Team

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

CMP

Contact Management Platform

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

CPS

Crown Prosecution Service

Creditors

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

CTPSE

Counter Terrorism Police South East (formally known as South East Counter Terrorism Unit)

Current service (pensions) cost

An estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Curtailment & settlements

Curtailment arises as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

DCC

Deputy Chief Constable

Debtors

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

De minimus

An amount so small that it will not have a significant impact on the accounts

Depreciation

A charge calculated either on a straight line or reducing balance basis, to reflect the diminishing value of an asset over its useful economic life.

DHEP

Degree Holder Entry Programme

Direct Revenue Financing

The amount of capital expenditure to be financed by a contribution from the revenue account in a single year.

Earmarked

Monies set aside for a specific purpose

Equities

Shares in UK and overseas companies.

ESMCP

Emergency Services Mobile Communications project

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

Gilts

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

Gold, Silver Bronze groups

A gold–silver–bronze command structure is a command hierarchy used for major operations by the emergency services of the United Kingdom.

Grant

A sum of money given by a government or other organisation for a particular purpose.

Hedge Funds

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

HC

Hampshire Constabulary

HMICFRS

Her Majesty's Inspectorate of Constabulary, Fire and rescue services

HS&E

Health Safety and Environment

IAS

International Accounting Standard

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.

JIAC

Joint Independent Audit Committee

Leasing

A method of financing expenditure over a period of time. There are two main types of lease:

- a) Finance lease - where the risks of ownership are transferred to the lessee and where the assets are recorded in the Group's balance sheet at a current valuation.
- 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.

LPA

Local Policing Area

MASH

Multi Agency Safeguarding Hub

MPs

Members of Parliament

MTCP

Medium Term Capital Plan

MTFP

Medium Term Financial Plan

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

NCALT

National Centre for Applied Learning Technologies

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Revenue Expenditure

Expenditure funded by core government grants (police grant, formula grant and legacy council tax grants) and council tax income

Net Present Value (NPV)

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

Nolan Principles

The 7 principles of public conduct are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership

NPAS

National Police Air Service

NPCC

National Police Chiefs Council (the representative body for Chief Constables)

OPCC

Office of the Police and Crime Commissioner

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

PCDA

Police Constable Degree Apprenticeship

PCP

Police and Crime Panel

PEEL

Police Effectiveness, Efficiency and Legitimacy programme

PESTELO

Political, Economic, Social, Technological, Environmental, Legal, Organisational (police analysis)

PFI

Private Finance Initiative

Police Funding Formula

A needs based funding formula used by the Home Office to allocate police grant to the 43 police forces in England and Wales

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.

PPE

Property, Plant and Equipment

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.

PSD

Professional Standards Department

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.

RMS

Resource Management System

RPI

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

SeRCOP

Service Reporting Code of Practice

SERIP

South East Regional Integrated Policing

SEROCU

South East Regional Organised Crime Unit

SOLACE

Society of Local Authority Chief Executives

Specific Grants

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

TVP

Thames Valley Police

Uplift Programme

The Home Office has promised to fund 20,000 extra police officers before 31st March 2023

Usable Capital Receipts

Capital receipts available to finance capital expenditure in future years.

VFM

Value for Money

Chief Constable statement of accounts 2021/22

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PREFACE**Introduction to the 2021/22 Statement of Accounts by John Campbell, Chief Constable of Thames Valley Police**

While the coronavirus continued to impact Thames Valley Police this year; through how we policed our communities and how we managed our staffing levels, we, along with our communities also began to see a return to some sense of normality.

For us, it meant once again policing key events in the Thames Valley. Working with our partners we successfully managed the return of high profile occasions such as the Henley Regatta and Reading Festival, and dealt with the increased demand for our service during the re-scheduled Euro 2020 football championship and COP26.

I was exceptionally proud of how our force delivered a safe and secure funeral for the Duke of Edinburgh in Windsor in April 2021.

In May 2021 Matthew Barber was elected as Police and Crime Commissioner for the Thames Valley and in January this year the Police and Crime Panel approved his budget proposals to increase the council tax police precept by less than 20p extra a week for the average Band D property for 2022/23.

I understand that with the cost of living increasing, these are tough times for households, so I want to thank residents for all this extra investment, which will help Thames Valley Police continue to keep our communities safe. We continue to invest in recruiting new officers, and this year we met our target of recruiting 182 new officers to the force.

Finally, as Chief Constable of your police force I want to take this opportunity to thank the public of Thames Valley for their valued support during the past year. We will do all that we can to continue to reduce crime, protect the vulnerable and prosecute those that cause harm.

John Campbell QPM
Chief Constable. Thames Valley Police

THE NARRATIVE REPORT

Message from the Director of Finance – Linda Waters



The Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks. I hope you find it helpful, I would welcome feedback on the content so that we can continue to improve and enhance next year's narrative report on the 2022/23 accounts.

The financial year 2021-22 started with the welcomed gradual unlocking of the country following the pandemic and the mass vaccine programme. This transition period has identified some real benefits coming out of the new ways of working but also some real risks have been exposed as we realise the full impact of lockdown and the long road to recovery. The country and world, has experienced significant upheaval to the labour market and TVP has not been immune from this. The fragility of supply chains was severely challenged by the pandemic impacting inflation and now the war in Ukraine is amplifying and expanding the problems.

During the year we successfully managed to recruit our target of 182 additional police officers as part of the national Police uplift Programme (PUP) to increase officers by 20,000 across the whole service. 2022/23 is the final year of the government's programme and TVP has a target of another 241 additional officers. Given the challenging labour market conditions this target will make 2022/23 an interesting year but places the force in a strong position going forward.

The final group outturn of £1.2m underspend illustrates how the force is maximising the use of its resources. Underneath this figure the pressures facing the force with the current economic climate are evident particularly in relation to recruitment and retention. This will continue to be a key area of focus in 2022/23.

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA). It therefore aims to provide information to help the reader:

- Understand the overarching financial position of the CC Thames Valley Police (and the PCC Group)
- Have confidence that the CC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the CC (and Group) is sound and secure

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The structure of this Narrative Report is set out below.

1. Explanation of the CC, PCC and Group
2. Introduction to Thames Valley
3. Financial performance
4. Non-financial performance
5. Coronavirus (Covid-19) pandemic
6. People
7. Corporate risks and uncertainties
8. Summary and conclusion

1. EXPLANATION OF THE PCC AND GROUP

The Chief Constable (CC) and the Police & Crime Commissioner (PCC) are established as separate legal entities.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Thames Valley Police area.

The PCC is normally elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the chief constable to account for the exercise of his functions and those of persons under his direction and control.

This set of accounts explains how the resources provided by the PCC have been used by the CC to deliver operational policing services. It focuses on those activities which the CC is directly responsible for, which includes all aspects of operational policing. Where it aids the readers understanding of the overall financial position, reference to the “PCC Group” also includes those discrete activities which the PCC is directly responsible for (such as community safety and commissioning services for victims and witnesses of crime) .

The Net Revenue Budget for 2021/22 was £475.9 million, of which £468.2 million was under the CC’s control with a further £7.7 million under the PCC’s direct control.

2. AN INTRODUCTION TO THAMES VALLEY

Thames Valley Police (TVP) is the largest non-metropolitan police force in England and Wales with a Force area of 2,216 square miles covering the three counties of Berkshire, Buckinghamshire and Oxfordshire. It covers a population of over 2.4 million people from diverse social, economic, cultural and religious backgrounds across both urban and rural geographical areas as well as 6 million annual visitors to the area. It also encompasses 196 miles of motorway – more than any other British police force.

The partnership landscape is mixed with 1 county council, 8 unitary authorities and 5 district councils.

The Force is divided into 12 Local Policing Areas (LPAs). The LPAs are responsible for local policing services across 108 neighbourhoods that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Many of our services are delivered in collaboration with other forces. We lead the Counter Terrorism Police South East (CTPSE) and the South East Regional Organised Crime Unit (SEROUC). We share a single ICT department with Hampshire and also have a shared information management unit and joint operations unit (JOU). We also lead the Chiltern Transport Consortium which provides a fleet management service to the police forces in Bedfordshire, Hertfordshire, Cambridgeshire and TVP as well as the British Transport Police, National Investigation Service and the Civil Nuclear Constabulary.

The mix of crime and the associated workload in Thames Valley is changing. Further information is provided in the section on non-financial performance for Thames Valley Police on page 11.

A good indication of Police workload is the number of external calls we receive in to our control rooms and enquiry department. During 2021/22 we received 835,053 calls (average of 2,288 per day) of which 334,282 were 999 calls and 500,771 were 101 **calls**. In addition, there were 77,850 on-line reports between 5th April 2021 and 3rd April 2022. This resulted in 496,254 **incidents** recorded on our Command and Control system, of which 184,810 were attended by officers and staff

3. FINANCIAL PERFORMANCE

a. Economic climate

Since the financial crash in 2008 all public sector budgets have been squeezed really hard – this is commonly referred to as government austerity.

As of result of austerity, over the last ten years Thames Valley Police has identified and removed £113 million of revenue savings from its annual revenue budget. This was almost manageable whilst crime and the demand for policing services was also reducing but that trend has now changed.

To help alleviate the pressure on policing, in October 2019, the Home Office announced plans to recruit an additional 20,000 police officers by March 2023 through a new Police [officer] Uplift Programme. The first tranche saw 6,000 extra officers recruited by March 2021 and plans and funding were in place to recruit a further 8,000 during 2021/22. The third and final tranche of extra officers will be recruited during 2022/23. An increase in officer numbers on this scale should have a tangible and beneficial effect on the police service.

A one-year Spending Review was announced on 30th November 2020 against the backdrop of severe economic difficulties due to the ongoing Coronavirus Pandemic as well as uncertainty around Brexit. GDP for the year was down 11.3%, the largest recession recorded in the UK. The main headlines from the provisional police grant settlement for 2021/22, announced in December 2020, are set out below:

- An increase in core grant of £413m (5.3%) to help pay for the second tranche of additional police officers.
- £15 precept flexibility for all PCCs, or equivalent, which could generate an additional £287m nationally for local priorities
- 75% of council tax losses in 2020/21 (due to Covid-19) to be compensated for in 2021/22 via a new Local Council Support Grant
- A reduction of £87.4m in reallocations, down from £1.1bn to £1.03bn
- Flat cash pension grant allocations compared to 2020/21 – still £153 million
- Capital grant funding to PCCs to remain at £12.3m nationally
- £52.3m of capital funding for national priorities and infrastructure

The Coronavirus outbreak (Covid-19) has continued to impact on the UK economy, as well as personal health and wellbeing, since it was first confirmed to have spread to the United Kingdom on 31st January 2020. Since then over 169,000 people have died in the UK, within 28 days of testing positive for the virus. Almost 53m people in the UK have received at least one vaccine. Despite lockdown restrictions being eased in March 2022, record numbers of people are still catching the virus, although the impact on the NHS is less severe than previously.

On 27 October 2021 the Chancellor of the Exchequer, Rishi Sunak MP, announced the outcome of the 2021 comprehensive spending review alongside his Autumn Budget 2021. The key headlines for Policing were:

- Home Office grant to police forces will increase above the 2021/22 baseline by £550m in 2022/23, £650m in 2024/24 and £800m in 2024/25.
- This includes an additional £540m by 2024/25 for forces to deliver the Police Uplift Programme, ensuring forces can complete and maintain the full 20,000 officer uplift over the SR period
- The settlement gives PCCs in England the flexibility to increase their precept income by £10 (for a Band D household) in each of the next three years
- The settlement includes provision for the new Health and Social Care levy which increases employers NI by 1.25% with effect from April 2022
- The public sector pay freeze will end in 2022

The combination of Covid-19 and Brexit have challenged supplier chains and delivery timeframes, and also increased process, which has had a detrimental impact on many TVP projects and programmes. In addition, the labour market has been very challenging in recent times with record job vacancies and changing working conditions and practices making it extremely difficult to recruit and retain both police officers and staff. It has also affected our contractors and third party suppliers.

On 24th February 2022, President Putin sent Russian troops into Ukraine. His initial goal was to overrun Ukraine and depose its government, ending for good its desire to join the Western defensive alliance NATO. But he failed to capture the capital Kyiv and has now shifted his attention to Ukraine's east and south. This is likely to be a long and bloody war. National Governments have imposed economic sanctions on Russia in an attempt to cripple their economy and limit the funding that can be spent on war. This invasion has caused economic problems for all major economies, not just Russia. Energy and fuel prices have soared which have impacted on inflation and the cost of living.

The Bank of England has raised interest rates four times in the last five months (as at 26.5.22) as it tries to calm the rise in the cost of living, and further rises are expected in coming months. From being 0.1% in November 2021 interest rates are now expected to reach 2% by 2023.

b. Financial Management

The financial standing of TVP is very robust with sound financial management practices.

We have a history of strong and effective financial management which has been acknowledged by HMICFRS in various inspection reports.

Prior to the introduction of the new CIPFA Financial Management (FM) Code on 1st April 2021 the CFO and Director of Finance produced an initial high-level self-assessment against the FM Code requirements and reported the results to the Joint Independent Audit Committee (JIAC) on 19th March 2021. An annual update was provided to JIAC on 18 March 2022 together with a report on financial resilience, which concluded that TVP remains a viable going concern – please see [here](#). Further work will be undertaken during 2022/23 on the small number of areas still identified for improvement.

c. Revenue

Budget 2021/22

The Police Finance Settlement for 2021/22 is explained in section (a) above.

The 2021/22 net budget requirement of £475.892 million represented a cash increase of £26.963 million or 6.0%. In order to fund this increase in expenditure the PCC increased the police element of council tax by £15 for a band D property, or 6.9%. The budget incorporated £5.348 million for service delivery improvements but also required cashable savings of £3.534 million and an appropriation from reserves of £0.686 million.

The budget resulted in a net increase of 170 police officers (growth of 171 less productivity savings of 1) but a net reduction of 60 police staff.

NARRATIVE REPORT AND FINANCIAL REVIEW

Revenue Outturn 2021/22

a) TVP Operational Budgets

The following table provides a high-level comparison between the approved budget for 2021/22 and actual expenditure for TVP operational budgets i.e. those under the direction and control of the Chief Constable.

	Annual Budget £000	Annual Outturn £000	Variance £000
TVP Operational budgets – direction and control of the Chief Constable			
<i>Pay and Employment Costs</i>			
Police officer pay and allowances	276,531	274,493	- 2,038
Police officer overtime	11,297	12,784	1,487
PCSO pay and allowances	13,847	12,778	- 1,068
Police staff pay and allowances	129,032	126,240	- 2,792
Police officer injury / ill health / death benefits	4,223	3,412	- 811
Other employee expenses	3,293	3,393	100
Restructure, training & conference costs	2,691	3,095	405
	440,913	436,195	- 4,718
<i>Overheads</i>			
Premises	17,609	16,968	- 641
Transport	10,369	10,194	- 175
Supplies & services	62,654	62,550	- 104
Third party payments	13,574	13,036	- 538
Specific grants	- 66,836	- 67,547	- 711
Force income	- 33,922	- 36,330	- 2,408
	3,449	- 1,129	- 4,578
<i>Regional collaboration services</i>			
South East Regional Organised Crime Unit	25,354	25,354	0
Counter Terrorist Police South East	30,273	30,273	0
Chiltern Transport Consortium	20,416	20,416	0
Regional CT firearms specialist officers	4,322	4,322	0
Government grants and partnership income	- 80,365	- 80,365	0
	0	0	0
Cost of Operational Policing	444,362	435,066	- 9,296

b) Group level

In March, the revenue monitoring report based on data and information as at 28th February 2022, showed a forecast underspend of £8.958m. Since then the PCC has agreed to transfer circa £9.2m to earmarked revenue reserves to ensure monies are available in coming years to fund specific operational priorities. The final revenue surplus for 2021/22 is £1.2m which equates to less than 0.3% of the net revenue budget of £475.892 million which is an excellent achievement.

NARRATIVE REPORT AND FINANCIAL REVIEW

	Annual Budget £000	Annual Outturn £000	Variance £000
Cost of operational policing (from above)	444,362	435,066	- 9,296
PCC controlled expenditure	8,690	7,852	- 838
Capital financing	10,034	10,077	44
Interest on balances	- 890	- 821	69
Statutory accounting adjustments	440	440	0
Appropriation from balances	13,256	22,056	8,800
Cost of Services	475,892	474,671	- 1,221
Funded by:			
General grant income	- 262,716	- 262,716	0
Council tax	- 213,176	- 213,176	0
Net Revenue Position	0	- 1,221	-1,221

Outlook – Medium Term Financial Plan

The separate but related Financial Strategy and Capital Strategy for 2022/23 were approved by the PCC in January 2022 and are available on the PCC's website.

The CC's medium term financial plan (MTFP) was approved by the PCC in January 2022. The revenue budget for 2022/23 includes provision for the third and final tranche of police officers recruited through the national Police Uplift Programme which has provided TVP with 183 extra police officers in 2020/21, 182 officers in 2021/22 and a further 231 officers in 2022/23, a total of 596 additional officers.

A high-level summary of the MTFP is provided below. This includes all expenditure to be incurred by the CC and the PCC, as well as all resources to be received by both legal entities.

	2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000
Annual Base Budget	475,892	505,001	523,469	537,570
Inflation				
- General	1,569	1,161	890	806
- Pay	10,712	12,778	11,277	10,874
Specific	2,439	2,545	2,543	2,619
Productivity Savings	-2,194	-5,253	-5,650	-3,250
Committed & Statutory Growth	6,650	3,443	1,442	0
Essential Growth	4,462	27	403	53
Investment	5,471	3,767	3,196	669
Reserve Funding	-4,462	-27	-403	0
Net Budget Requirement	505,001	523,469	537,570	549,341
Total External Funding	-505,001	-511,919	-521,177	-526,276
Annual Shortfall/(Surplus)	0	11,550	4,843	6,672
Cumulative Shortfall/(Surplus)	0	11,550	16,393	23,065

NARRATIVE REPORT AND FINANCIAL REVIEW

In accordance with the PCCs instructions for preparing the budget and MTFP this table is based on the approved increase in council tax of £10 for 2022/23 but assumes no further increases in later years. This produces a cumulative budget shortfall of circa £23m by 2025/26

The following table shows the impact of increasing council tax by £10 in 2023/24 and 2024/25 in accordance with the flexibilities set out in Spending Review 2021 and the Provisional Police Finance Settlement 2022/23.

Impact of Precept Rise of £10 (for Band D properties) in Years 2 & 3

	2022/23 £'000	2023/24 £'000	2024/25 £'000	Totals £'000
Calculated MTFP Shortfall with No Council Tax Precept in Years 2 & 3	£0	£11,550	£4,843	£16,393
Council Tax Growth @ £10	£0	-£9,760	-£10,147	-£19,907
	£10.00	£10.00	£10.00	
	4.32%	4.14%	3.98%	
Annual Deficit/(Surplus)	£0	£1,790	-£5,304	-£3,514

As can be seen from the above, over the next three years, the full investment through council tax would allow the funding of the current prioritised strategic plans and growth, together with a small amount of circa £3.5m for, at this time, unforeseen demands not identified in these plans for the next three years.

There are numerous risks to the MTFP and these are clearly explained in the 2022/23 budget book which can be downloaded from the PCC's website at <https://www.thamesvalley-pcc.gov.uk/information-hub/what-we-spend-and-how-we-spend-it/budget/>

All the assumptions underpinning the current MTFP will be revisited and updated in coming months as work is undertaken on the next budget cycle for 2023/24.

The annual revenue budget for 2022/23 of £505.001 million, which required a 4.3% increase in council tax (or £10 for a Band D property), was approved by the Police and Crime Panel on 28th January 2022.

2022 is financially a significant year for TVP in that we have been given the opportunity to realistically plan for the current and future requirements of the force, to start to address the increasing demands and expectations, by increasing our capacity and taking advantage of new technologies. This will place us in a good position to provide the level of service and performance that can realistically be expected by our communities and nationally.

It is also significant that the PCC has been given the responsibility to determine the total funding available to the force for the next 3 years and hence the strategic direction of the force. His decision in January focused on the budget and council tax for 2022/23 but it is clear that the operational and financial stability of the force require continued financial security. This is illustrated by the level of budget deficit in 2022/23 and later years should council tax not be increased.

We still face considerable capacity and financial challenges so improving future productivity and efficiency is going to be key. For example investing in our Forensic technical services will increase our capability and capacity in this vital area, whereas the continued investment in our technological estate to facilitate remote working is enabling us to strategically re-think our physical estate requirements with significant savings now realistically achievable in the future.

Our continued focus on the productivity strategy and the ongoing work to identify new areas to reconsider how and what we do will not only meet the HO requirements, but will ensure we continue to focus the maximum level of resources on our priorities.

NARRATIVE REPORT AND FINANCIAL REVIEW

On 18 March 2022 we presented a report on financial resilience to the Joint Independent Audit Committee which concluded that TVP remains a viable going concern. That report can be read [here](#)

d. Capital

In addition to spending on day-to-day activities, the CC and the PCC incur expenditure on land and buildings, information technology and other items of plant and equipment which have a longer term life.

Capital outturn 2021/22

The following table shows the net capital position compared to the active capital budget for 2021/22. The variance of £4.644 million comprises scheme underspends of £0.045 million and slippage of expenditure of £4.599 million.

At the start of the financial year, the PCC approved an annual Capital Programme of £33.999m. During the year the active capital budget was adjusted downwards to £29.533m (£28.815m as per February PCC report, increased by £0.718m due to additional grant funding) to reflect prior year re-phasing, grant funding and the impact of Covid-19.

	Annual Budget £m	Actual Spend £m	Variance £m
Property schemes	10.707	6.952	- 3.117
ICT schemes and Business Change	6.454	4.660	- 1.795
Equipment	1.754	1.481	- 0.273
Vehicles	3.662	4.159	0.497
Grant Funded Schemes	7.593	7.637	0.044
Total	29.533	24.889	- 4.644

Medium Term Capital Plan

The PCC has approved the CC's Medium Term Capital Plan (MTCP) costing £115 million over the five year period 2021/22 to 2025/26, as shown below, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

NARRATIVE REPORT AND FINANCIAL REVIEW

Schedule 1 - Capital Expenditure Forecast Summary

Programme	2021/22 £'000	Future Years				Total 2021/22 to 2025/26 £'000
		2022/23 £'000	2023/24 £'000	2024/25 £'000	2025/26 £'000	
Property -						
Western Hub - SEROCU	913	1,800	-	-	-	2,713
Maidenhead Court Building	1,989	366	-	-	-	2,355
Forensics New Build	100	483	2,998	5,996	-	9,577
Corporate Projects	2,768	1,203	335	2,302	446	7,055
Atlantic House	3,682	8,279	-	-	-	11,961
AMOP Projects	617	1,138	1,191	-	-	2,946
Maintenance Provision / Other Projects	-	234	2,000	2,000	2,000	6,234
Total	10,070	13,502	6,524	10,298	2,446	42,840
Technology & Business Change -						
Digital Technology Enablers	1,045	-	-	-	-	1,045
Digital First	118	668	380	-	-	1,165
ESMCP	-	330	1,413	10,990	-	12,733
PRONTO	419	50	-	-	-	469
RMS	784	-	-	-	-	784
Device Refresh Programme	1,930	3,779	3,046	2,230	3,531	14,515
ICT Roadmap	293	211	-	-	-	504
ICT Infrastructure	480	1,299	619	619	619	3,636
Other MTCP Projects	1,385	1,071	1,500	1,500	1,500	6,956
Total	6,454	7,407	6,958	15,339	5,650	41,808
Other Capital Equipment -						
Vehicles	3,442	4,285	3,828	3,935	3,528	19,018
Grant Funded	7,281	-	-	-	-	7,281
Equipment & Radio Replacement	754	2,162	280	280	280	3,756
Total	11,477	6,447	4,108	4,215	3,808	30,055
Grand Total	28,001	27,357	17,590	29,852	11,904	114,704
Financing Available	50,318	18,448	30,802	14,938	19,471	133,977
Cumulative Funding Position (Existing Programme)	22,317	13,408	26,620	11,706	19,273	

The MTCP will be funded through a combination of capital grants, revenue contributions, capital receipts and PCC reserves. Key focuses of the MTCP are:

- To ensure the property estate remains fit for purpose and effectively utilised, linking in with the Smart ways of working principles, identifying opportunities to streamline assets and develop the estate infrastructure; maintaining core sites, improving core training facilities and progressing the Asset Management Plan.
- To ensure provision is made for ICT & Business Change Technology, to maintain and develop the existing infrastructure and invest in the core technologies required to provide innovative digital policing services.
- The maintenance, development and replacement of other core assets (e.g. Vehicles, and Communication Infrastructure) to maximise the advantage of new technology and reflect legislative changes.

e. Balance Sheet

The Balance Sheet is a snapshot of the CC's assets, liabilities, cash balances and reserves at the balance sheet date. It should be noted that the PCC owns all Land and Buildings, as well as the general and earmarked revenue reserves. As such, the Group Balance Sheet provides the complete picture. A high level summary is provided below.

At 31st March 2021 CC had negative net assets of £5.2 billion which implies that we are technically bankrupt. Fortunately, this is not the case. The primary reason we have negative assets is because of the pension liabilities associated with the unfunded police officer pension scheme coupled with the net deficit in the funded Local Government Pension Scheme (LGPS) for police staff.

NARRATIVE REPORT AND FINANCIAL REVIEW

The police officer pension scheme is underwritten by the Home Office who provide an annual top-up grant to fund the difference between pension payments and income from employee and employer contributions. The current deficit in the LGPS will be managed through future employee and employer contributions. Further information on pension liabilities is provided below.

The PCC Group Balance Sheet includes all Assets and Liabilities of the group. Excluding these pension liabilities the PCC's Group Balance Sheet has net assets of £312 million, including £87 million in usable cash reserves.

Group Balance Sheet	At 31.3.21	At 31.3.22
	£m	£m
Non-current assets	279	296
Net current assets	67	85
Pension liabilities	- 5,063	- 5,156
Other long-term liabilities and provisions	- 71	- 68
Net Assets	- 4,788	- 4,844
Usable reserves	60	87
Unusable reserves	215	226
Pensions reserve	- 5,063	- 5,156
Total Equity	- 4,788	- 4,844

The separate balance sheet for the CC is provided on page 26. This includes the intra group balance of £54.245m (i.e. notional resources provided by the PCC to the CC)

Pension Liabilities

The value of net pension liabilities in the Group Balance Sheet is £5.156 billion, comprising £4.72 billion for police officers and £436 million for police staff

The Police Officer pension scheme is an unfunded scheme administered by the Chief Constable, meaning there are no assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Both police officers and the employer (i.e. the Chief Constable) make annual contributions which are paid into the Police Pension Fund. Pensions are paid from the Fund. The Home Office funds the difference between actual pension payments and pensions income through an annual top-up grant.

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Buckinghamshire Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2021/22 the Group paid an employer's contribution representing 13.8% of pensionable pay. The same rate is payable in 2022/23. The last valuation was in April 2019 which reported a funding level of 100%. This valuation will inform the employers' contribution rate in 2022/23.

4. NON-FINANCIAL PERFORMANCE

Thames Valley Police

Despite stricter restrictions being lifted, the COVID-19 pandemic continued to impact on the work of the police in the last 12 months. Therefore, when comparing figures against the previous year, it remains important to contextualise police performance data against the backdrop of the pandemic.

The Strategic Plan set out the priorities for the force. These include 4 operational priorities and three organisational priorities for the year, all with accompanying measures of success.

Operational priorities:

- Reduce crime and incidents through problem-solving
- Bring more offenders to justice
- Protect the vulnerable
- Increase satisfaction of victims

Organisational Priorities

- Value our workforce
- Use our resources wisely
- Maximise the benefits of digital developments

The demand from the public for our services has remained high, particularly evident in our 999 volumes which rose by 21% compared with last year resulting in a total of 334,282 calls being received. Service levels were maintained from last year with 87.6% of calls answered within 10 seconds. In contrast calls to our 101 service reduced by 14% to a yearly total of 500,787 calls. Over the course of the year the average time to answer 101 calls was 3 minutes and 4 seconds, narrowly missing the target of 3 minutes.

Online reporting levels reduced by a third compared with last year when the force were receiving high volumes of reports regarding covid rule breaches. However, the 78,972 online reports received remained significantly higher than pre-pandemic levels.

177,577 crimes were recorded in 2021/22. This represents an increase of 18.5% against last year which was widely recognised as an atypical period due to the impact of national lockdowns. Subsequently it is more pertinent to compare the level of recorded crimes with 2019/20 where we observe a 4% increase this year. It is important to recognise the Force has recently been assessed as good at recording crime in its latest HMICFRS PEEL inspection, an improvement from findings in their 2019 inspection.

The Force has seen crime reductions in many areas:

- Residential burglary (dwellings) -40% compared with a 5 year average
- Personal robbery -22% compared with a 5 year average
- Serious violence (including knife crime) -9% compared with last year
- Offences involving a knife (excluding possession offences) -12% reduction compared with last year

However the Force has seen increases in crime in a number of areas which remain key components of the strategic plan in 2022/23.:

- Homicide up by 60% with 24 offences in 2021/22 compared with 15 the previous year
- Violence with injury up by 25.8% compared with last year
- Sexual offences up by 31.7%

Cases where formal action was taken increased again in the last year with 950 more outcomes than the previous 12 month period, representing a 4% increase.

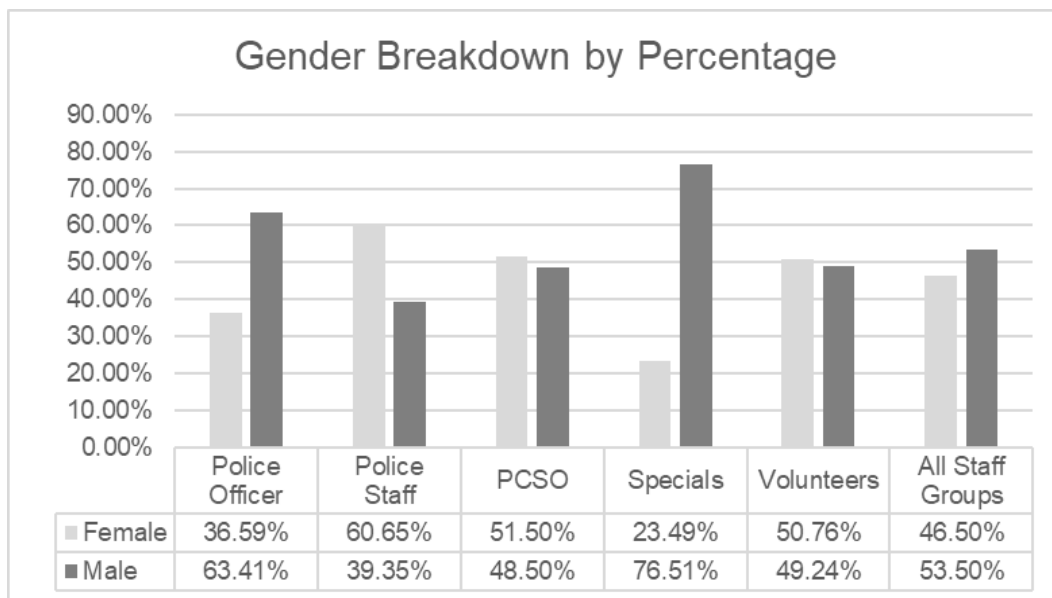
5. PEOPLE

At 31st March 2022 Thames Valley Police employed 8,348 people in full and part time contracts. We also had 281 unpaid members of the special constabulary and 793 volunteers giving a total workforce of 9,422.

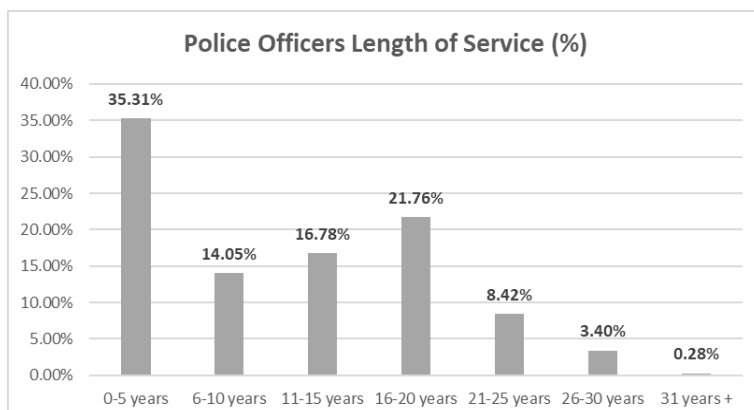
Below is the make-up of the Police workforce. This includes headcount of circa 732 police officers and police staff and FTE of circa 720 police officers and police staff who work in regional collaborated units such as the Counter Terrorist Police South East (CT PSE), SE Regional Organised Crime Unit (SEROUC), regional specialist firearms and the Chiltern Transport Consortium (CTC).

	Workforce	Full Time Equivalent
Police Officers	4,652	4,512
Police Staff	3,362	3,165
PCSO	334	319
Paid employees	8,348	7,996
Special Constabulary	281	
Volunteers	793	
Total workforce	9,422	

The following graph shows the gender breakdown for each type of employee and volunteer.



In terms of police officers Thames Valley has a relatively “young” workforce in terms of experience with 66% of officers having less than 15 years’ service, as shown below.



Paid time off for union representatives

In line with Trade Union (Facility Time Publication Requirements) Regulations 2017 (SI 2017/328) the Chief Constable has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 2021/22. There were 24 employees who were union officials during the period (16.0 full time equivalents). The total cost of this facility time was £849,604 which represents 0.21% of the total pay bill.

6. PRINCIPAL RISKS AND UNCERTAINTIES

A risk management strategy is in place which allows the identification and management of risk at all levels of the Force. There is a defined and consistent process which supports better decision-making based on an understanding of the likelihood and impact of opportunities and risks.

The Chief Constable's Management Team (CCMT) currently leads on 27 strategic risks, which are reviewed and updated quarterly, and the Joint Independent Audit Committee has oversight of these reports.

19 are strategic risks and eight are related to COVID. These are being regularly reviewed and updated, reporting into CCMT and incorporated into the Force recovery planning governance process. Op Restore has recently closed down and as a consequence the COVID risks will be reviewed for possible closure at the next CCMT meeting.

Of the 19 strategic risks, two relate to long-term programmes in the Transformation portfolio. These are:

- Two risks associated with the Emergency Services Mobile Communications Project (ESMCP) programme: financial (high) and technical (medium) of national programme. These two risks are being treated, with mitigating actions in place managed through a regional programme board governance structure.

The remaining risks concern:

- The **Disclosure** risk was added in July 2021. The revised Attorney General guidelines on Disclosure has applied significant demand and pressure on the Force. Mitigating actions are in place.
- A risk around the volume of **Illicit Images of Children Referrals** and backlogs was raised in July 2021. Mitigating actions are in place including increased resource in this area.
- A risk on **Court Backlogs** was raised in April 2021 due to the impact of the pandemic. Local mitigating actions are in place as well as well as ongoing work with the courts.
- The **Public Protection Unit Demand** risk continues with demand exceeding capacity. Mitigating actions are in place.
- The **Multi-Agency safeguarding Hub (MASH) Backlog** - The demand placed on the MASH teams is continuing to increase and continues to exceed capacity. This risk was raised in August 2020. Mitigating actions are being progressed.
- The resource shortfalls in Crime Scene Investigator (CSI) and Quality team impacting on achieving **CSI accreditation** and service delivery. This was adopted onto the strategic risk register in February 2020. Mitigating actions have been put in place to treat the risk.
- Pressures on capacity and capability of **custody** service, caused by resourcing shortfalls including high rates of staff abstraction, and the application of COVID- secure processes. This risk was raised in January 2021. Mitigating actions are being progressed.

- Potential central Government **funding limitations** not being sufficient to continue delivering all existing services to the same level of performance, and unlikely to avoid the need to make additional cuts. This medium-level risk has a reasonable level of assurance and is being treated through Corporate Finance with established budgeting and monitoring processes in place.
- There is a potential risk that a lack of governance and leadership regarding **missing and exploitation** could lead to inconsistencies across the Force in respect of vulnerable people who are missing and/or exploited. This risk was raised in November 2020. Mitigating actions are being progressed. The risk was recently split into two risks, one focused on missing and one on exploitation.
- The **recruitment** and **retention** risk remain active with the risk level for both recently being raised due to the wider employment market. If the Force does not reduce officer and staff avoidable turnover, whilst demand and the complexity of policing increase, TVP will be unable to meet existing and future demands. This risk is being treated through the People Directorate Workforce Board.
- The ability of the Force to deploy sufficient officers to ensure minimum resourcing levels due to the anticipated impact of attrition, and abstraction rates created by the **new entry routes to policing** (PCDA / DHEP) training programmes. This medium-risk is being treated with mitigating actions undertaken by the People Directorate and Tasking & Resilience departments.
- The **ICT resourcing** risk was raised in July 2021 which raised the issue of a lack of appropriately skilled ICT resources to carry out Force Change and potentially support BAU operational services. Mitigating actions are in place.
- **Management of information assets in regional policing units** was raised in December 2021. There is a risk of inconsistency and unclear accountability for the management of information assets and information risks arising within the regional policing units.
- The impact of **Released Under Investigation legislation**, which may negatively impact on obtaining positive criminal justice outcomes. This medium-level risk is assessed as having reasonable assurance levels, and is being treated through the Criminal Justice board.
- There are eight **COVID-related risks** currently which are: staff and well-being, remote working, BAU and change activities, recovery of services, critical activities, reputation and public confidence damaged, change in policing demand and unintended legal and regulatory breaches during COVID-19. These eight Covid-related risks have all been closed in early 2022/23

Strategic risks are being actively managed by the Chief Constable's Management Team, supported by the Strategic Governance Unit. Regular reporting mechanisms ensure effective management and oversight. Local and Strategic Risk Registers are routinely reviewed and updated, involving senior stakeholders and subject matter experts as appropriate.

7. SUMMARY AND CONCLUSION

The Chief Constable and PCC have a strong track record of effective financial management. The budgeting process is very thorough with rigorous challenge from both the Chief Constable's Management Team and the PCC.

Since 2010/11 cash savings of over £113 million have been identified and delivered.

The Group budget for 2021/22 was set in January 2021 at £475.892m. This included funding for the recruitment of an additional 182 police officers from the national Police Uplift Programme.

Throughout 2021/22 the employment market has been extremely challenging with more job vacancies than people actively looking for work. In that context the Force did remarkably well to recruit 183 additional officers i.e. one above the Home Office target.

Even though the Force is moving to a more hybrid way of working, recruiting and retaining police staff proved more problematic and is likely to remain so for the foreseeable future as public sector pay scales lag behind their private sector equivalents. This led to significant underspends in police staff pay budgets

The prevailing economic conditions throughout 2021/22 led to significant underspend in non-employee budgets as well due, in part, to the fragility of supply chains and third party contracts.

In total the revenue budget was underspent by circa £10.4m but the PCC approved appropriations to earmarked reserves of £9.2m leaving an annual surplus of £1.2m which has been transferred to general balances.

In January 2022 the PCC agreed to increase council tax by £10 (for a band property) which enabled an annual revenue budget for 2022/23 of £505 million to be set. The Medium Term Financial Plan for 2023/25 to 2025/26 still shows significant annual and cumulative shortfalls which will need to be managed carefully.

The PCC continues to maintain a healthy level of cash balances which will be used in a judicious manner in future years to help manage the budget and deliver the CC's priorities alongside the police and crime plan priorities.

The financial outlook remains challenging but I am confident that the Chief Constable in conjunction with the PCC and our respective leadership teams will continue to deliver strong and effective financial management in order to maintain an appropriate level of funding for essential operational services.

Receipt of further information

You can also find information about Thames Valley Police finances by looking at the TVP website at <http://www.thamesvalley.police.uk/aboutus/aboutus-fg.htm>

If you would like to receive further information about these accounts please do not hesitate to contact me by email Linda.waters@thamesvalley.police.uk or phone (01865 541479)

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff in my office (notably Alison Moran) and colleagues in the OPCC (notably Rachael Martinig). I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support during the year.



Linda Waters
Director of Finance

EXPLANATION OF ACCOUNTING STATEMENTS

The Accounts and Audit Regulations 2015 require the Chief Constable to produce a Statement of Accounts each financial year. These statements contain a number of different elements which are explained below.

Statement of Accounts

The **Auditor's Report** gives the auditor's opinion on whether the accounts for Thames Valley Police provide a true and fair view of the financial position and operations for the year.

Statement of Responsibilities sets out the respective responsibilities of the Chief Constable and the Director of Finance

The **Core Financial Statements** are:

The Movement in Reserves 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.

The **Comprehensive Income and Expenditure Statement (CIES)** summarises the resources generated and consumed in the year. This presentation of information is in line with CIPFA guidance and is commensurate with the in year internal reporting to management of income and expenditure. (See the outturn position table on page 6 for more detail of the in-year reporting)

The **Balance Sheet** is a snapshot of the Chief Constable's assets, liabilities, cash balances and reserves at the year-end date.

The **Cash Flow 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

The **Supplementary Financial Statements** are:

The **Annual Governance Statement** explains the governance processes and procedures in place to enable the PCC and Group 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.

The **Notes** to these financial statements provide more detail about the Chief Constable's accounting policies and individual transactions

The **Police Pension Fund Accounts** sets out the financial position of the Police Pension Fund as at 31st March 2022

A **glossary of key terms** can be found at the end of this publication

AUDIT REPORT AND OPINION

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

Opinion

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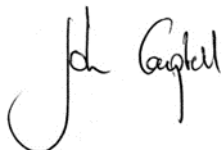
STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

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 Director of Finance) 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 Thames Valley Police



John Campbell QPM
Chief Constable

XXXXXXX


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 2022 and its income and expenditure for the year then ended.



Linda Waters, MBA ACA
Director of Finance

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MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for the years ended 31st March 2021 and 2022

	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	
Balance at 31st March 2020		0	0	0	0	0	-4,442,232	-4,442,232
Movement in reserves during 2020/21								
Total comprehensive Expenditure and Income		-184,241	0	0	0	-184,241	-469,037	-653,278
Adjustments between accounting basis & funding basis under regulations	6	184,241		0	0	184,241	-184,241	0
Net increase/Decrease before transfers to Earmarked Reserves		0	0	0	0	0	-653,278	-653,278
Transfers to/from earmarked reserves		0	0			0	0	0
Increase/Decrease in Year		0	0	0	0	0	-653,278	-653,278
Balance at 31st March 2021 carried forward		0	0	0	0	0	-5,095,510	-5,095,510
Movement in reserves during 2021/22								
Total comprehensive Expenditure and Income		-224,142	0	0	0	-224,142	119,728	-104,414
Adjustments between accounting basis & funding basis under regulations	6	224,141		0	0	224,141	-224,141	0
Net increase/Decrease before transfers to Earmarked Reserves		-0	0	0	0	-0	-104,413	-104,414
Transfers to/from earmarked reserves		0	0					0
Increase/Decrease in Year		-0	0	0	0	-0	-104,413	-104,414
Balance at 31st March 2022 carried forward		-0	0	0	0	-0	-5,199,923	-5,199,923

All earmarked reserves belong to the PCC on behalf of the Group. The Chief Constable therefore had no transfers to/from earmarked reserves during the year and no usable or earmarked reserve balances at year end

EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis Disclosure Note

The Expenditure and Funding Analysis is a disclosure note that shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes by the Chief Constable's Management Team. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement. See note 5 for more details. Please note that this is not a primary statement

	2020/21			2021/22		
	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES
	£000	£000	£000	£000	£000	£000
<i>TVP operational budgets under the direction & control of the Chief Constable</i>						
Employees	365,388	170,178	535,566	379,300	213,180	592,480
Premises	19,180		19,180	19,350		19,350
Transport	22,757		22,757	24,479		24,479
Supplies & Services	68,507		68,507	70,016		70,016
Third Party Payments	12,838		12,838	16,305		16,305
Capital Charges	6,159	13,528	19,687	3,347	10,961	14,308
Non specific Income	-130,643		-130,643	-135,436		-135,436
Cost of Services	364,185	183,706	547,891	377,361	224,141	601,503
Other income & expenditure	-364,186	535	-363,651	-377,361	-0	-377,361
Surplus or Deficit	0	184,241	184,241	-0	224,141	224,142
Opening General Fund Balance	0			0		
Add surplus or Deficit	0			-0		
Transfers to/from reserves & General Balances	0			0		
Closing General Fund Balance	0			-0		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement 2021/22

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.

			2020/21			2021/22		
			Gross expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
			£000	£000	£000	£000	£000	£000
<i>TVP operational budgets under the direction & control of the Chief Constable</i>								
Employees			535,566	0	535,566	592,480	0	592,480
Premises			19,180	0	19,180	19,350	0	19,350
Transport			22,757	0	22,757	24,479	0	24,479
Supplies & Services			68,507	0	68,507	70,016	0	70,016
Third Party Payments			12,838	0	12,838	16,305	0	16,305
Capital Charges			19,687	0	19,687	14,308	0	14,308
Specific Income			0	-130,643	-130,643	0	-135,436	-135,436
Financial resources of the PCC consumed at the request of the Chief Constable			678,535	-130,643	547,891	736,938	-135,436	601,503
Intra group funding					-463,849			-479,057
Cost of Services			678,535	-130,643	84,042	736,938	-135,436	122,446
Other operating Expenditure:								
Gain/loss on disposal of fixed asset	8c				547			69
Levies to national police service					0			0
Financing & investment income & expenditure:								
Interest payable					0			0
Impairment loss allowance	8a		-25		-25	0		0
Pensions interest cost	8a		99,688	0	99,688	101,627	0	101,627
Interest & investment income					0			0
Taxation & non specific grant income			0	-12	-12	0	0	0
Surplus/deficit on provision of service					184,241			224,142
Surplus/deficit on revaluation of fixed assets					0			0
Remeasurement of net defined liability					469,037			-119,728
Other gain/loss					0			0
Total other comprehensive Income and Expenditure					469,037			-119,728
Total comprehensive Income & Expenditure					653,278			104,414

Notes: Re-measurement of net defined pension liabilities are either due to changes in assumptions (on liabilities) and "experience items" – actual outcome different to expected – for both assets and liabilities.

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'.

31.3.21		Note	31.3.22
£000			£000
	Long Term Assets		
25,797	Property, Plant and Equipment	13	23,707
14,820	Intangible assets	15	11,459
0	Long term investments		0
342	Long term debtors	17	232
40,959	Total Long Term Assets		35,397
	Current Assets		
0	Short term investments		0
4,044	Inventories	16	2,330
28,228	Short term debtors	17	26,646
0	Cash and cash equivalents		0
0	Assets held for sale		0
32,272	Total Current Assets		28,976
	Current Liabilities		
0	Short term borrowing		0
-44,960	Short term creditors	18	-49,974
-2,818	Provisions	19	-1,205
-6,645	Accumulated absences		-6,055
-47,223	Intra group balance	4	-45,905
-101,646	Total Current Liabilities		-103,139
	Long Term Liabilities		
0	Long term creditors		0
-6,285	Provisions	19	-8,106
0	Long term borrowing		0
-5,058,145	Liability related to defined benefit pension schemes	23	-5,152,187
-2,666	Donated assets account		-912
0	Capital grants received in advance		0
-5,067,096	Total Long Term Liabilities		-5,161,205
-5,095,511	Net Assets / (Liabilities)		-5,199,971
0	Usable reserves		0
-5,095,512	Unusable reserves	21	-5,199,971
-5,095,512	Total Reserves		-5,199,971

The Cash Flow Statement

This statement does not show any cash flows for the year ending 31st March 2022 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	31.3.21	31.3.22
		£000	£000
Net (surplus)/deficit on the provision of services		184,241	224,142
Adjust net surplus/deficit for non cash movements	24	-198,191	-236,948
Adjust for items included in surplus/deficit that are investing and financing activities		654	874
Net cash flows from Operating Activities		-13,296	-11,933
Investing Activities	24	13,296	11,933
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

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), the Accounts and Audit Regulations 2015. 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 compiled in accordance with the code, except that it has departed from the code in respect of the treatment of certain types of inventories in order to achieve a true and fair presentation. (See note 16 for more details)

The accounts are prepared on a going concern basis; that is, on the assumption that the functions of the PCC/CC will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

In carrying out a Going Concern assessment the CCHas taken into account the statutory duty of the PCC to allocate assets and funds to the Chief Constable. The PCC/CC has considered known and expected government funding and determined that it has sufficient liquidity from its ability to access short term investments and sufficient general fund balances and reserves to continue to deliver services. As a result, the PCC/CC are satisfied that they can prepare their accounts on a going concern basis.

The PCC/CC's detailed assessment has considered the following:

- ◆ We have a history of strong and effective financial management which has been acknowledged by HMICFRS in various inspection reports.
- ◆ We have carried out a self-assessment against the new CIPFA Financial Management Code and reported the results to the Joint Independent Audit Committee, who will also monitor implementation of agreed action plans
- ◆ We have produced a financial resilience assessment which concluded that TVP remains a viable going concern – the report can be read [here](#)
- ◆ We have an efficient and effective internal audit service that reports jointly to the PCC CFO and the Force Director of Finance. Quarterly update reports are presented to the Joint Internal Audit Committee. In his Annual Audit opinion for 2021/22 the Chief Internal Auditor is expected to issue an overall grade of 'Reasonable Assurance'.
- ◆ We manage annual budgets very effectively. Since 2016/17, the largest variation against NRE has been 0.3%. In March 2022 the revenue monitoring report, based on data and information as at 28th February 2022, showed a forecast underspend of £8.958m. The PCC subsequently agreed to transfer circa £9.2m to earmarked revenue reserves to ensure monies are available in coming years to fund specific operational priorities. The final revenue surplus for 2021/22 is £1.2m which equates to less than 0.3% of the net revenue budget of £475.892 million. This level of underspend reflected difficulties in recruiting and retaining police officers and staff, coupled with supply chain and contractor problems, rather than an inability to manage expenditure effectively.
- ◆ We have a proven history of delivering productivity savings to balance annual budgets and reinvesting these in frontline operational services. In the eleven years between 2010/11 and 2021/22, some £112.7m was removed from base revenue budgets, with a further £16.3m identified for delivery over the next four years. This work is ongoing through the Efficiency and Effectiveness Programme, driven by the Deputy Chief Constable and supported by the Director of Finance and other senior colleagues
- ◆ We produce and publish a detailed annual financial strategy, capital strategy, reserves strategy and a treasury management strategy statement

- ◆ We produce a very detailed 4-year medium term financial plan as well as a 4-year capital programme. Although the current MTFP is not balanced in 2023/24 and later years, this is because the PCC has instructed that the planning assumption should be no increase in council tax in future years. However, should the PCC make full use of the £10 precept flexibilities afforded to him in the Spending Review and the Police Grant Settlement 2022/23, there would be a small cumulative budget surplus of circa £3.5m at the end of 2024/25. This would be available to fund, as yet, unidentified cost pressures or new investment.
- ◆ We maintain a healthy level of cash reserves. General balances are forecast to remain above the agreed 3% of NRE level throughout the MTFP period. Although earmarked reserves are scheduled to reduce slightly over the next four years, as we utilise funding in support of one-off initiatives in the revenue budget and capital programme, they are still forecast to be close to £10m at the end of 2024/25.
- ◆ We maintain an insurance provision, currently £9.3m, which is sufficient to meet the actuarially assessed level of insurance liabilities at 31st March
- ◆ Due to significant capital receipts in coming years, capital reserves will still exceed £11m at the end of 2024/25.
- ◆ Borrowing costs when expressed as a percentage of NRE remain very low – less than 1% throughout the MTFP period.
- ◆ External debt peaked at £61m in 2021/22. According to current capital expenditure plans, overall debt should not rise above this level over the next four years. However, there may be a technical increase from 2022/23 onwards if IFRS 16 (leases) is implemented which will increase the value of assets held on the balance sheet, with a consequential increase in finance lease borrowing costs
- ◆ The CFO publishes a detailed Section 25 report (Local Government Act 2003) to accompany the annual budget report highlighting all key issues and concerns
- ◆ All revenue and capital budgets have a nominated budget manager. Detailed budget monitoring is undertaken on a monthly basis with summary reports being to CCMT and the PCC, with remedial action taken immediately to address any areas of concern.
- ◆ The Annual Governance Statement for 2021/22 has not identified any significant areas weakness in governance or internal control that require immediate attention during 2022/23,

Based on all of the above, we do not consider that there is material uncertainty in respect of its ability to continue as a going concern for the period to 30 September 2023.

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 2022. The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31 March 2022.

Some figures within tables may not sum up exactly due to rounding differences when stating values to the nearest thousand pounds.

The notes relating to specific financial statement lines 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 Balance Sheet.
- Where income and expenditure has been recognised (using estimates when appropriate) but cash has not been received or paid, a debtor or creditor for the relevant year is recorded in the Balance Sheet.

c. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Chief Constable in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Chief Constable 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 Chief Constable and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The Chief Constable 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 CIPFA's Police Objective Analysis, the costs of support services are fully allocated to the Chief Constable's services.

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 comprehensive income and expenditure 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

- Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.
- Paragraph 3.3.4.3 and Appendix C of the Code adapts IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2022/23 Code). This means that only the standards listed in paragraph 15.3 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.
- The only standards introduced by the 2022/23 Code where disclosures are required in the 2021/22 financial statements in accordance with the requirements of paragraph 3.3.4.3 of the Code which affect policing is:
IFRS 16 Leases (but only for those local authorities that have decided to adopt IFRS 16 in the 2022/23 year).

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 published guidance at the time (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.
- 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 PCC 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.
- c. Changes to IFRS 11 (Joint Arrangements) required the Chief Constable to classify their collaborative arrangements. Senior Management within both Thames Valley Police and their collaboration partners have considered the nature of the arrangements and most importantly, whether joint control exists within each arrangement, and in each case, a judgement has been made that the arrangement is outside the scope of the new collaboration standard. The Chief Constable will continue to account for its own share of income and expenditure of each arrangement. Details of these values are shown in note 11 (related party transactions)
- d. During 2020/21, Thames Valley Police operated the national store for Personal Protective Equipment (PPE) on behalf of all police forces in the country. The stock was initially supplied by forces and paid for via Home Office grant but this was then taken over (both supply and funding) by the Department of Health. TVP was responsible for the onward distribution as determined by the National Police Coordination Centre. As such, it has been determined that TVP are operating as an agent and not as principal in the acquisition and distribution of the stock. The PPE stock is held as an inventory on the Balance Sheet, valued at average market price, but no entries will be shown through the Consolidated Income and Expenditure Statement

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. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year involved the pension liability for 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 23 for a sensitivity analysis and details of the impact of a change in the discount rate. Furthermore, the full impact of the McCloud/Sargeant judgement on both the police officer and police staff pension schemes is still unknown. For full explanation, see note 23.

4. INTRA GROUP ADJUSTMENTS

Both the Police and Crime Commissioner and the Chief Constable are separate legal entities. The Group statement of accounts (PCC Group) reflects the consolidated accounts of the PCC and its subsidiary the Chief Constable.

The table below shows the movement through an intra group account within the respective accounts during 2020/21 and 2021/22. 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 2020/21	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2020	0	0	0
Balance sheet intra group adjustment	- 45,905	45,905	0
PCC resources consumed at the request of the Chief Constable	- 463,849	463,849	0
PCC Intra group adjustment	-509,754	509,754	0
Closing balance as at 31st March 2021	0	0	0

Intra group balances for 2021/22	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2021			0
Balance sheet intra group adjustment	-54,245	54,245	0
PCC resources consumed at the request of the Chief Constable	-479,057	479,057	0
PCC Intra group adjustment	-533,302	533,302	0
Closing balance as at 31st March 2022	0	0	0

NOTES TO THE ACCOUNT

5. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2020/21						2021/22			
Adjustments from General Fund to arrive at the CIES amounts	Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments		Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments
<i>TVP operational budgets under the direction & control of the Chief Constable</i>									
Employees		169,798	380	170,178			213,770	-590	213,180
Premises				0					0
Transport				0					0
Supplies & Services				0					0
Third Party Payments				0					0
Capital Charges	13,528			13,528		10,961			10,961
Non specific Income				0					0
				0					0
net cost of services	13,528	169,798	380	183,706		10,961	213,770	-590	224,141
				0					0
other income & expenditure from the expenditure & funding analysis	535			535		0			0
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services	14,063	169,798	380	184,241		10,961	213,770	-590	224,141

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.

2021/22

	General Fund Balance	Capital Receipts Reserve	Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to or from the pensions reserve)	213,770		-213,770
Financial instruments (transferred to the financial instruments adjustment account)	0		0
Council tax (transfers to or from the collection fund adjustment account)	0		0
Holiday Pay (transferred to the accumulated absences account)	-590		590
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	14,308		-14,308
Non current assets written off on disposal (charged to capital adjustment account)	0		0
Total Adjustments to the Revenue Resources	227,488		-227,488
Adjustments between revenue and capital Resources			
Transfer of non current asset sale proceeds from revenue to capital receipts reserve		0	
Statutory provision for the repayment of debt (transfer from the capital adjustment account)		0	0
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-3,347		3,347
Total Adjustments between revenue and Capital Resources	-3,347	0	3,347
Adjustments to capital resources			
Use of capital receipts reserve to finance capital expenditure	0	0	0
Application of capital grants to finance capital expenditure	0		0
Total Adjustments to capital resources	0	0	0
Total Adjustments	224,141	0	-224,141

NOTES TO THE ACCOUNT

2020/21

	General Fund Balance	Capital Receipts Reserve	Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to or from the pensions reserve)	169,798		-169,798
Financial instruments (transferred to the financial instruments adjustment account)	0		0
Council tax (transfers to or from the collection fund adjustment account)	0		0
Holiday Pay (transferred to the accumulated absences account)	380		-380
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	19,675		-19,675
Non current assets written off on disposal (charged to capital adjustment account)	1,201		-1,201
Total Adjustments to the Revenue Resources	191,054		-191,054
Adjustments between revenue and capital Resources			
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-654	654	
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	0	0	0
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-6,159		6,159
Total Adjustments between revenue and Capital Resources	-6,813	654	6,159
Adjustments to capital resources			
Use of capital receipts reserve to finance capital expenditure	0	-654	654
Application of capital grants to finance capital expenditure	0		0
Total Adjustments to capital resources	0	-654	654
Total Adjustments	184,241	0	-184,241

7. 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 XXXXXXXXXX. 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 2022, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information. There are no material non adjusting events to report

8. ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

a) Financing and Investment income and expenditure

	2020/21	2021/22
	£000	£000
Interest payable	0	0
Impairment loss allowance	-25	0
Pensions interest cost on net defined benefit liability	99,688	101,627
Subtotal Financing and Investment expenditure	99,663	101,627
Interest and investment income	0	0
Total Operating Expenditure	99,663	101,627

b) Specific grant income

	2020/21	2021/22
	£000	£000
PFI grant	- 1,032	-1,032
Counter terrorism grant (including dedicated security posts)	- 37,544	-36,568
SEROCU grant	-3,964	-3,981
Disclosure Bureau Services	- 1,470	-1,598
Home Office (Serious violence, Violence reduction unit)	- 2,573	-2,898
Use of the apprenticeship levy	- 90	-618
Pensions grant	- 4,312	-4,312
Covid 19 grant	- 6,600	0
Recruitment uplift grant	- 5,118	-5,284
Local Council Tax Guarantee		-2,568
Other small grants	- 1,612	-828
Total specific grant income	- 64,315	-59,689

NOTES TO THE ACCOUNT

c) Other operating expenditure

	2020/21	2021/22
	£000	£000
Gain (-)/loss on disposal of fixed asset	547	69
Levies to national police service	0	0
Total Operating Expenditure	547	69

9. OFFICERS' REMUNERATION

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

	Year	Note	Salary, Fees & Allowance	Bonuses	Expense Allowances	Benefits in Kind	Total Remuneration excluding Pensions	Pension Contribution	Total
			£	£	£	£	£	£	£
Police Force									
John Campbell (Chief Constable)	20/21 21/22		184,129 185,964				184,129 185,964	4,550 -	188,679 185,964
Jason Hogg (Deputy Chief Constable)	20/21 21/22		149,427 150,941				149,427 150,941	45,702 46,172	195,129 197,113
Tim De Meyer (Assistant Chief Constable)	20/21 21/22		127,509 128,880				127,509 128,880	36,583 37,008	164,092 165,888
Tim Metcalfe (Assistant Chief Constable)	20/21 21/22	2	- 102,483				- 102,483	- 30,504	- 132,987
Dennis Murray (Assistant Chief Constable)	20/21 21/22	3	- 7,871				- 7,871	- 2,200	- 10,071
Pete O'Doherty (Assistant Chief Constable)	20/21 21/22	4	116,566 95,989				116,566 95,989	33,965 27,179	150,531 123,168
Robert France (Assistant Chief Constable)	20/21 21/22	5	- 95,052				- 95,052	- 28,650	- 123,702
Christian Bunt (Temporary Assistance Chief Constable)	20/21 21/22		106,909 115,100				106,909 115,100	28,153 28,442	135,062 143,542
Linda Waters (Director of Finance)	20/21 21/22		119,275 120,150				119,275 120,150	19,800 19,945	139,075 140,095
Steven Chase (Director of People)	20/21 21/22		116,718 117,434				116,718 117,434	19,375 19,494	136,093 136,928
Amanda Cooper (Director of Information)	20/21 21/22	6	130,151 68,319				130,151 68,319	21,605 10,882	151,756 79,201
Christine Kirby (Director of People)	20/21 21/22	7	- 98,667				- 98,667	- 16,379	- 115,046
Mike Lattanzio (Director of Information)	20/21 21/22	8	- 107,451				- 107,451	- -	- 107,451

NOTES TO THE ACCOUNT

- Note 1: John Campbell withdrew from the pension scheme in May 2020
 Note 2: Tim Metcalfe was appointed as ACC on 01.09.2021
 Note 3: Dennis Murray was appointed as ACC on 07.02.2022
 Note 4: Pete O'Doherty left as ACC on 31.12.2021
 Note 5: Robert France was promoted from Chief Superintendent to ACC on 14.03.2022 and left on the 03.04.2022
 Note 6: Amanda Cooper left on the 30.09.2021
 Note 7: Christine Kirby was promoted from Assistant to Acting Director of People from 07.07.2021
 Note 8: Mike Lattanzio became the Director of Information in October 2021 and is a temporary contractor/consultant member of staff

Following changes to taxation regulations no chief officers have any taxable personal use of vehicles and therefore no longer incur a benefit in kind.

The following table shows the number of police officers and staff employed and paid directly by TVP 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 2022, are seconded to national bodies such as the College of Policing

Total Remuneration £	2020/21	2021/22
100,000 - 104,999	1	2
95,000 – 99,999	5	7
90,000 – 94,999	12	12
85,000 – 89,999	17	7
80,000 – 84,999	16	14
75,000 – 79,999	21	23
70,000 – 74,999	27	24
65,000 – 69,999	45	82
60,000 – 64,999	186	249
55,000 - 59,999	338	402
50,000 – 54,999	671	740

10. FEES PAYABLE TO EXTERNAL AUDITORS

The audit fee payable to the external auditors during the year totalled £45.7k for the group of which the portion relating to the Chief Constable was £14.4k

11. 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, Cambridgeshire Constabulary, Hertfordshire Police, British Transport Police, Civil Nuclear Constabulary and the National Investigation Service. The following table provides a high level split of gross costs.

	£000
TVP	6,553
Bedfordshire Police	2,894
Civil Nuclear Constabulary	722
Hertfordshire Police	3,236
Cambridgeshire Constabulary	2,936
British Transport Police	3,196
National Investigation Service	50
External Income	88
Total Gross Cost	19,675

NOTES TO THE ACCOUNT

The South East Regional Organised Crime Unit (SEROUC) comprises several different capabilities as recommended by the National ROCU board. The following table provides a high level split of gross costs.

	£000
TVP	5,233
Hampshire Police	3,944
Sussex Police	3,337
Surrey Police	2,608
Kent Police	27
External Income	10,217
Total Gross Cost	25,367

TVP lead the regional Counter Terrorism Specialist Firearms Officers unit for Thames Valley, Hampshire, Surrey, Sussex and Kent but officers remain employed by their home force and hence their costs do not show in the TVP ledger. As lead TVP receives the full grant from National Counter Terrorism Police Head Quarters and distributes to the regional partners.

	£000
TVP	2,487
Hampshire Police	-60
Surrey / Sussex / Kent Police	-1,067
External Income	2,968
Total Gross Cost	4,328
Net Direct Expenditure Incurred by other forces	3,549
Total Unit Gross Cost	

TVP leads the Regional Collaboration of a number of intelligence functions through the Counter Terrorist Policing South East (CTPSE) unit, which co-ordinates these function to enable the South East forces of Thames Valley, Hampshire, Surrey, Sussex and Kent to respond appropriately to threats in the region. Most of the officers remain employed by their Home forces as do their direct costs.

	£000
TVP	3,539
Hampshire Police	-886
Surrey / Sussex / Kent Police	-429
Total Gross Cost	2,224
Net Direct Expenditure incurred by other forces	5,646
Total Unit Gross Cost	7,870

We collaborate with Hampshire Police in terms of ICT, Information Management and ANPR which are led by TVP, and also Operations which is led by Hampshire. The following table provides a high level split of the gross costs incurred by each force for the combined units for 2021/22.

	£000
TVP	62,236
Hampshire Police	46,921
Total Gross Cost	109,157

During 2021/22, Thames Valley Police held inventories of personal protective equipment on behalf of the Department of Health. More details can be found in note 16.

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 was sent to all chief officers to collect this information and the outcome is that there is one material related party transactions to disclose in 2021/22:

During the period April 2021 – March 2022 the Chief Information Officer and his wife were both senior members of the ICT department. They were also both consultants, appointed through a recruitment agency. Invoices for both consultants are appropriately scrutinised and the Chief Information Officer does not approve the invoices of his wife

12. 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.

During 2021/22, the Chief Constable terminated the contracts of 8 police staff (with service in excess of 2 years and thus entitled to redundancy payment) incurring total liabilities of £0.193m of redundancy payments and £0.355m 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:

2021/22

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	3	4	7	59
£20,001 - £40,000		4	4	96
£40,001 - £60,000	1	2	3	156
£60,001 - £80,000				0
£80,001 - £100,000		1	1	99
£100,000 - £150,000		1	1	138
Total	4	12	16	548

2020/21

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	5	0	5	43
£20,001 - £40,000	2	0	2	56
£40,001 - £60,000	1	0	1	60
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,000 - £150,000	1	0	1	118
£150,000 - £200,000	0	1	1	166
Total	9	1	10	443

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.

13. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, Plant and Equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de-minimus level policy is to capitalise all ICT expenditure over £50,000 on a total collaborative project basis, with a lower figure of £25,000 for equipment. Schemes with strategic importance (e.g. vehicles, force wide ICT projects, desktop PCs etc.) are also capitalised

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that they yield benefits to the Chief Constable and the services they provide are for more than one financial year. Expenditure that secures, but does not extend the previously assessed standards of performance of an asset (e.g. repairs and maintenance) is charged to revenue as it is incurred. Assets under construction are recorded in the balance sheet at cost.

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are carried in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

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

Disposals

When an asset is disposed of, sale proceeds are transferred to the usable capital receipts reserve and the gain or loss on disposal is shown in the CIES

Depreciation

This is provided for all assets with a useful finite life, by allocating the value of the asset in the balance sheet over the periods expected to benefit from their use, on a straight line basis.

- Plant, furniture and equipment – a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer
- Vehicles, - a percentage of the value of each class of assets in the Balance Sheet, as advised by a suitably qualified officer. Once the vehicle reaches its residual value we stop depreciating

Grants and contributions

Grants and contributions relating to capital expenditure shall be recognised in the CIES as income except to the extent that the grant or contribution has a condition that the Chief Constable has not satisfied. In that event the amount subject to condition is transferred to the capital grants receipts in advance account. Where the conditions of the grant / contribution are satisfied, but expenditure for which grant is given has not yet been incurred, then such sums will continue to be transferred to the capital grants unapplied reserve.

NOTES TO THE ACCOUNT

Movement on Fixed Assets
2021/22 Movements

	Vehicles Plant and Equipment £000	Total £000
Cost or Valuation		
At 1st April 2021	53,634	53,634
Additions	8,624	8,624
Donations	0	0
Assets under construction - brought into use	0	0
Revaluation increases /(decreases) to RR	0	0
Revaluation increases /(decreases) to SDPS	0	0
Disposals	-5,054	-5,054
Reclassifications	-804	-804
Assets reclassified to/from Held for sale	0	0
Write out expenditure not adding value	0	0
Write out fully depreciated assets	0	0
Depreciation written out on revaluation	0	0
At 31st March 2022	56,400	56,400
		0
Depreciation and Impairment		0
At 1st April 2021	27,837	27,837
Depreciation charge	9,023	9,023
Depreciation written out on revaluation	0	0
Impairment losses / (reversals) to RR	0	0
Impairment losses / (reversals) to SDPS	0	0
Disposal	-4,166	-4,166
Write out fully depreciated assets	0	0
Reclassifications	0	0
At 31st March 2022	32,695	32,695
		0
Net Book Value		0
At 31st March 2022	23,705	23,705

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

2020/21 Movements

	Vehicles Plant and Equipment £000	Total £000
Cost or Valuation		
At 1st April 2020	56,943	56,943
Additions	9,648	9,648
Donations	12	12
Assets under construction - brought into use	0	0
Revaluation increases /(decreases) to RR	0	0
Revaluation increases /(decreases) to SDPS	0	0
Disposals	-3,525	-3,525
Reclassifications	0	0
Assets reclassified to/from Held for sale	0	0
Write out expenditure not adding value	0	0
Write out fully depreciated assets	-9,444	-9,444
Depreciation written out on revaluation	0	0
At 31st March 2021	53,634	53,634
		0
Depreciation and Impairment		0
At 1st April 2020	32,251	32,251
Depreciation charge	7,322	7,322
Depreciation written out on revaluation	0	0
Impairment losses / (reversals) to RR	0	0
Impairment losses / (reversals) to SDPS	31	31
Disposal	-2,323	-2,323
Write out fully depreciated assets	-9,444	-9,444
Reclassifications	0	0
At 31st March 2021	27,837	27,837
		0
Net Book Value		0
At 31st March 2021	25,797	25,797

Capital Commitments

The following significant amounts are outstanding on capital contracts which have been entered into by the Chief Constable as at 31 March 2022. The amounts shown are the Thames Valley Police share of the Commitment. Where there is a total joint commitment to the contract by multiple forces, this value is shown in brackets.

	£000
Software Licences	935
Digital Recording Equipment and Software	627
Data Migration	212
Total	1,774

14. CAPITAL EXPENDITURE AND FINANCING

The Chief Constable spent £11.452m on the acquisition and enhancement of long term assets in 2021/22. Financing of the total capital programme can be found in the Group accounts

	2020/21	2021/22
	£000	£000
Land and buildings	0	0
Vehicles, plant and other equipment	5,370	6,481
Information, communications and technology	4,278	2,143
Total tangible fixed asset expenditure	9,648	8,624
Intangible assets (i.e. computer software licences)	4,533	2,828
Total Capital Expenditure	14,181	11,452

15. INTANGIBLE ASSETS

Accounting Policy

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Chief Constable (e.g. software licences) are capitalised where it will bring benefits to the Chief Constable for more than one financial year. Internally generated assets include complex system costs and IT development costs. These are also capitalised where it will bring benefits to the group for more than one year. The balance is amortised to the CIES on a straight line basis over the economic life of the investment (over 5 years) to reflect the pattern of consumption of benefits.

	2020/21			2021/22		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value						
Opening balance	20,824	15,661	36,484	18,592	9,987	28,579
Additions (purchased and internally generated)	4,365	169	4,534	2,395	433	2,828
Write out capital expenditure not adding value	0	0	0	0	0	0
Impairment	-6,597	-3,588	-10,185	0	0	0
Donated intangible assets	0	0	0	0	0	0
Write out fully depreciated items	0	-2,254	-2,254	0	-492	-492
Closing balance	18,592	9,987	28,579	20,987	9,928	30,915
Depreciation						
Opening balance	-6,226	-7,638	-13,864	-8,074	-5,686	-13,761
Amortisation charged to income and expenditure	-3,888	-2,028	-5,916	3,661	2,529	-6,190
Write out depreciation on impairment	2,039	1,726	3,765	0	0	0
Write out fully depreciated items	0	2,254	2,254	0	492	492
Closing balance	-8,074	-5,686	-13,761	-11,735	-7,723	-19,458
Net Book Value	10,517	4,301	14,818	9,251	2,205	11,456

16. INVENTORIES

Accounting Policy

The Chief Constable holds stocks of uniforms, vehicle equipment, personal protective equipment (PPE) and other operational equipment. All stocks are valued at purchase price. This is not consistent with IAS2 which requires stocks to be valued at the lower of cost or net realisable value. However, net realisable value for many stock items such as uniforms would be negligible, therefore to comply with IAS2 would significantly understate the value to the Chief Constable of the assets held.

The value of inventories held by the Chief Constable as at 31st March 2022 is £2.330m. This is categorised as follows:

	31.3.21 £000	31.3.22 £000
Uniforms	579	484
Transport – parts and equipment	221	258
Other operational equipment	578	675
Personal Protective Equipment *	2,666	912
Total	4,044	2,330

* As at 31st March 2021, Thames Valley Police held inventories of personal protective equipment on behalf of the Department of Health for onward distribution to all other 43 police forces in England and Wales. The Group are acting as an agent in this regard as TVP do not hold responsibility for ordering the stock or determining who should receive the stock. The value at the year end was £912 million, which was calculated at an average market price at the time of stock count.

The amount of TVP owned inventories recognised as an expense through the Comprehensive Income and Expenditure Statement during each year is as follows:

	2020-21 £000	2021-22 £000
Uniforms	1,038	1,160
Transport – parts, livery and equipment	2,309	2,523
Other operational equipment	495	271
Total	3,842	3,954

There were no inventory write downs during 2021-22

As detailed in the accounting policy above, the Group departs from IAS2 by valuing stock at purchase price rather than net realisable value. The financial effect of complying with the code would be to increase the value of the TVP owned stock on the balance sheet as at 31st March 2022 from £0.799m to £0.933m, as per the table below.

	31.3.21 £000	31.3.22 £000
Uniforms	0	0
Transport – parts and equipment	221	258
Other operational equipment	578	675
Total	799	933

17. DEBTORS

	31.3.21 £000	31.3.22 £000
<i>Amounts falling due after more than one year</i>		
Trade receivables	315	202
Prepayments	0	0
Other receivable amounts	27	29
Total long term debtors	342	232
<i>Amounts falling due within one year</i>		
Trade receivables	18,920	18,019
Prepayments	2,467	947
Other receivable amounts	6,846	7,712
	28,233	26,678
Less provision for doubtful debts	- 5	-32
Total current debtors	28,228	26,646
Total debtors	28,570	26,878

18. CREDITORS

	31.3.21 £000	31.3.22 £000
Trade payables	26,388	31,487
Other payables	18,572	18,487
	44,960	49,974

19. INSURANCE PROVISION**Accounting Policy**

Provisions are made where an event has taken place that gives the Chief Constable an obligation that probably requires settlement by a transfer of economic benefits, but where the timing of the transfer is uncertain.

Provisions are charged to the appropriate service revenue account in the year that the Chief Constable becomes aware of the obligation, based on the best estimate of the likely settlement. When payments are eventually made they are charged to the provision set up in the Balance Sheet.

The Chief Constable maintains a provision to meet insurance claims under a self-insurance scheme. There are cumulative limits to these, above which claims would be met by the Chief Constable's insurers. This provision covers two main areas of insurance, namely motor and employees/public liability. The adequacy of the insurance provision is assessed annually by a firm of actuaries. Payments for employees and public liability insurance are notoriously long tail, which means that it could be as long as 7 years before all current claims are finally paid and settled. Comparative figures for provisions are not required.

	2021/22 £000
Opening balance at 1 April 2021	9,104
Transactions during the year:	
Additional provisions made in the period	2,444
Amounts used (incurred and charged against the provision) in the period	- 2,238
Amounts transferred from earmarked insurance reserve	0
Closing balance at 31 March 2022	9,310

20. CONTINGENT ASSETS AND LIABILITIES

Accounting Policy

The Chief Constable recognises material contingent assets and liabilities, which arise from past events, whose existence can only be confirmed by the occurrence of one or more uncertain future events, which are not wholly within the Chief Constable's control.

Following successful claims in the court case Allard v Devon and Cornwall Police for unpaid overtime following recalls to duty, the judge has selected a number of test cases to consider all of the issues arising in these claims against forces across the country. TVP claims are therefore stayed by order of the High Court pending the outcome of the test cases. The total cost of the claims will be dependent upon the principles established in the test cases and a number could go back over a six year period but the overall financial impact is not expected to be material in relation to the overall financial position of the force. There is no insurance indemnity for these claims

21. UNUSABLE RESERVES

The Chief Constable keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. This category of reserves includes those which hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations"

	31.3.21 £000	31.3.22 £000
Accumulated Absences Account	- 6,645	-6,055
Capital Adjustment Account	- 30,721	-41,729
IAS 19 negative Pensions Reserve	- 5,058,145	-5,152,187
Total	- 5,095,512	-5,199,971

Accumulated Absences Account

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.

	31.3.21 £000	31.3.22 £000
Opening balance	6,265	6,645
Reversal of prior year accrual	-6,265	-6,645
Accrual for accumulated absences at year end	6,645	6,055
Closing balance	6,645	6,055

Capital Adjustment Account (CAA)

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Chief Constable as finance for the costs of acquisition, construction and enhancement.

	31.3.21 £000	31.3.22 £000
Opening Balance	- 16,658	- 30,721
Direct Revenue Financing	6,159	3,347
Receipts on disposal of fixed assets	654	0
Carrying value of disposed assets	- 1,201	0
Credit for donated asset	12	0
Less:		
Annual depreciation and impairment	- 19,687	-14,355
Closing balance	- 30,721	-41,729

IAS 19 Pension Reserve

See Note 23 on page 49.

22. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Chief Constable's activities expose it to the following financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Chief Constable

Credit risk

Credit risk arises from credit exposures to the Chief Constable's customers.

The following analysis summarises the Chief Constable's potential maximum exposure to credit risk on financial assets, based on experience of default and uncollectability over the last five financial years.

	Amount at 31 March 2022 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2022 % (c)	Estimated maximum exposure to default and write-off £000 (a * c)
Customers	5,151	0.3	0.11	6

Customers are assessed, taking into account their past trading experience and other factors, with new customers being subject to pre-payments for services to be received, in accordance with procedures set by the Chief Constable.

The Chief Constable does not generally allow credit for customers, such that £0.947m of the £5.151m balance on the Accounts Receivable ledger at 31 March 2022 is past its due date for payment (i.e. 30 day payment terms). The past due amount can be analysed by age as follows:

	31 March 2021 £000	31 March 2022 £000
Less than three months	689	61
Three to six months	20	840
Six months to one year	- 19	12
More than one year	33	34
Total	723	947

23. PENSIONS

Accounting Policy

Post employment benefits

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

Police Officers

The Police Pension Scheme (PPS) is a contributory occupational pension, 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 governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2007). The Police Pension Scheme 2015 which started on 1st April 2015 is also a contributory occupational pension governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2015) 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 all three 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 PPS, NPPS and the 2015 scheme 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 2022. The pension liabilities in these accounts have been calculated accordingly at a discount rate of 2.00%. (2.00% 2020/21).

Police Staff

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Buckinghamshire Council. This is a funded scheme. In 2021/22 the Chief Constable paid an employer's contribution representing 16.6% 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 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 2.05% (2.05% in 2020/21)

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 16.6% 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

	Police Pension Scheme		LGPS	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
• current service costs	135,640	154,060	37,842	70,522
• past service costs	0	0	0	0
• curtailment and settlements	0	0	432	440
• Administration expenses	0	0	561	518
<i>Financing and Investment Income and Expenditure</i>	93,610	91,810	6,078	9,817
• Net interest on defined liability				
<i>Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services</i>	229,250	245,870	44,913	81,297
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• actuarial gains and losses and return on plan assets	299,510	12,500	297,354	-80,859
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	528,760	258,370	342,267	438
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	229,250	245,870	44,913	81,297
<i>Actual amount charged against council tax for pensions in the year:</i>				
• employers' contribution payable to scheme	85,604	50,395	18,761	19,943
• retirement benefits payable to pensioners				

NOTES TO THE ACCOUNT

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Unfunded liabilities: Police Pension Scheme		Funded liabilities: LGPS	
	2020/21 £000	2021/22 £000	2020/21 £000	2021/22 £000
Opening balance at 1 April	4,144,310	4,569,500	785,211	1,129,001
Current service cost	114,100	132,140	37,842	70,082
Interest cost	93,610	91,810	18,312	21,634
Contributions by scheme participants	21,540	21,920	7,547	7,850
Actuarial gains (-) and losses	299,510	12,500	297,354	-80,859
Losses on curtailments			432	440
Benefits paid (net of transfers in)	-103,570	-112,070	-15,061	-16,567
Past service costs	0	0	0	0
Unfunded pension payments			-253	-249
Historical adjustment between assets and liabilities			-2,383	0
Closing balance at 31 March	4,569,500	4,715,800	1,129,001	1,131,332

Reconciliation of fair value of the scheme assets:

	LGPS	
	2020/21 £000	2021/22 £000
Opening balance on 1 April	510,211	640,356
Interest on assets	12,234	11,817
Actuarial gains and losses (-)	110,171	32,313
Employer contributions, including unfunded benefits	18,364	19,943
Contributions by scheme participants	7,547	7,850
Benefits paid	-15,314	-16,816
Administration expenses	-474	-518
Historical adjustment between assets and liabilities	-2,383	0
Closing balance on 31 March	640,356	694,945
Net liability on the LGPS	488,645	436,387

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 £32.313m (£122.405m in 2020/21)

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 Buckinghamshire Fund liabilities have been assessed by Barnett Waddington, an independent firm of actuaries, estimates for the Buckinghamshire Fund being based on the latest full valuation of the scheme as at 1 April 2019.

NOTES TO THE ACCOUNT

The principal assumptions used by the actuary have been:

	Police Pension Scheme		LGPS	
	2020/21	2021/22	2020/21	2021/22
Long-term expected rate of return on assets in the scheme:	N/A	N/A	21.8%	22.0%
Mortality assumptions				
• Longevity at 65 for current pensioners (years)				
Men	22.0	22.1	21.6	21.6%
Women	23.7	23.8	25.0	25.0%
• Longevity at 65 for future pensioners (years)				
Men	23.7	23.8	22.9	23.0
Women	25.3	25.4	26.4	26.5
Rate of inflation - CPI	2.40%	3.00%	2.85%	3.15%
Rate of increase in salaries	4.15%	4.75%	3.85%	4.15%
Rate of increase in pensions	2.40%	3.00%	2.85%	3.15%
Rate of discounting scheme liabilities	2.00%	2.65%	2.05%	2.60%
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			
	Police Pension Scheme		LGPS	
	Increase in assumption £ million	Decrease in assumption £ million	Increase in assumption £ million	Decrease in assumption £ million
Longevity (increase or decrease by 1 year)	158.00	(158.00)	43.827	(42.121)
Rate of increase in salaries				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	54.00	(54.00)	2.749	(2.722)
Rate of increase in pensions				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	444.00	(444.00)	25.612	(24.971)
Rate for discounting schemes				
• LGPS (increase or decrease by 0.1%)				
• Police Pension (increase or decrease by 0.5%)	(486.00)	486.00	(27.813)	28.543

NOTES TO THE ACCOUNT

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 2021	31 March 2022
	%	%
Equities – UK	0	0
Equities - Overseas	55	52
Gilts	9	10
Bonds	15	14
Property	6	6
Cash	1	3
Alternative assets	1	10
Private Equity	4	4
Absolute return portfolio	4	0
Hedge funds	5	0
Infrastructure	0	4
Total	100	100

McCloud / Sargeant judgement

Claims of age discrimination were brought in relation to the terms of transitional protection by groups of firefighters and members of the Judiciary in the McCloud/Sargeant legal case (referred herein as “McCloud”) and the Court of Appeal handed down its judgment on this claim on 20 December 2018, ruling that the transitional protection arrangements were discriminatory on the basis of age. As a result, the cost control element of the 2016 valuation was paused whilst the Government addressed the need to remedy this discrimination across all public service pension schemes. The cost cap mechanism for the 2016 valuation has since been un-paused and the calculations complete, with the outcome being no changes to benefits or contributions. Past service costs were included in the 2018/19, 2019/20 and 2020/21 accounts and the 2021/22 service cost allows for the higher expected cost of accrual under McCloud.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Thames Valley Police, this affects 3233 members (both active and retired). Scheme actuaries originally estimated the increase in scheme liabilities to be 4.4% or £183.52m of pension scheme liabilities. This was recognised in the 2018-19 accounts. In 2019-20, scheme actuaries reviewed these assumptions at a force level and estimated a decrease of £246.46m in scheme liabilities. In 2020/21, the estimated increase is a further £31.09m reflecting an additional years benefits from the remedy.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2023/24, although this timetable is subject to change.

The impact of an increase in annual pension payments arising from McCloud/Sargeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a pension fund into which officer and employer contributions are paid and out of which pension payments to retired officers are made. If the police pension fund does not have sufficient funds to meet the cost of pensions in year the amount required to meet the deficit is then paid by the Secretary of State to the police authority in the form of a central government top-up grant.

24. NOTES TO THE CASHFLOW STATEMENT

As stated in the narrative report on page 15, the Chief Constable does not operate a bank account and therefore the total cash movements are £nil

Analysis of investing and financing activities:

	2020/21	2021/22
	£000	£000
Investing activities		
Purchase of property, plant and equipment and intangible assets	13,950	12,817
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-654	-884
Proceeds from short and long term investments	0	0
Other receipts from investing activities	0	0
Net cash flows from investing activities	13,296	11,933
Financing activities		
Cash receipts of short and long term borrowing	0	0
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	0	0
Repayments of short and long term borrowing	0	0
Net cash flows from financing activities	0	0

Analysis of non-cash adjustments:

	2020/21	2021/22
	£000	£000
IAS 19 pension liability	-169,798	-213,771
Depreciation, impairment and amortisation	-19,687	-14,308
Carrying amount of non current assets sold	-1,201	-886
Premium/discount on restructuring of debt	0	0
Other non cash items charged to deficit	-368	590
(Increase)/decrease in provisions	-75	-207
Increase/(decrease) in stock	77	40
Increase/(decrease) in debtors	-1,170	-1,052
(Increase)/decrease in creditors	-5,969	-7,353
Total adjustment for non cash items	-198,191	-236,948

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 Accounts

	2020/21 £000	2021/22 £000
Contributions Receivable		
From employer		
- normal	- 49,826	-50,406
- early retirements	- 323	-524
From members	- 21,536	-21,919
Transfers in		
- individual transfers in from other schemes	-355	-461
Benefits Payable		
- pensions	87,884	89,946
- commutations and lump sum retirement benefits	15,491	21,986
- lump sum death benefits	380	330
Payments to and on account of leavers		
- refund of contributions	100	194
- individual transfers out to other schemes	65	106
Sub-total for the year before transfer from the Group of an amount equal to the deficit	31,880	39,252
Additional funding payable by the Group to fund the deficit for the year¹	- 31,880	-39,252
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

	2020/21 £000	2021/22 £000
Unpaid pension benefits	0	0
Amount owing from the general fund	0	0
Net Current Assets and Liabilities	0	0

Annual Governance Statement 2021/22

This Annual Governance Statement explains how the Police and Crime Commissioner (PCC) and Chief Constable for Thames Valley have complied with their published corporate governance framework for the year ended 31 March 2022, including plans for the financial year 2022/23.

A glossary of terms is provided at the end of the Statement of Accounts.

Due to the changed service delivery and governance circumstances created by the global pandemic, an insight into both specific issues arising from and measures put into place in response to COVID-19 are included in the 'Arrangements for Review of Effectiveness' section of this report, where relevant, with a further general update included as an Addendum.

SCOPE OF RESPONSIBILITY

Following the introduction of the Police Reform and Social Responsibility Act 2011 (the 2011 Act), 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. However, the 2011 Act gives PCCs responsibility for the totality of policing within their force area and requires them to hold their force Chief Constable to account for the operational delivery of policing.

Under the 2011 Act, the PCC is the recipient of all funding, including government grant, precept and other sources of income related to policing and crime reduction, and all funding for a force must come via the PCC. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, who provides professional advice and recommendations to the PCC. However, the PCC is ultimately accountable to the public for the management of the Police Fund.

The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards of governance and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively in the discharge of his statutory duties and powers.

Both the PCC and Chief Constable are required to, and have, appointed chief financial officers who each have a fiduciary duty to the local taxpayer for securing the efficient use of public funds. Under the Local Government Act 1999 the PCC makes arrangements to secure continuous improvement in the way his functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

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

The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the police force. At all times the Chief Constable, including police officers and staff under his direction and control, remains operationally independent in the service of the public. In discharging his 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 Policing Protocol Order 2011 requires both the PCC and Chief Constable to abide by the seven principles of personal conduct set out in 'Standards in Public Life: First Report of the Committee on Standards in Public Life' (commonly known as the 'Nolan Principles'), i.e. 'Selflessness', 'Integrity', 'Objectivity', 'Accountability', 'Openness', 'Honesty' and 'Leadership'. The Nolan Principles are

incorporated into both the PCC's Code of Conduct and the College of Policing 'Code of Ethics' that applies to every individual who works in policing, including the Chief Constable and PCC.

(Copies of the PCC's Code of Conduct and the College of Policing's Code of Ethics can be found at:

<https://thamesvalley.s3.amazonaws.com/Documents/Our%20information/Policies%20and%20Procedures/PCC%20and%20DPCC%20Code%20of%20Conduct%2029%20March%2017.pdf>.

https://www.college.police.uk/What-we-do/Ethics/Ethics-home/Documents/Code_of_Ethics.pdf)

In addition, from an organisational perspective, the PCC and Chief Constable have approved and adopted a Code of Corporate Governance (the Code) which is consistent with the principles of the CIPFA / SOLACE guidance 'Delivering Good Governance in Local Government' (<http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>)

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

THE PURPOSE OF THE GOVERNANCE FRAMEWORK

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

The governance framework comprises the systems and processes, and culture and values by which the PCC and Chief Constable discharge their responsibilities and through which the police service 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 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 Thames Valley Police (TVP) include:

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

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

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

Measures are in place to ensure that the PCC, Deputy PCC and employees of the Office of the PCC (OPCC) and TVP are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. This includes the Anti-Fraud, Bribery and Corruption Policy and guidance on the acceptance of gifts, loans and hospitality. Notifications of disclosable interests and a register of gifts and hospitality are published on the PCC's and the Force websites.

The PCC and Chief Constable have transparent and accessible arrangements for dealing with complaints received from the public.

The Force has a Professional Standards Department (PSD) whose role is to uphold the ethical and professional standards of TVP. PSD manages the application of police misconduct regulations, and the administration of complaints by members of the public against the quality of service they have received from the Force and/or the conduct of police officers and police staff below the rank of Chief Constable. The PCC has a statutory responsibility to undertake reviews (formerly known as 'appeals') of the handling and outcome of complaints made against the Force, where requested by complainants, to improve transparency and accountability on behalf of the public. Furthermore, complaints against the Chief Constable are dealt with by the PCC. The independent Thames Valley Police and Crime Panel (PCP) handles formal complaints made against the PCC.

A Professional and Ethical Standards Panel has been jointly established by the PCC and Chief Constable to facilitate the discharge of their respective statutory obligations around handling and monitoring of police complaints, and to ensure that issues relating to policing integrity, ethics and professional standards are independently considered in order to maintain public confidence in policing. It does this by providing an annual assurance report to the PCC and Chief Constable.

Both the PCC and Chief Constable are required to demonstrate respect for the rule of law and comply with relevant laws and regulations. To that end, both employ in-house legal advisors to provide assurance and guidance upon lawful decision-making. The PCC is independent of Force management and operational decision-making, which is the responsibility of the Chief Constable. Established mechanisms and guidance are in place to ensure that the PCC and Chief Constable do not breach or misuse their legal and regulatory powers inadvertently. The PCC and his Deputy (when appointed) are subject to the PCC's Code of Conduct and Oath of Office, and the Chief Constable (and all other individuals who work in policing) are subject to the College of Policing's Code of Ethics, both of which are consistent with the Nolan principles. The Chief Executive of the OPCC is also the designated statutory Monitoring Officer, and the OPCC Head of Governance and Compliance is Deputy Monitoring Officer, with responsibility for advising on the legality and appropriateness of the PCC's actions and decisions.

The PCC and Chief Constable create the conditions for all members of the OPCC and Force to be able to discharge their responsibilities in accordance with good practice. Guidance originating from the College of Policing and NPCC is disseminated Force-wide by the Learning and Development Team in People Services and/or the Policing Strategy Unit. Similarly, best practice for PCCs is obtained via the Association of Police and Crime Commissioners (APCC), Association of Policing and Crime Chief Executives (APAC²E) and Police and Crime Commissioners' Treasurers Society (PACCTS), and is disseminated amongst the OPCC.

The Force employs a Force Vetting Manager and team within the Professional Standards Department to ensure compliance with relevant national vetting standards.

B. Ensuring openness and comprehensive stakeholder engagement

The PCC has a statutory responsibility to consult the Chief Constable and obtain the views of the community and victims of crime about the policing of the Force area, and he must have regard to their views as well as the priorities of responsible authorities within the Thames Valley and relevant government bodies before issuing a police and crime plan.

The police and crime plan must be published by the end of the financial year in which the PCC is elected and, may be reviewed and revised, as necessary and appropriate, to ensure it remains relevant and fit for purpose. In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public.

The PCC's 'Police and Criminal Justice Plan 2021-2025' discharges the above duties and sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered, over the four-year period of his current tenure of office. The delivery of his Plan is supported by the Force's Strategic Plan, the OPCC's internal Strategic Delivery Plan and the corporate Financial Strategy. The Police and Criminal Justice Plan has due regard to the Strategic Policing Requirement as issued by the Home Secretary and is developed in consultation with the Chief Constable, informed by the views of the local community, victims of crime and the priorities of other key stakeholders.

The independent Thames Valley Police and Crime Panel meets regularly to review and scrutinise the decisions and actions of the PCC and his performance in delivering the priorities and key aims contained in his Police and Criminal Justice Plan. It also meets specifically to consider the PCC's proposed annual council tax precept increase; Police and Criminal Justice Plan, Annual Report and any proposed senior appointments to the roles of Deputy PCC, Chief Constable, OPCC Chief Executive and OPCC Chief Finance Officer.

Arrangements have been agreed and implemented for the PCC to hold the Chief Constable to account for Force performance and compliance with other requirements. These arrangements include a schedule of formal public and private meetings, i.e. regular public Performance and Accountability Meetings (formerly known as 'Level 1' meetings), with the reports and agendas published on the PCC's website, supplemented by regular fortnightly informal, private, liaison meetings between the PCC and Chief Constable (in respect of which minutes are taken but not published).

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

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

The PCC published his 2020/21 Annual Report last June (2021). This explained his main achievements during that financial year and provided information on operational and financial performance for 2020/21. His 2021/22 Annual Report is due to be published in June 2022.

The Chief Constable has prepared and published the TVP Strategic Plan. A performance update on the strategic plan is provided to the PCC's Performance and Accountability meetings every 8 weeks, in respect of which the agenda and papers are published on the PCC's website.

Key information about the Force, including the Strategic Plan, is published on the TVP website. Information about neighbourhood policing, partnerships and sponsors, corporate events and public misconduct or special case hearings is also published, including details of upcoming hearings and how

to attend. The site also allows for crimes and road traffic incidents to be reported, feedback to be given or complaints made.

The PCC and Chief Constable regularly attend local authority council meetings across the Thames Valley and provide formal briefings to constituency MPs on topical policing and crime issues at both a local and national level. In addition, the Police and Crime Panel acts as a two-way mechanism to enable local authority Panel representatives to inform the PCC of their local policing and crime matters of importance to their respective authorities and communities, and to brief their authorities of the activities and initiatives of the PCC (and the Panel).

The PCC works with and part-funds local authority Community Safety Partnerships, Youth Offending Teams and Drug and Alcohol Teams across the Thames Valley to support crime reduction and community safety activities in their local areas. Such activities are aligned to the PCC's strategic priorities and key aims, as set out in his Police and Criminal Justice Plan, and are funded from the PCC's Community Safety Fund. Through working in partnership, these activities not only help the PCC to deliver his strategic objectives but also support partners in achieving their local priorities too.

The PCC is a member of the Thames Valley Local Criminal Justice Board, which meets regularly to consider and discuss the performance of the local criminal justice system and any issues or initiatives being addressed individually and collectively by the criminal justice agencies. The PCC has chaired this Board since January 2019. An Assistant Chief Constable (ACC) represents TVP on the Board.

The Force has appropriate mechanisms for engaging with a variety of external organisational stakeholders. The Chief Constable generally attends Local Authority Chief Executive's meetings annually, it is slightly different dependant on the area and the pandemic has altered the consistency of this over the last two years, but this is still the intention. The Chief Constable has delivered a presentation and answered questions in an open forum to each Council across the Thames Valley.

The South East Regional Integrated Policing (SERIP) Board meets quarterly to discuss regional change programmes and projects. All collaborative change programmes are supported by appropriate change frameworks to ensure appropriate governance processes are adopted and supported by standard products including risk and issue logs.

The OPCC and TVP 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.

In so doing, the PCC is helping to ensure that local policing services address the priorities of local communities and that the Force is being held to account for the way services are delivered to the public and at what cost. Furthermore, the decisions and actions of the PCC are subject to regular review and scrutiny by the Police and Crime Panel.

The Chief Constable has a statutory duty to make arrangements for obtaining the views of persons within each neighbourhood about crime and disorder in that neighbourhood. 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. Community Forums 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. In addition, the Force runs 'Cover It Live' on-line events specific to themes or incidents, and has active social media outlets including Facebook and Twitter. The Thames Valley Alert system also enables electronic public engagement en masse.

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

The PCC's Police and Crime Plan sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered over his tenure of office.

The Chief Constable has published the annual TVP Strategic Plan, outlining a clear vision of the organisation's purpose, priorities and strategic intentions, taking account of the PCC's Police and Crime Plan and the Home Secretary's national Strategic Policing Requirement. Progress against the Force's strategic objectives (the seven 'Priority Outcomes') is assessed through focussed Strategic Plan success measures, and reviewed via the Service Improvement Reviews, Force Performance Group and Strategic Vulnerabilities framework.

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

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

There are also partnership arrangements in place with other agencies and stakeholders to manage vulnerability caused by the changing crime landscape, including Multi-Agency Safeguarding Hubs (MASHs).

The Medium Term Financial Plan (MTFP) and Medium Term Capital Plan (MTCP) ensure that planned activities to support the objectives of the PCC and Chief Constable are financially sustainable in the longer term. The Productivity Strategy is an integral part of the MTFP and identifies where savings and efficiencies can be achieved and hence more resources directed to priority areas. Service delivery is reviewed within the Force's Governance & Service Improvement (GSI) department, developing an understanding of present and future demand to inform organisational and operational strategies aimed at sustaining service delivery or improvement. The Effectiveness & Efficiency programme is the methodology adopted to identify the respective costs and priority of services to help direct investment into priority areas to achieve a sustainable service that balances effectiveness with efficiency, ensuring economic viability and public value.

Risk and business continuity matters are managed through a governance framework at a local and strategic level, to manage and mitigate threats to service delivery. Strategic Risk and Business Continuity is managed within the Force's Strategic Governance Unit, bringing together horizon scanning, local risk registers and change-programme risk and business continuity issues.

The Force and PCC both have a duty to consider the impact on equality of proposed changes to policies, procedures and practices. Equality Impact Assessments are routinely undertaken by TVP for policies and change programmes to assess impact internally and externally for staff, stakeholders and the public.

D. Determining the actions necessary to achieve the intended outcomes

The Force planning cycle incorporates the annual Force Management Statement, financial plans, workforce plans and the PCC's Police and Crime Plan to inform the Force's annual Strategic Plan. Priority activities, measures and intended outcomes are proposed and approved through the Chief Constable's Management Team (CCMT), and monitored through the service improvement framework and quarterly updates to inform the PCC's Performance and Accountability meetings.

The Chief Constable maintains a rolling MTFP, which forms the basis of the annual budgets and provide a framework for the evaluation of future proposals. These are accompanied by mid-term workforce plans, managed by the People Directorate.

Decision-making at all levels of the Force is undertaken within the framework of the National Decision Model, which has the Code of Ethics at its core. The National Decision Model was introduced to ensure a greater focus on delivering the mission of policing, acting in accordance with values, enhancing the use of discretion, reducing risk aversion and supporting the appropriate allocation of limited policing resources as the demand for them increases. Both are now fully embedded in the Force, to ensure officers have the tools to act lawfully in their decision making and to enable them to use their full powers for the benefit of citizens, communities and other stakeholders.

With regards to change programmes, Force change proposals are governed through the Change Governance Meeting, which co-ordinates and prioritises proposals, assessing them against the organisation's strategic objectives, capacity and financial capability. Each proposal is captured through an application then, if appropriate, a business case. Bi-lateral projects and programmes, or those requiring the support of a collaborated unit to deliver, and governed through a Joint Change Governance board with representation from Thames Valley Police, Hampshire Constabulary and collaborated units.

In-flight programmes are managed by a Programme Board, chaired by a Senior Responsible Officer. Updates inform the Joint Portfolio Meeting and run collaboratively with Hampshire Constabulary, to enable co-ordination, planning and the oversight of resources from enabling departments to achieve the desired outcomes. All programmes and projects have strategic oversight through the Force Transformation Board, DCCs Collaboration Board, and respective Chief Officer Groups. Collaborated programmes have consideration to and management of shared risks and issues.

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 MTFP and a MTCP, which are reviewed throughout the financial year alongside the OPCC's reserves to provide an effective financial probity framework for decision making. The MTFP and MTCP are closely aligned to the PCC's Police and Criminal Justice Plan and the Force Strategic Plan. The PCC approves the MTFP and the MTCP as well as the Force's annual budgets. The Police and Crime Panel must review the PCC's proposed council tax precept increase and make recommendations to the PCC before he formally sets the annual budget in February each year. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is presented to the PCC's regular public Performance and Accountability meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website as well as being reviewed regularly by the CCMT).

The Productivity Strategy forms an integral part of the MTFP and incorporates the outcomes of initiatives such as Effectiveness & Efficiency or the Estates Asset Management Plan. Under the Productivity Strategy, £3.5m of cash savings were identified and removed from the revenue budget during 2020/21.

Force and Local Police Area Tasking and Co-ordination Group processes enable the regular review of operations, performance and resource deployment in an operational setting. CCMT provides strategic oversight for performance against Strategic Plan measures and priorities, as well as financial plans and asset management plans.

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

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 matters and treasury management, is sourced externally, as this is more practical and cost-effective.

Chief Officers have clearly defined leadership roles and are responsible for implementing strategy and managing the delivery of services within their respective portfolios.

Officers and staff manage their performance and continuous development through the Performance Development Review framework. An annual assessment of competencies and objectives linked to Strategic Plan outcomes is supported by interim reviews and a requirement for officers and staff to undertake Continuous Professional Development. The framework also allows for the management of unsatisfactory performance or attendance where it is identified. The Force has a stated Health and Wellbeing Strategy, along with a workforce plan focussed on recruitment, retention and resilience. Progress on becoming increasingly representative of the communities the Force serves is also an area of focus. The Force is committed to being considered an employer of choice.

Chief Officers have promoted a learning environment climate focussed on continuous service improvement, recognising the importance of independent and peer review when needed. Integral to this is the identification of lessons learned, recommendations and identified areas for improvement through end of project / programme closure reports undertaken before transitioning to business as usual, results analysis, individual management reviews, serious case reviews and Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) audit / inspection processes.

The PCC has received appropriate induction training. As the PCC has a power to appoint a Deputy to assist him discharge his statutory functions, where appointed the Deputy PCC will also receive appropriate induction training. Ongoing training and development for the PCC (and the Deputy PCC where appointed) includes attendance at appropriate national conferences and seminars.

The PCC has also implemented a staffing structure within the OPCC to ensure it has the necessary capability and capacity to support him deliver his statutory functions, such as commissioning services for victims and witnesses. 'Victims First' is the overarching name for all the PCC's services in providing support for victims of crime.

The PCC reviews the workload and performance of his office via the internal OPCC Strategic Delivery Plan, which allows him to monitor activities and identify workload priorities and staffing capacity needs in accordance with the delivery of his strategic priorities.

The PCC is a member of the national Association of Police and Crime Commissioners (APCC). The Chief Constable and his fellow chief officers are members of the National Police Chiefs' Council (NPCC).

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

The Chief Constable, officers and staff all recognise that risk management is an integral part of their daily function, in operational, corporate and change environments. The Risk Management Policy is supported by the Risk and Business Continuity Communications Strategy. The management of risk is governed through the Force Risk Management Group, which exists to oversee strategic risk management and business continuity processes; take ownership of strategic risk issues; delegate actions to appropriate risk managers; accept strategic risk reports and recommendations through the Governance and Service Improvement department, authorise actions and allocate resources where necessary.

The PCC and Chief Constable monitor service delivery effectively via their respective performance regimes.

The PCC has a duty to hold the Chief Constable to account for the performance of TVP generally. The PCC has therefore implemented an effective scrutiny and oversight function. He holds quarterly public 'Performance and Accountability' meetings at which the Chief Constable is required to demonstrate that the Force is performing against the strategic priorities and key aims in the PCC's Police and Crime Plan, the Home Secretary's Strategic Policing Requirement and the Force's own Strategic Plan. Similarly, the PCC meets monthly with the Chief Constable on a private, informal, basis to review and discuss more regularly the general performance of the Force against topical national, regional and local issues. The PCC maintains an HMICFRS tracker to follow up on any risks to the performance of the Force that have been highlighted by HMICFRS inspections.

The OPCC provides an update against its internal Strategic Delivery Plan to the PCC via the OPCC Strategic Management Group monthly meetings and quarterly Performance and Accountability meetings. The PCC therefore receives regular reports on service delivery plans and on progress towards outcome achievement of the priorities and aims set out in the Police and Criminal Justice Plan.

The Chief Constable holds a quarterly Performance Group meeting together with his management team, regularly attended by the PCC as an observer, in which the Chief Constable reviews performance of the Force against the annual Strategic Plan. The Service Improvement Review framework is a comprehensive schedule of LPA or Departmental review meetings, starting with a period of fieldwork, and culminating with a meeting, chaired by the DCC with attendance from the local command team, to review findings and set actions. A performance update against the Force Strategic Plan is considered quarterly at CCMT meetings. This same meeting determines and monitors Force strategy, policies and performance. Gold Groups are set up and managed in response to particular areas of vulnerability or to manage particular areas of performance as necessary, for example in response to a critical incident.

The Chief Constable has implemented monthly Demand & Performance meeting, chaired by DCC, attended by ACC of crime and ACC LP, the FCR and 3 Chief Superintendents. The meeting reviews the Demand and Performance paper. In addition, the Improvement and Innovation meeting has also been set up, chaired by the DCC, in which constructive challenge and debate on recommendations, thematic operational policies and procedures is encouraged. There are been 10 meetings this year. The findings of these meetings are fed into the Chief Constable's Performance Group or CCMT.

The Force Risk Management Group oversees risk management within the Force and is chaired by the Chief Constable. The Group focusses on strategic risks but also monitors risk management processes across the Force, including within change programmes. The OPCC maintains its own strategic risk register.

A Joint Independent Audit Committee (JIAC) operates in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Home Office Financial Management Code of Practice. The JIAC's main role is to provide assurance to the PCC and Chief Constable that the corporate internal control and governance framework, including risk management, is operating adequately and effectively. It does this by providing an annual assurance report to the PCC and Chief Constable. The JIAC meets in public, and reports and minutes are placed on the PCC's website.

Effective counter-fraud and anti-corruption arrangements are in place and are monitored, in the main, by the Force's Professional Standards Department. The Anti-Fraud, Bribery and Corruption Policy is updated every two years and is considered and endorsed by the JIAC before formal publication. It was last updated in December 2020.

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

The Force manages its information in accordance with the Data Protection Act 2018 and the General Data Protection Regulation, the Freedom of Information Act 2000 and the Code of Practice on the

Management of Police Information. This is overseen by the Information Governance Board chaired by the Chief Information Officer (who also holds the position of Senior Information Risk Owner). The Joint Information Management Unit leads on information compliance for both TVP and Hampshire Constabulary (HC) and ensures that appropriate policies and procedures are in place. The Joint Information Management Unit is also responsible for providing guidance on lawful sharing of information with partners, completion of Data Protection Impact Assessments and maintains a library of Information Sharing Agreements. Information Asset Owners have been appointed to manage the risks to specific information types, supported by a network of data guardians. National Centre for Applied Learning Technologies (NCALT) training packages on the Code of Practice on the Management of Police Information and the Government Security Classification policy are mandatory for all officers, staff and volunteers who have access to information and completion rates are monitored by the Information Governance Board.

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.

Financial management arrangements

The annual financial strategy and the capital strategy for the forthcoming financial year are approved in November each year.

The Chief Constable produces a MTFP and a MTCP which are regularly reviewed during each financial year and form the basis of the annual budgets, to provide an effective framework for decision making. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is regularly reviewed by the CCMT as well as being presented to the PCC's regular public Performance and Accountability meetings between the PCC and Chief Constable (with agendas and minutes published on the PCC's website).

The Productivity Strategy is an integral part of the MTFP, challenging the effectiveness of the force and identifying savings and efficiencies to help balance the budget whilst achieving the PCC's and Chief Constable's objectives. £3.7m of cash savings were identified and removed from the revenue budget during 2021/22. The delivery savings within the Productivity Strategy are monitored as part of the regular financial monitoring.

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 JIAC and also provides an independent opinion on the adequacy and effectiveness of the risk management, control and governance processes.

The financial management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer of the PCC and the Chief Financial Officer of the Chief Constable (March 2021). These local financial management arrangements will be reviewed and updated to ensure compliance with the new Financial Management Code issued by CIPFA.

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

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

The PCC's decisions and actions are scrutinised by the Police and Crime Panel, which includes reviews of significant documentation produced by the OPCC for the benefit of the public.

The PCC complies with the Elected Local Policing Bodies (Specified Information) Order 2011 (as amended) and publishes required information on his website. Decisions of significant public interest made by the PCC are published in accordance with a template that ensures they are easy to access and interrogate. Similarly, public reports are compiled in accordance with best practice and scrutinised by the JIAC. Furthermore, the OPCC (and TVP) has reviewed its compliance with the new legal requirements of the Public Sector Bodies Accessibility Regulations 2018 and taken all reasonable steps to help make sure our online services are accessible to all users, including disabled people.

The Chief Constable's Corporate Communications department oversee communications to the public on behalf of the Force. In doing so they abide by the corporate style guide, which is designed to ensure communications are issued in an understandable style appropriate to the intended audience. In addition, the PCC has his own communications team.

The PCC and Chief Constable both report at least annually on performance, value for money, and the stewardship of resources to stakeholders in a timely and understandable way.

The PCC and Chief Constable maintain a process to assess the extent to which the organisation is applying the principles contained in the Framework of Corporate Governance and publish the results of that assessment in the Annual Governance Statement, including an action plan for improvement and evidence to demonstrate good governance in action.

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

The PCC and Chief Constable ensure that all accepted recommendations for corrective action made by external audit are acted upon.

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

Both the PCC and Force are subject to external independent scrutiny and review, through the external audit of their financial statements, systems and management arrangements, and through the inspection of policing performance by HMICFRS. The resultant audit and inspection reports are published on both the PCC and TVP websites.

HMICFRS is charged with independently assessing the effectiveness, efficiency and legitimacy of police forces and fire and rescue services, in the public interest. The PCC is required to publish a response to formal reports issued by HMICFRS. The Force engages fully with the cycle of Police Effectiveness, Efficiency and Legitimacy (PEEL) inspections, Joint Targeted Area Inspections and Thematic Inspections as required.

The PCC and Chief Constable make best use of peer challenge, reviews and inspections from regulatory bodies and professional partners (e.g. College of Policing) and implement agreed recommendations.

Before delivering key services through third party suppliers, the PCC and Chief Constable gain assurance on risks associated with service delivery and subject these arrangements to regular review.

When working in partnership, the PCC and Chief Constable ensure that the arrangements for accountability are clear and that the need for wider public accountability has been recognised.

ARRANGEMENTS FOR REVIEW OF EFFECTIVENESS

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

a) The Police and Crime Commissioner

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

- produce and publish a five-year Police and Crime Plan that sets out the PCC's policing and crime objectives;
- set the annual policing budget and council tax precept;
- secure the maintenance of an efficient and effective police force;
- hold the Chief Constable to account for the exercise of their functions and of those personnel under their direction and control;
- undertake reviews (formerly known as appeals), where requested by a complainant, of the handling and outcome of their complaints made against the Force;
- handle complaints made against the Chief Constable;
- have regard to the relevant priorities of, and act in co-operation with, responsible authorities in exercising their crime and disorder reduction responsibilities, including the making of related grants to any person;
- make arrangements with criminal justice bodies to provide an efficient and effective criminal justice system for the Force area;
- commission victims' support services;
- power to take on the responsibility for the governance of fire and rescue services within the Force area; and
- produce and publish an annual report.

The following key governance activities took place during 2021/22 and demonstrate how the PCC has discharged these powers and duties during that year:

- The updated framework for corporate governance was approved on 30 March 2021.
- The PCC allocated £3.0m from his Community Safety Fund in 2021/22 to help improve community safety and crime prevention across the Thames Valley. £2.7m was allocated to local authorities and £0.3m was retained by the OPCC to help fund Thames Valley-wide initiatives.
- The PCC published his 2020/21 Annual Report in June 2021 to highlight major achievements during that financial year and to report on operational and financial performance during 2020/21.
- In July 2021 the OPCC published its Strategic Delivery Plan for 2021/22. This is an internal OPCC management action plan that supports the PCC to monitor the delivery of both policing and non-policing activities, targets and measures within the Police and Crime Plan. Progress reports were presented to the PCC in public meetings on a regular basis throughout the year and the Plan is reviewed and updated each year.
- During the autumn of 2021 the PCC worked closely with the Chief Constable to update the MTFP (2022/23 to 2024/25). He submitted his budget and council tax proposals for 2021/22 to the Police and Crime Panel on 28th January 2022. The Panel endorsed his £10 (or 4.3%) increase in Band D council tax.
- 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 and the National Police Air Service).
- The PCC has been actively engaged in the scrutiny of major Force business change programmes such as Contact Management Platform (CMP) and Equip (Enterprise, Resource Planning), which were both escalated to the relevant collaboration governance boards.
- Four PCC public Performance and Accountability meetings (formerly known as 'Level 1' meetings) were held in 2021/22, supplemented by fortnightly private and informal liaison meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account.

b) The Force

The CCMT met on 15 occasions as part of the strategic governance framework. In addition, CCMT met far more regularly than in previous years to incorporate effective governance of decision-making and the need for organisational change specific to COVID-19, alongside determining and monitoring Force strategy, policies and performance. This also included finance and strategic planning sessions. The Joint Chief Officers Group (TVP and HC) met formally on 2 occasions during 2021/22 to determine and monitor collaborated strategy, policies and performance, with one meeting focused on the joint annual planning bids.

In response to COVID-19, the Operation Restore command structure was implemented in February 2020. Through Op Restore, the Force worked together with Local Resilience Forum partners to contribute to the Multi agency response to COVID-19. May 2021 saw the implementation of the Operation Renew Command Structure with a C/Supt Gold Commander in place.

Governance structures incorporated internal arrangements for the safety and wellbeing of officers and staff, as well as external arrangements for the enactment of new legislation and the continuity of policing services to the public.

A risk-register specific to tactical COVID-19 considerations was established and reported through Gold. Strategic COVID-19 risks were incorporated onto the Strategic Risk Register, presented to CCMT monthly. The Strategic Risk Register and Business Continuity incidents are reviewed on a quarterly basis at CCMT. Existing business continuity plans were reviewed and revised to reflect the challenges of the pandemic as it developed. Alongside this, regular reporting of key performance indicators for sickness absence, resilience, crime, Fixed Penalty Notices and intelligence were delivered.

Beyond COVID-19, among the key discussions during the year was the review of the MTFP, MTCP, the PCC reserves and the Asset Management Plan, as part of the annual budget cycle. The financial plans were considered several times and the associated decisions facilitated the formal approval of the Revenue Estimates and Capital Estimates 2021/22 by the PCC at his Level 1 meeting on 19th January 2021. As part of the annual budget process the Productivity Strategy was reviewed and continues to play an important role in identifying options to address the budget shortfall and ensure the use of resources is focused on priority areas. Delivery of the outcomes from the Effectiveness & Efficiency Programme remains a central aspect of productivity.

CCMT reviews finance and workforce planning, performance and HMICFRS activity on a regular basis. Strategic Risks and Business Continuity are included quarterly. Other significant areas of note discussed in 2020/21 include CPS Strategic Priorities, Traumatic Risk Incident Management, Detective Recruitment and Senior Appointment Boards. The Strategic Plan success measures are reviewed comprehensively at the Operational and Organisational Force Performance Group meetings that are held on a quarterly basis.

The Force Transformation Board met every other month to review all in-flight change programmes in the Thames Valley only portfolio including Recruitment & Retention, the Front-End Demand programme and the Endeavour Programme (to achieve outstanding investigation). The Joint DCC Collaboration Board met every other month as part of the governance for all bi-lateral programmes including Contact Management Programme, RMS and Digital First. The regional SERIP board met to review the Emergency Services Mobile Communications Programme (ESMCP). These governance boards are in addition to the regular programme boards chaired by each programmes' Senior Responsible Owner.

Following the conclusion of the Tri-Force Equip programme 1 February 2021 the JIAC received a comprehensive analysis of the Tri force lessons learnt report at its December meeting, changes in governance since the initiation of the Equip programme were noted alongside progress on implementing the points highlighted. The Next Steps programme board met on 11 occasions to manage the delivery of the upgrades to the existing systems. The APTOS financial system was upgraded on 16th February 2022. These upgrades address the risks reported in the strategic risk register.

Both CCMT and Force Transformation Board are aligned to bilateral forums including Joint Chief Officer Group and DCCs Collaboration Board, and regional forums such as SERIP. Significant areas of scrutiny included CMP and Equip.

The Governance & Service Improvement department continues to draw together corporate and strategic elements of the organisation. The over-arching function is to provide a central point of co-ordination, governance, strategy, policy and guidance development, change delivery, and the provision of internal evaluation of delivery including the identification of opportunities for continuous improvement.

HMICFRS have adapted their Integrated PEEL methodology, and were due to launch the new inspection process in 2020. As a result of COVID-19, all HMICFRS activity was suspended from March to September 2020. The Force was notified in January 2021 that it would be subject to a PEEL inspection during the course of the 2021/22 year, including a Victim Services Assessment in May and culminating in fieldwork in November 2021. The current inspection report was published 28 April 2022 and looks at police effectiveness, efficiency and legitimacy. The findings show the force has improved in many areas, although there is more we need to do to increase our service to the public. The report shows that TVP are a good force and of the nine sections graded within the report, Thames Valley Police were found to be 'Good' in three sections and 'Adequate' in four sections, this is a new grading which means that we meet the standards expected. We received a grading of 'Requires Improvement' in two areas. There were no areas considered 'Inadequate'. At this time of increased public scrutiny around policing, it is a positive message that the force was recognised as having a strong, ethical and inclusive culture. In particular, the efforts being made to treat people fairly both inside and outside the force were recognised. We were also commended on our innovative approach, which is due to our staff seeking ways in which to improve our knowledge, and provide a better service for our communities

Due to previous areas for improvements identified on 'Crime Data Integrity' (CDI), the Force continues to address the shortcomings identified in the CDI inspection through a dedicated Gold Group, overseen by the DCC. Due to significant improvements made, these meetings will be quarterly from January 2022. The action plan is routinely reviewed, and supported by regular audits and a dedicated resource to drive improvements.

All recommendations and areas for improvement from inspection activity have been actioned and are tracked and updated through a local database and the HMICFRS monitoring portal. The Improvement & Innovation meeting, chaired by the DCC, has been established to provide governance, leadership and drive to continuously improve and innovate in support of the Force's strategic aims; central to this is the timely delivery of improvement activity and the identification, sharing and adoption of organisational learning from all areas, reviews and inspections. This forum will ensure accountability, co-ordination, and timeliness of action. There have been 10 meetings in 2021/2022.

c) The Joint Independent Audit Committee

During 2021/22 the JIAC met five times to consider the external audit and internal audit plans for 2021/22, as well as receiving timely updates in terms of risk management and business continuity. The JIAC also received regular briefings, including appropriate written reports, during the year from the PCC, Chief Constable and relevant senior officers. This included specific updates on the Equip programme. JIAC members also attend Force working groups (including the Force Transformation Board, TVP/HC Bilateral Governance Board and Performance Group) and other panel meetings (including the Professional and Ethical Standards Panel) as observers to gain a greater understanding of current governance, operational and risk activities and to assist their judgment of the adequacy of the overall Corporate Governance Framework.

The JIAC's Annual Assurance Report for 2021 was presented to the PCC and Chief Constable at their JIAC meeting on 17 December 2021. At that time the JIAC was able, based on the information that they had considered collectively or knew about individually, to give assurance to the PCC and Chief Constable that the risk management and internal control environment in Thames Valley was operating efficiently and effectively.

d) The Governance Advisory Group

A joint OPCC/TVP officer governance group (the 'Governance Advisory Group') operates 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.

The Joint Corporate Governance Framework for 2021/22 was approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 30 March 2021.

The Governance Advisory Group also developed this joint Annual Governance Statement for 2021/22.

e) **Internal Audit**

The annual report of the Chief Internal Auditor for 2021/22 was presented to the JIAC on 17 June 2022. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

As at March 2021, the 2021/22 Joint Internal Audit Plan had been collated and was endorsed by the JIAC.

The 2021/22 Joint Internal Audit Plan has been completed and on the basis of this work, the opinion of both organisations' governance, risk and control frameworks is '**reasonable assurance**'. The governance, risk management and control arrangements are good, although some action is required to improve efficiency or effectiveness. The opinion demonstrates a good awareness and application of effective risk management, control and governance to facilitate the achievement of both organisations' objectives, outcomes and delivery of services. Areas were identified through our work where the design or effectiveness of arrangements in place required enhancing or strengthening. Where these areas were reported, management responded positively, identifying appropriate actions to address the risks raised.

At a statistical level, the opinion represents a slight reduction compared to the previous year with more limited assurance ratings and fewer substantial / reasonable outcomes. However, as the Joint Internal Audit Plan does not include the same audits year on year, this cannot be taken as a direct comparison.

In terms of the implementation of audit actions and mitigation of risk, progress continues to be very good across both organisations with the number of actions completed consistently being in excess of 80%.

As in previous years, to support this year's opinion additional sources of assurance were utilised where they provided commentary on the effectiveness of the organisations' governance framework or general management of risk. The assurances obtained provided a positive view of the organisation's arrangements and supported the overall opinion of reasonable assurance.

Overall, the opinion is very positive considering the challenges both organisations have faced during 2021/22 and the continuing Covid-19 pandemic.

f) **External audit**

In December 2021, EY issued unqualified audit opinions in respect of the 2020/21 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.

g) **Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS)**

During 2021/22 HMICFRS published a number of reports with respect to inspection activity, research or super-complaints. These are considered by the Force via the DCCs Innovation & Improvement meeting. All reports are publicly available on the HMICFRS website.

ANNUAL GOVERNANCE STATEMENT

Below are the inspections reports that contain recommendations or areas for improvement for policing (specific to TVP or nationally). All inspection reports that contain recommendations for the Force require the PCC to publish a formal response within 56 days of the publication of the report, with the exception of reports resulting from super-complaints:

Date published by HMICFRS	National / Force Report	Report Types	Report Title	Date CC Reported to PCC	PCC Response to HMICFRS: Y/N
20-Apr-21	National	COVID-19 Thematic	Custody services in a COVID-19 environment	24.06.21	Y
20-Apr-21	National	COVID-19 Thematic	Policing in the pandemic - The police response to the coronavirus pandemic during 2020	24.06.21	Y
26-May-21	National	Super Complaint	Report on Hestia's super-complaint on the police response to victims of modern slavery	24.06.21	Y
23-Jun-21	National	COVID-19 Thematic	Review of policing domestic abuse during the pandemic - 2021	24.06.21	Y
07-Jul-21	National	Thematic	Interim report: Inspection into how effectively the police engage with women and girls	26.11.21	Y
15-Jul-21	National	Thematic	Neurodiversity in the criminal justice system: A review of evidence	N/A	N/A (Review report – no recommendations)
16-Jul-21	National	Thematic	A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase one: From report to police or CPS decision to take no further action	31.03.22	Y*
25-Feb 2022	National	Thematic	A joint thematic inspection of the police and Crown Prosecution Service's response to rape - Phase two: Post-charge	31.03.22	Y*
21-Jul-21	National	State of Policing	State of Policing: The Annual Assessment of Policing in England and Wales 2020	N/A	N/A Review report – no recommendations

28-Apr 22	Force	PEEL	PEEL 2021/22 Police effectiveness, efficiency and legitimacy An inspection of Thames Valley Police	N/A	N/A
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The PCC (or OPCC) is invited to attend the Strategic Brief at the start of inspection activity and the de-brief provided by HMICFRS following each inspection. Alternatively, the Chief Constable may provide the PCC with a briefing following an HMICFRS inspection.

h) Risk management and business continuity

The Force Risk Management Group met four times during 2021/22 as part of the CCMT strategy meetings. High level strategic risk management and business continuity issues were reported to the JIAC on a timely basis. As at 31st March 2022 there were 28 risks on the Strategic Risk Register with mitigating actions, 8 of which are strategic risks caused by COVID-19.

Business continuity incidents, categorised by impact, were detailed in quarterly reports to CCMT and then the JIAC, including measures taken to minimise their impact. Issues reported primarily related to ICT loss of service and estates issues. The JIAC also received information on exercises to test business continuity plans, which now include key learning points.

All risks at a local and strategic level have clear ownership, are regularly reviewed and rescored according to the risk matrix, and allocated the appropriate risk action – tolerate, treat, transfer, terminate. Risks to collaborated programmes or areas under bi-lateral governance feature on both Forces' registers.

Risk and Business Continuity were central to the Force's response to COVID-19. All Business Continuity plans were reviewed and invoked as appropriate. Also, the Force established a COVID-19 specific risk register and contributed to the Local Resilience Forum's COVID-19 risk register. Risk and Business Continuity were reviewed weekly by the Gold Commander, and monthly by CCMT during the COVID period.

i) Health and Safety and Environmental Management

Copies of the Health & Safety Management Policy are accessible to all staff via the Intranet, and displayed on the health and safety notice boards in all TVP premises.

The Health & Safety Annual Report was taken back to JIAC in 2021 for scrutiny and was signed off along with the Wellbeing report. The report covered the key management areas specified within the revised 2013 publication HSG65 'Successful Health & Safety Management' (Appendix A) and documented the continuous improvement of Thames Valley Police policies and procedures for the effective management of health and safety.

Health & Safety considerations, requirements and issues were incorporated into the COVID-19 Silver command governance structure, and reported into the Gold Commander.

The Health and Safety Governance arrangements and structures are currently under review with changes likely to be implemented in 2022.

j) Ethics and Integrity

A protocol between the PCC and Chief Constable provides the PCC with overview and scrutiny of complaints handling by the Force. The Professional and Ethical Standards Panel (previously called Complaints, Integrity and Ethics Panel) meets every two months and reports jointly to the PCC and

Chief Constable. The Panel conducts an assessment of how the Force deals with complaints and provides a challenge and support role in respect of how the Force respond to ethical issues.

During the last 12 months, some of the issues the Panel challenged were Taser use, in particular key improvements through learning taken in response to the IOPC report. The Panel also considered the key community policing challenges and issues faced, including disproportionality in the BAME community. Other matters include TVP perspective on HMIC Stop & Search being that statistics show that in 2019/20, Black, Asian and Minority Ethnic (BAME) people were over four times more likely to be stopped and searched than White people; for Black people it was nearly 9 times higher. Disproportionality of complaints against BAME officers and the ethical issues regarding the prosecution of rape were also discussed.

The Panel's Annual Assurance Report for 2021 was presented at the Performance Accountability meeting on 31 March 2022. This 2021 Report highlighted that the Panel had scrutinised matters including the following themes:

- Ethics of relationships within TVP.
- Wellbeing of officers subject to misconduct hearings.
- Protective monitoring of police computer use.
- Dismissal of a former officer for Covid breach and dishonesty.
- Proportionality of severity assessments.
- Use of social media by officers.

The Panel was able to provide an assurance to the PCC and Chief Constable that the complaints handling and management arrangements in place within TVP are operating efficiently and effectively.

The Force also has an internal Ethics & Integrity Board, chaired by the Head of the Professional Standards Department (PSD), which meets quarterly. The Force has recruited a dedicated Ethics Researcher, supporting the Ethics & Integrity Board. The Ethics Champions network has been rejuvenated, and now meet regularly to discuss ethical considerations or concerns raised from across the Force.

Policies are reviewed by the Strategic Independent Advisory Group to provide feedback on accessibility and raise ethical considerations. These are then taken to the Professional Ethical Standards Panel as necessary and appropriate.

The Chief Constable continues to promote the fundamental importance of TVP officers and staff employing the highest professional standards, principles that are embodied and enforced through the Code of Ethics. All police officers and staff have been required to complete an on-line training package and attend a dedicated Code of Ethics training session. All new Officers and staff receive training on the Code of Ethics as part of their induction.

During 2021/2022, 2 Panel members have resigned and 2 new Panel members appointed. As such, the Panel now consists of 8 members and no further recruitment is anticipated during the coming year.

During 2021/22 the PSD received and processed 3,401 complaints and 131 conduct matters, and held 25 misconduct meetings and 24 misconduct hearings in accordance with the statutory scheme. From 1st February 2020, following implementation of the new Regulations, as per the Policing and Crime Act 2017, the criteria for recording complaints and the definition of a complaint has changed and this change will be reflected in the above figures. In addition, the OPCC itself handled 12 complaints made against the Chief Constable and received 331 requests for complaint reviews in accordance with the statutory police complaints scheme.

k) Thames Valley Police and Crime Panel

During 2021/22 the independent Police and Crime Panel (PCP) met on 4 occasions. Key activities undertaken by the Panel during the year included reviewing and scrutinising the PCC's Annual Report for the 2020/21 year, and scrutiny and consideration of the PCC's 2022/23 budget and council tax precept proposals. Over and above these specific activities, the Panel continued to receive and consider regular reports on the delivery of the previous PCC's Police and Crime Plan strategic priorities and key aims, including the contribution made by other partner agencies, and updates on matters of topical interest to the Panel.

In addition, the Panel operates a permanent Complaints Sub-Committee as well as ad-hoc task and finish working groups. During 2021/22 the Chief Executive of the OPCC, acting under delegated authority on behalf of the PCP, referred 6 complaints against the PCC/Deputy PCC to the PCP for consideration by them under the statutory scheme. None of these complaints were upheld.

The Panel itself published its own 2020/21 Annual Report in June 2021.

l) Collaboration and partnership working

The joint TVP and HC Bi-lateral Collaboration Governance Board formally met twice during 2021/22. This Board oversees and scrutinises the work of the existing collaborative functions (i.e. Contact Management, Joint Operations Unit, Joint ICT and Joint Information Management) as well as development of collaborated change programmes. Updates are provided on new collaborative opportunities being explored. These formal meetings were supplemented by specific briefings for the PCCs and senior officers as appropriate on the Contact Management Platform (CMP) programme. In addition to the Governance Board, the Joint Chief Officer Group met three times during 2020/21.

Governance of collaboration between forces across the South East region is undertaken by chief police officers at the SE Regional Integrated Policing (SERIP) Board, and by PCCs and chief constables at the Regional Governance Board. The respective Deputy Chief Constables (DCCs) specifically govern this meeting (with one of them chairing and the others attending). Four meetings of the regional governance board were held during 2021/22. The South East Regional Organised Crime Unit, hosted by TVP, brings together the regional organised crime units under one structure. It is operationally aligned with the Counter Terrorism Policing South East unit. A regional Assistant Chief Constable (ACC), who reports directly to the Chief Constable of TVP, exercises overall command of the regional crime and counter terrorism functions. This ACC also represents serious organised crime at the South East Regional Governance Board and nationally with the National Crime Agency and other key stakeholders.

m) Conclusion

The work carried out by the Governance Advisory Group to review the Joint Corporate Governance Framework itself, and how it has been applied in practice over the financial year 2021/22, has informed the latest review of the Framework which was approved in March 2022. Consequently, the PCC and Chief Constable will be able to satisfy themselves that key governance structures supporting the discharge of their responsibilities have and continue to receive effective scrutiny.

SIGNIFICANT GOVERNANCE ISSUES

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

There were no significant actual or potential governance issues identified in respect of the 2020/21 year AGS which were due to be monitored during 2021/22.

There are currently no significant actual or potential governance issues identified in respect of 2021/22 'business as usual' activities. Accordingly, the Governance Advisory Group is satisfied to the best of its knowledge that no material breaches of the governance arrangements occurred in 2021/22 and there are no significant weaknesses in the internal control and governance environment.

The coronavirus pandemic (COVID-19) impacted on operational and governance arrangements initially in March 2020 but remedial business continuity measures and alternative operational management arrangements are now bedded in as 'business as usual'. Nevertheless, as we need to ensure that the AGS is current at the time of publication, it is essential that the AGS also reflects any residual ongoing impact of COVID-19 on the adequacy and effectiveness of our governance framework and arrangements.

To that end, the Addendum to the AGS specifically addresses the challenges and impact of COVID-19 on our governance and our response to it. No significant governance issues were identified in respect of 2021/22 and no potential significant governance issues have been identified for specific monitoring during 2022/23.

However, as identified in the attached Addendum, the impact on governance arising from the COVID-19 crisis, and from the changed environment in which TVP is operating, remains ongoing at the time of publication of this document.

In any event, the governance arrangements of the PCC and the Chief Constable will remain under review at least annually over forthcoming financial years.

Matthew Barber
Police and Crime Commissioner

Paul Hammond
Chief Executive
(Monitoring Officer)

Ian Thompson
Chief Finance Officer and
Deputy Chief Executive

ADDENDUM

REFLECTING THE CHALLENGES FROM CORONAVIRUS

The organisational response to COVID-19 has meant that there have been no significant changes or impacts on existing governance arrangements. The two organisations have adjusted the way that services and governance have been managed and delivered, but not substantially changed the framework of delivery and the range and quality of services delivered.

a) Impact on business as usual in the delivery of services**TVP**

Business Continuity was a central strand of the structure, quickly establishing critical functions for each policing function (operational and organisational). Resilience and abstraction rates were reported into the Gold Commander on a daily basis, alongside the operating status for each business area. An assessment of each business area's ability to deliver its critical functions was produced using the following scale:

- Blue – business as usual - no functions disrupted other than normal demand deviations and levels of sickness.
- Green – moderate temporary impact - there are some occasions where demand is exceeding capacity or where there are abnormal levels of sickness and absenteeism.
- Amber – moderate sustained impact – crucial activities cannot be sustained due to demand being exceeded or where there are levels of sickness which require non-critical activities being re-deployed for a sustained period of time.
- Red – severe impact – inability to meet demand or there are significant levels of sickness / absenteeism, resulting in officers and staff being deployed from 'desirable' critical services.

Policies and processes were reviewed to enable a more agile approach to delivering services. Widespread roll-out of mobile devices and improvements to the ICT network enabled a significant proportion of the workforce, where it was possible to do so, to keep working from home to achieve social-distancing or when in self-isolation.

In conjunction with the Local Resilience Forum and the Force Procurement Department, the Silver Commander oversaw the sourcing of increased amounts of Personal Protective Equipment (including facemasks, disposable gloves, hand sanitiser and wipes) for all staff and officers not able to work from home.

Operational Guidance, and health, safety and wellbeing advice, were shared Force-wide with senior leaders and directly with staff via Corporate Communication messages.

Weekly demand and impact assessments were completed, alongside intelligence briefings, indicate that there has not been an impact on the Force's ability to respond to calls for service or victims of crime. Whilst some non-critical services were initially impacted, service delivery has now returned to normal.

A Gold and Silver structure are currently still in place with regular meetings and monthly reports on operating status, risks and issues that come back into CCMT. TVP will soon be moving in to a post-Op Restore environment in line with UK Government policy.

OPCC

OPCC services and functions were reviewed and prioritised by the Strategic Management Group (SMG) when the national COVID-19 'lockdown' restrictions were implemented in late March 2020.

Following that prioritisation review, OPCC staff have been allocated a laptop computer so they can work remotely from home where possible, in line with Government advice and local TVP policy in place at the time during 2020/21 and 2021/22, whilst delivering services remotely with a minimised impact on 'business as usual'.

The OPCC SMG have maintained regular, twice-weekly, video conference calls during the pandemic period, as well as formal monthly meetings, to monitor service delivery performance and address practical problems and issues affecting the effectiveness and productivity of staff. Furthermore, in line with the TVP Welfare Policy to manage the impact of COVID-19, OPCC managers and supervisors have engaged in regular weekly telephone contact with staff to monitor their welfare and wellbeing.

As a result, key service delivery (including closure of accounts, victim support services and the independent custody visiting scheme) has largely continued on a 'business as usual' basis, albeit having adopted alternative 'remote' or office-based 'safe-working' arrangements and practices, as necessary.

b) New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g.

- Implementation of new policies and processes
- Emergency assistance

TVP

The introduction of emergency legislation and policing powers was managed through the Gold Command structure, with clear guidance being issued to officers and staff, alongside a review of policy / procedure to ensure all areas relevant to policing were captured. The enforcement of the legislation was closely monitored and regularly reported into Gold Command and CCMT. The issuing of Fixed Penalty Notices for breaching lockdown measures was further reported nationally.

Thames Valley Gold Commander played an active role in the Strategic Co-ordination Group of the Thames Valley Local Resilience Forum (LRF), and the Thames Valley Police Silver Commander chaired the LRF Tactical Co-ordination Group.

In terms of 'emergency assistance', TVP, together with a handful of other forces across the country, took the lead nationally in the procurement and distribution of personal protective equipment (PPE) on behalf of other police forces.

OPCC

The PCC has publicly supported the Force in terms of its local operational policing response to COVID-19 (i.e. 'Operation Restore'). Furthermore, the necessary changes made to operational policing priorities and practices do not appear to have had any material adverse impact on the Force's ability and capacity to maintain delivery of the PCC's strategic policing priorities, as set out in the current Police and Criminal Justice Plan 2021-2025. Monitoring and scrutiny of Force performance by the PCC has continued during 2021/22 via the PCC's regular 'Performance and Accountability Meetings', at which the Chief Constable reports Force performance against the relevant policing priorities and success measures as contained in the PCC's 'Police and Criminal Justice Plan 2021-2025'.

From a governance perspective, throughout 2021/22 the PCC has engaged with the Force's 'Gold' group overseeing and managing the Force's overall response to COVID-19 in a coordinated fashion and has maintained regular communications with the Chief Constable. This approach has enabled the PCC to continue to exercise effective governance and oversight of the Force's activities, decision-making processes, operational policing policies and tactics, and

performance during a challenging (from an operational management perspective) period of time, whether in respect of COVID-19 or 'business as usual' related activities.

c) **The funding and logistical consequences of delivering the local policing response, e.g.**

- Changes to statutory meetings and decision making arrangements
- New collaborative arrangements
- Funding and cash flow challenges

TVP

The Force has continued to produce audit and performance reports to inform existing governance forums and provide assurance; for example, the Risk Management and Business Continuity Progress reports to the Joint Independent Audit Committee each quarter. .

The Chief Constables Management Team has met more regularly to enable swift decision-making and suitable oversight of the Force response to COVID-19. From June 2021 CCMT returned to monthly formal meetings but with any urgent decisions being progressed through a weekly Wednesday morning CCMT meeting.

Gold Command convened a daily management meeting in the initial phase, moving to three times per week once the Force response was established, and now once a week, with the option of increasing frequency in response to operational or organisational need.

Telephone conferences and Microsoft Teams have enabled forums to continue through the pandemic. Whilst some operational improvement functions were temporarily suspended to allow officers and staff to focus on immediate requirements, Force Performance Group and the DCC Joint Collaboration Board has continued

Organisational learning has been proactively sought and captured throughout the Force's response to COVID-19. Learning is being used to inform decision-making concerning the Force's ongoing response to COVID-19 and the recovery phase.

The financial impact of COVID-19 on TVP has been closely monitored and managed during the year through the normal reporting mechanisms.

OPCC

The PCC is not required to hold public decision-making meetings but he is required to publish 'significant' decisions on his website. The OPCC has continued to discharge that requirement during the COVID-19 crisis. In addition, meetings that would normally have taken place in public (e.g. the Joint Independent Audit Committee and the PCC's Performance and Accountability public meetings) were held as 'virtual' video conference meetings, and the agenda, papers and minutes for them have been published on the OPCC website to facilitate transparency and accountability to the public.

The Thames Valley Police and Crime Panel, which has responsibility for scrutinising the decisions and actions of the PCC, has also adopted 'virtual' video conference meetings during this pandemic period.

The scrutiny and oversight by relevant partner PCCs of policing functions being developed or discharged by TVP in collaboration with other police forces has continued but undertaken in virtual form, usually by way of video conference call arrangements.

Regarding the consequential financial implications of delivering the local policing response to COVID-19, this continues to be monitored and managed by a combination of the ongoing close working of the PCC and Chief Constable's chief finance officers and their respective teams.

At this time, it is considered that the financial reserves currently held by the PCC are sufficient to avoid any critical funding and cash flow challenges over the immediate future.

d) Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g.

- Existing projects and programmes that may have been put on hold
- New priorities and objectives introduced
- New risks identified or existing risks escalated

TVP

The TVP Change Delivery Unit, Hampshire Constabulary Force Development Departments and the Joint ICT Department have worked together throughout the pandemic to reprioritise the change portfolio. Whilst some projects have been accelerated (e.g. laptop roll-out and Windows 10) others have been paused. The three Departments have also re-baselined starting quarters and co-ordinated risks, interdependencies and resource requirements. Programme Boards have continued to be held to assess impacts.

A more agile approach to change has been introduced to meet the needs of the organisation during the emergency response phase. The learning and experience has been captured to retain the positives of the agile methodology post-recovery.

Of particular note is the accelerated introduction of more agile working practices, supported by the roll-out of digital devices and capabilities. These working practices have been advantageous across the whole organisation and will now be incorporated into business-as-usual practice through the Working Smart programme.

A number of strategic risks specific to COVID-19 have been identified and incorporated into the Force Strategic Risk Register. These include welfare & wellbeing, the provision of critical functions, reputational risk and legitimacy, unintended legal or regulatory breaches, meeting demand and achieving recovery. These risks are being managed through Gold Command and also report into CCMT monthly.

All new risks have identified risk-leads and mitigating actions to treat them.

OPCC

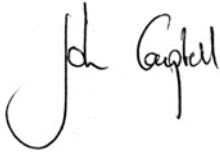
At this time, no significant and/or critical existing projects and work programmes have been put on hold and no new COVID-19 related priorities and objectives have been introduced by the OPCC.

e) Reviewing lessons learned from our response to COVID-19.


The impact on governance arising from the COVID-19 crisis, and the changed environment in which TVP and the OPCC will be operating, remains ongoing at the time of publication of this document.

However, TVP have been capturing and chronicling organisational and operational learning throughout the pandemic, which will be used to inform the recovery phase and post-incident reviews. An early finding is that the Gold structure and regular access to CCMT through

increasing the frequency of governance meetings, together with the active engagement of the PCC in these arrangements, has enabled fast and co-ordinated decision-making in response to the challenges presented by the pandemic.



John Campbell
Chief Constable



Linda Water
Director of Finance

ADDENDUM

REFLECTING THE CHALLENGES FROM CORONAVIRUS

The organisational response to COVID-19 has meant that there have been no significant changes or impacts on existing governance arrangements. The two organisations have adjusted the way that services and governance have been managed and delivered, but not substantially changed the framework of delivery and the range and quality of services delivered.

f) Impact on business as usual in the delivery of services**TVP**

Business Continuity was a central strand of the structure, quickly establishing critical functions for each policing function (operational and organisational). Resilience and abstraction rates were reported into the Gold Commander on a daily basis, alongside the operating status for each business area. An assessment of each business area's ability to deliver its critical functions was produced using the following scale:

- Blue – business as usual - no functions disrupted other than normal demand deviations and levels of sickness.
- Green – moderate temporary impact - there are some occasions where demand is exceeding capacity or where there are abnormal levels of sickness and absenteeism.
- Amber – moderate sustained impact – crucial activities cannot be sustained due to demand being exceeded or where there are levels of sickness which require non-critical activities being re-deployed for a sustained period of time.
- Red – severe impact – inability to meet demand or there are significant levels of sickness / absenteeism, resulting in officers and staff being deployed from 'desirable' critical services.

The majority of business areas did not report a drop below 'Green', and a number of those that moved have subsequently returned to 'Blue'. Only four areas reported a move to 'Amber', which has not impacted on the ability of the Force to respond to calls for service from the Contact Management or Incident Crime Response teams.

Policies and processes were reviewed to enable a more agile approach to delivering services. Widespread roll-out of mobile devices and improvements to the ICT network enabled a significant proportion of the workforce, where it was possible to do so, to keep working from home to achieve social-distancing or when in self-isolation.

In conjunction with the Local Resilience Forum and the Force Procurement Department, the Silver Commander oversaw the sourcing of increased amounts of Personal Protective Equipment (including facemasks, disposable gloves, hand sanitiser and wipes) for all staff and officers not able to work from home.

Operational Guidance, and health, safety and wellbeing advice, were shared Force-wide with senior leaders and directly with staff via Corporate Communication messages.

Weekly demand and impact assessments, alongside intelligence briefings, indicate that there has not been an impact on the Force's ability to respond to calls for service or victims of crime. Whilst some non-critical services were initially impacted, service delivery has now returned to normal.

OPCC

OPCC services and functions were reviewed and prioritised by the Strategic Management Group (SMG) as soon as the national COVID-19 'lockdown' restrictions were implemented in late March 2020.

Following that prioritisation review, over the course of the 2020/21 year OPCC staff were allocated a laptop computer so they could work remotely from home where possible, in line with

Government advice, whilst delivering services remotely with a minimised impact on 'business as usual'.

The OPCC SMG have maintained daily telephone contact during the pandemic period to monitor service delivery performance and address practical problems and issues affecting the effectiveness and productivity of staff. Furthermore, in line with the TVP Welfare Policy to manage the impact of COVID-19, OPCC managers and supervisors have engaged in regular weekly telephone contact with staff to monitor their welfare and wellbeing.

As a result, key service delivery (including closure of accounts, victim support services and the independent custody visiting scheme) has largely continued on a 'business as usual' basis, albeit having adopted alternative 'remote' or office-based 'safe-working' arrangements and practices, as necessary.

g) New areas of activity as part of the national response to coronavirus and any governance issues arising, e.g.

- Implementation of new policies and processes
- Emergency assistance

TVP

The introduction of emergency legislation and policing powers was managed through the Gold Command structure, with clear guidance being issued to officers and staff, alongside a review of policy / procedure to ensure all areas relevant to policing were captured. The enforcement of the legislation was closely monitored and regularly reported into Gold Command and CCMT. The issuing of Fixed Penalty Notices for breaching lockdown measures was further reported nationally.

Thames Valley Gold Commander played an active role in the Strategic Co-ordination Group of the Thames Valley Local Resilience Forum (LRF), and the Thames Valley Police Silver Commander chaired the LRF Tactical Co-ordination Group.

In terms of 'emergency assistance', TVP, together with a handful of other forces across the country, took the lead nationally in the procurement and distribution of personal protective equipment (PPE) on behalf of other police forces.

OPCC

The PCC has publicly supported the Force in terms of its local operational policing response to COVID-19. However, this necessary change to operational policing priorities does not appear to have had any material adverse impact on the Force's ability and capacity to maintain delivery of the PCC's strategic policing priorities, as set out in his current Police and Crime Plan 2017-2021.

From a governance perspective, throughout 2020/21 the Deputy PCC has engaged with the Force's 'Gold' group overseeing and managing the Force's overall response to COVID-19 in a coordinated fashion and the PCC has maintained regular communications with the Chief Constable. This approach has enabled the PCC to continue to exercise effective governance and oversight of the Force's activities, decision-making processes, operational policing tactics and performance during an extremely fluid and fast-changing period of time, whether in respect of COVID-19 or 'business as usual' related activities.

h) The funding and logistical consequences of delivering the local policing response, e.g.

- Changes to statutory meetings and decision making arrangements
- New collaborative arrangements
- Funding and cash flow challenges

TVP

The Force has continued to produce audit and performance reports to inform existing governance forums and provide assurance; for example, the Risk Management and Business Continuity Progress reports to the Joint Independent Audit Committee each quarter. .

The Chief Constables Management Team has met more regularly to enable swift decision-making and suitable oversight of the Force response to COVID-19.

Gold Command convened a daily management meeting in the initial phase, moving to three times per week once the Force response was established, and now once a week, with the option of increasing frequency in response to operational or organisational need.

Telephone conferences and Microsoft Teams have enabled forums to continue through the pandemic. Whilst some operational improvement functions were temporarily suspended to allow officers and staff to focus on immediate requirements, Force Performance Group and the DCC Joint Collaboration Board has continued

In mid-May 2020, the Force Recovery strategy was developed and signed-off by CCMT, but the second and third national lockdowns have delayed implementation.

Organisational learning has been proactively sought and captured throughout the Force's response to COVID-19. Learning is being used to inform decision-making concerning the Force's ongoing response to COVID-19 and the recovery phase.

The financial impact of COVID-19 on TVP has been closely monitored and managed during the year through the normal reporting mechanisms. Fortunately the Government's support to the police service has mitigated the impact of the additional expenditure and lost income and enabled TVP to report a small underspend position for the 2020/21 year.

OPCC

The PCC is not required to hold public decision-making meetings but he is required to publish 'significant' decisions on his website. The OPCC has continued to discharge that requirement during the COVID-19 crisis. In addition, meetings that would normally have taken place in public (e.g. the Joint Independent Audit Committee and the PCC's Level 1 public meetings) were held as 'virtual' video conference meetings, and the agenda, papers and minutes for them have been published on the OPCC website to facilitate transparency and accountability to the public.

The Thames Valley Police and Crime Panel, which has responsibility for scrutinising the decisions and actions of the PCC, has also adopted 'virtual' video conference meetings during this pandemic period.

The scrutiny and oversight by relevant partner PCCs of policing functions being developed or discharged by TVP in collaboration with other police forces has continued but undertaken in virtual form, usually by way of video conference call arrangements.

Regarding the consequential financial implications of delivering the local policing response to COVID-19, this continues to be monitored and managed by a combination of the ongoing close working of the PCC and Chief Constable's chief finance officers and their respective teams.

At this time, it is considered that the financial reserves currently held by the PCC are sufficient to avoid any critical funding and cash flow challenges over the immediate future.

i) Assessment of the longer term disruption and consequences arising from the coronavirus pandemic, e.g.

- Existing projects and programmes that may have been put on hold
- New priorities and objectives introduced
- New risks identified or existing risks escalated

TVP

The TVP Change Delivery Unit, Hampshire Constabulary Force Development Departments and the Joint ICT Department have worked together throughout the pandemic to reprioritise the change portfolio. Whilst some projects have been accelerated (e.g. laptop roll-out and Windows 10) others have been paused. The three Departments have also re-baselined starting quarters

and co-ordinated risks, interdependencies and resource requirements. Programme Boards have continued to be held to assess impacts.

A more agile approach to change has been introduced to meet the needs of the organisation during the emergency response phase. The learning and experience has been captured to retain the positives of the agile methodology post-recovery.

Of particular note is the accelerated introduction of more agile working practices, supported by the roll-out of digital devices and capabilities. These working practices have been advantageous across the whole organisation and will now be incorporated into business-as-usual practice through the Working Smart programme.

A number of strategic risks specific to COVID-19 have been identified and incorporated into the Force Strategic Risk Register. These include welfare & wellbeing, the provision of critical functions, reputational risk and legitimacy, unintended legal or regulatory breaches, meeting demand and achieving recovery. These risks are being managed through Gold Command and also report into CCMT monthly.

All new risks have identified risk-leads and mitigating actions to treat them.

OPCC

At this time, no significant and/or critical existing projects and work programmes have been put on hold and no new COVID-19 related priorities and objectives have been introduced by the OPCC.

j) Reviewing lessons learned from our response to COVID-19.

The impact on governance arising from the COVID-19 crisis, and the changed environment in which TVP and the OPCC will be operating, remains ongoing at the time of publication of this document.

However, TVP have been capturing and chronicling organisational and operational learning throughout the pandemic, which will be used to inform the recovery phase and post-incident reviews. An early finding is that the Gold structure and regular access to CCMT through increasing the frequency of governance meetings, together with the active engagement of the PCC and Deputy PCC in these arrangements, has enabled fast and co-ordinated decision-making in response to the challenges presented by the pandemic.

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)

ACC/ACO

Assistant Chief Constable/Officer

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.

APCC

Association of police & Crime Commissioners

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.

Assets

An asset is a resource with economic value that an individual, corporation, or country owns or controls with the expectation that it will provide a future benefit

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.

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".

CCMT

Chief Constable's Management Team

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

CMP

Contact Management Platform

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

CPS

Crown Prosecution Service

Creditors

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

CTPSE

Counter Terrorism Police South East (formally known as South East Counter Terrorism Unit)

Current service (pensions) cost

An estimate of the true economic cost of employing people in a financial year, earning years of service that will eventually entitle them to the receipt of a lump sum and pension when they retire. It measures the full liability estimated to have been generated in the year and is thus unaffected by whether any fund established to meet liabilities is in surplus or deficit.

Curtailment & settlements

Curtailment arises as a result of the early payment of accrued pensions on retirement on the grounds of efficiency, redundancy or where the employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.

DCC

Deputy Chief Constable

Debtors

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

De minimus

An amount so small that it will not have a significant impact on the accounts

Depreciation

A charge calculated either on a straight line or reducing balance basis, to reflect the diminishing value of an asset over its useful economic life.

DHEP

Degree Holder Entry Programme

Direct Revenue Financing

The amount of capital expenditure to be financed by a contribution from the revenue account in a single year.

Earmarked

Monies set aside for a specific purpose

Equities

Shares in UK and overseas companies.

ESMCP

Emergency Services Mobile Communications project

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

Gilts

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

Gold, Silver Bronze groups

A gold–silver–bronze command structure is a command hierarchy used for major operations by the emergency services of the United Kingdom.

Grant

A sum of money given by a government or other organisation for a particular purpose.

Hedge Funds

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

HC

Hampshire Constabulary

HMICFRS

Her Majesty's Inspectorate of Constabulary, Fire and rescue services

HS&E

Health Safety and Environment

IAS

International Accounting Standard

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.

JIAC

Joint Independent Audit Committee

Leasing

A method of financing expenditure over a period of time. There are two main types of lease:

- a) Finance lease - where the risks of ownership are transferred to the lessee and where the assets are recorded in the Group's balance sheet at a current valuation.
- 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.

LPA

Local Policing Area

MASH

Multi Agency Safeguarding Hub

MPs

Members of Parliament

MTCP

Medium Term Capital Plan

MTFP

Medium Term Financial Plan

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

NCALT

National Centre for Applied Learning Technologies

Net Book Value

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Revenue Expenditure

Expenditure funded by core government grants (police grant, formula grant and legacy council tax grants) and council tax income

Net Present Value (NPV)

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

Nolan Principles

The 7 principles of public conduct are: Selflessness, Integrity, Objectivity, Accountability, Openness, Honesty and Leadership

NPAS

National Police Air Service

NPCC

National Police Chiefs Council (the representative body for Chief Constables)

OPCC

Office of the Police and Crime Commissioner

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

PCDA

Police Constable Degree Apprenticeship

PCP

Police and Crime Panel

PEEL

Police Effectiveness, Efficiency and Legitimacy programme

PESTELO

Political, Economic, Social, Technological, Environmental, Legal, Organisational (police analysis)

PFI

Private Finance Initiative

Police Funding Formula

A needs based funding formula used by the Home Office to allocate police grant to the 43 police forces in England and Wales

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.

PPE

Property, Plant and Equipment

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.

PSD

Professional Standards Department

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.

RMS

Resource Management System

RPI

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

SeRCOP

Service Reporting Code of Practice

SERIP

South East Regional Integrated Policing

SEROCU

South East Regional Organised Crime Unit

SOLACE

Society of Local Authority Chief Executives

Specific Grants

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

TVP

Thames Valley Police

Uplift Programme

The Home Office has promised to fund 20,000 extra police officers before 31st March 2023

Usable Capital Receipts

Capital receipts available to finance capital expenditure in future years.

VFM

Value for Money



Andrew Brittain
Associate Partner
Ernst & Young LLP
Apex Plaza
Reading
Berkshire
RG1 1YE

Matthew Barber
Police & Crime Commissioner
for Thames Valley

Date: April 2022
Our Ref: Closing 2021/22 TR5
Your Ref: PCC TCWG

Dear Andrew

Understanding the TVP management processes and arrangements

In response to your letter and email dated 18 March 2022 I set out below answers to each of the 12 specific questions on management processes and arrangements.

1) How do you as ‘those charged with governance’ of Thames Valley Police, exercise oversight of management’s processes in relation to:

- a) Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);**

Closing the accounts is a business critical exercise that is undertaken jointly by experienced and appropriately qualified staff in my office and the Force Finance Department. There is a detailed workplan and timetable, which is rigorously adhered to, and weekly meetings between key accountancy staff are held to ensure that all tasks remain on track, if not remedial measures are agreed and implemented as soon as possible.

The overall closing process is closely monitored by Ian Thompson (my CFO) and Linda Waters (the Force Director of Finance)

In previous years the External Auditor has commented favourably on the accounts closedown process.

The only significant change to staffing is that Rachael Martinig has replaced Judi Banks as Corporate Accountant. Although Rachael has not previously worked in Policing she does have plenty of relevant experience from local government

The finance system, Aptos, has recently been upgraded to the latest version

No significant changes to process have been made this year.

b) **Communication to employees its views on business practice and ethical behavior (e.g. by updating, communicating and monitoring against the code of conduct);**

- Force values apply equally to all police officers and staff and are set out in the Standards of Professional Behaviour and The Code of Ethics. These publications lay out the values and expectations that everyone in Thames Valley Police are required to adhere to, not only whilst in the work place, but also whilst off duty too.
- Since the issue of the Code of Ethics by The College of Policing in April 2014 everyone who works in policing has undergone training to ensure they fully understand the organisations expectations which places an absolute duty on all officers and staff to comply with the code.
- We are working continuously to embed The Code of Ethics in the organisation:
 - Business as usual activities encompasses the code of Ethics which is themed through all officer foundation training and is included at the appropriate points in all new training packages.
 - All new staff are required to complete the introduction to Ethics and Integrity on-line learning package on appointment.
 - The police staff induction course includes a section on the Code which is delivered by the Force Security Team.
 - A series of short '60 second' videos have been produced to succinctly deliver information about PSDs key policies and procedures and the PSD newsletter carries regular reminders and includes thematic review of lessons learnt and highlights cases where breaches of the discipline policy/misconduct policy have occurred:
 - Disclosable Associations
 - Business Interests
 - Drugs, Alcohol and Substance Misuse
 - Sexual Gain
 - Data Misuse Practice requiring improvement
 - Reflective Practice
 - Discreditable conduct of a sexualised nature
 - Ethical social media and on-line communications
 - An enhanced and updated Abuse of Position for Sexual Purposes video has been produced and is now being used by many other forces to address a shortcoming where corruption could arise. Viewing is mandatory for all officers and staff.
 - PSD have produced a 10-minute PowerPoint briefing, designed for Sergeants/supervisors to deliver to their teams, or individuals can read it alone if this is not possible. This briefing covers a wide range of topical information to update frontline officers to current matters they should be aware of – these relate to the videos above and ethical issues
 - PSD have presented the '3Ps,' (Professional, Proportionate and Pragmatic) strategy to senior managers and further comms releases and updates will be taking place ensuring all officers and staff understand the '3Ps.' This is included in the departments 3-year strategy – 'promoting a culture of learning and constructive challenge.'
 - PSD is currently reviewing all training packages, delivered to new recruits, Leadership courses and those in the Contact Management Centre & Control Rooms to ensure the content is current, covers current themes and trends such as abuse of position, disclosable associations and business interests, factors which could lead to corruption.
 - Senior Vetting Advisors have set up a vetting decision making forum which runs 4 times a year. The panellists are invited from minority groups, support staff

associations and developing potential scheme. Various cases are presented and panellists are asked to provide feedback on decisions being made within the vetting unit.

- The Professional and Ethical Standards Panel (PESP) formerly the Complaints, Integrity and Ethics Panel monitors and challenges the way the Force handles complaints, integrity issues, and makes ethical decisions. This is overseen by the OPCC, and was set up to help ensure that TVP has clear ethical standards and achieves the highest levels of integrity and professional standards. The PESP actively conduct thematic reviews and attend PSD case reviews which contribute to ensuring the force is independently appraised of the progress against set criteria. Recent feedback from user groups run by the PESP show PSD is held in high regard, but it is still perceived that the department can do more to improve our communications with individuals under investigation, their welfare and the welfare of witnesses.
- Following an HMICFRS inspection in 2019, the PEEL Report on Ethical and lawful workforce behaviour indicated the force should take steps to make sure that officers and staff are aware of how to raise ethical issues within the force. The actions taken so far are:
 - An Ethics & Integrity Sub Group has been set up to look at issues around ethics and promoting greater awareness. Following a revision to the terms of reference in 2020, PSD has:
 1. re-established the Ethics subcommittee meetings
 2. Re-invigorated the ethics Champions roles:
 3. held quarterly meetings to discuss and review progress against our plan:
 4. Review business interest submissions and gift and gratuities reports to ensure that individuals are complying with force policy and to identify any concerns.
 5. The Force Ethics Researcher, continues to support the Ethics sub committee and provides independent advice, and guidance to meetings, the ethics champions, senior managers and runs ethical dilemma meetings.
 6. Submission for discussion by the ethical dilemma meetings come direct from members of the force and can be made anonymously via a manager of staff association representative.
 - 7.
 8. To enhance and expand ethics training deliveries to include inputs in to all development course for sergeants and Inspectors
 9. The group will also consider how organisational learning can be fed back to front line and examine ways to raise dilemmas which can be encapsulated learning outcomes
- The Anti-Fraud and Corruption Policy was updated in December 2020 and all employees were made aware of its existence by an article in 'In the Know.'. Work continues to ensure the messages are continually reinforced, examples include:
 - Debt Management Awareness continues throughout the Force and is included on all training inputs delivered by Force Security Staff.
 - Policies relating to business interests, disclosable associations were reviewed and updated in February and March 2020. Compliance with these is randomly checked
 - Since May 2020 PSD has produced a quarterly/bi-monthly Managers Briefing which is used to highlight themes and topics to managers who then cascade to team members. This is aimed at promoting greater awareness and compliance with force policies and procedures. In the last 12 months readership has increased from circa 1,500 to 6,000 and runs special themes and flags issue uncovered during investigations with promoting organisational learning. This is intended to mitigate any risks that could arise.
 - Monitoring of the force telecommunications systems is carried out in accordance with the Lawful Business Monitoring policy. All staff have been made aware

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through information in the force-wide weekly information bulletin – ‘In the know,’ and via the PSD intranet pages that, ‘*Monitoring of all force staff using force issue devices will occur in order to identify inappropriate use of the software & data provided by the organisation to carry out policing business. This information can and will be reviewed in order to ensure that information and networks are being used for lawful and legitimate policing purpose.*’

- PSD Investigators provide an input at all Leadership Development Days. They discuss lessons learnt; a professional, proportionate and pragmatic approach to misconduct investigations and identify current risk areas/themes.
- The Force Professional Standards Department (PSD) is responsible for monitoring compliance with this Code and taking action against those who do not comply.
- The force has undertaken a vetting compliance project to ensure all persons are vetted and those previously vetted are also subject to regular reviews to ensure full compliance with the Vetting Code of practice. This will provide monitoring and aftercare/management of risks.

c) Encouraging employees to report their concerns about fraud, and

The Standards of Professional Behaviour (Code of Ethics) includes a positive obligation on all members of TVP to “*Challenging and reporting improper behaviour*”. The Anti-Fraud, Bribery and Corruption Policy was updated in December 2020 and also includes details on whistle blowing. In Thames Valley we use a confidential reporting system called i-line which is monitored by PSD and advertised on their intranet site.

d) Communicating to you the processes for identifying and responding to fraud or error.

The processes for identifying and responding to fraud or error are clearly set out in Financial Regulations (section 3.4) and the Anti-Fraud, Bribery and Corruption policy. I have seen and approved both documents.

2) How do you oversee management processes for identifying and responding to the risk of fraud and possible breaches of internal control?

Along with the Chief Constable I have established a Joint Independent Audit Committee which meets quarterly to maintain oversight over the organisations internal control and governance procedures. One of the key documents they receive is the Chief Internal Auditor’s opinion on the System of Internal Audit. The JIAC also receives regular quarterly updates on risk management in both the Force and the OPCC

The Annual Governance Statement explains how the Joint (with the Chief Constable) Code of Corporate Governance is operating in practice and highlights any deficiencies in internal control or governance that need to be rectified as a matter of urgency.

I hold the Chief Constable to account for delivering the policing aspects of my Police and Criminal Justice Plan. As part of this process the Professional and Ethical Standards Panel oversees integrity, ethics, professional standards and misconduct matters, which includes any fraudulent activity by current officers or staff.

3) Are you aware of any:

a) Breaches of, or deficiencies in internal control;

No, the Annual Governance Statement for 2020/21 did not identify any significant problems or potential issues with the current system of internal control.

The draft Annual Governance Statement for 2021/22, which was presented to JIAC in March, has not identified any breaches or deficiencies in internal control, nor any potential governance issues that may have an impact in 2022/23. The final annual Governance Statement for 2021/22 will be presented to the Joint Independent Audit Committee on 17 June 2022.

b) Any instances of management override of controls and the nature and circumstances of such overrides

No, I am not aware of instances of management overrides

c) Actual, suspected or alleged frauds during 2021/22

I am not aware of any actual or alleged frauds during 2021/22

4) Are you aware of anyt allegations regarding the Authority's financial reporting (including those received through a whistleblower program)?

No

5) Are you aware of any matters arising from the procedures implemented for the receipt, retention and treatment of allegations (including whistleblowers) regarding accounting, internal accounting controls or auditing matters? Such procedures should include those for the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters, and the response to such allegations

No

6) Are you aware of any organisational or management pressure to meet financial or operating targets?

Clearly the organisation is under pressure to respond to the increasing demand with finite resources but the Chief Constable and I, and our respective chief officers, are very clear that internal control must not be compromised in order to meet these fiscal reductions.

In terms of operational performance I have set challenging but realistic targets for the Force to achieve and these are measured and monitored on a regular basis throughout the year. Good governance arrangements are in place to ensure that performance recording and monitoring remains ethical, honest and timely. This area of business is subject to regular scrutiny by HMICFRS.

7) How do you gain assurance that all relevant laws and regulations have been complied with? Are you aware of any non-compliance during 2021/22?

Both statutory chief finance officers have a personal responsibility to ensure the implementation of effective internal control systems to prevent and detect fraud or error. Within that specific context they will ensure that:

- All the accounting supporting records will be made available to you for the purpose of your audit and all the transactions undertaken by the PCC and Force have been properly reflected and recorded in the accounting records to the best of my knowledge.
- All other records and related information, including minutes of all public Performance and Accountability meetings and committees (e.g. JIAC and PESP) meetings, have been made available to you.

The Annual Governance Statement for 2021/22 does not identify any breaches of internal control or corporate governance during the year.

To the best of my knowledge and belief I am not aware of any non-compliance with laws, regulations and codes of practice during 2021/22.

8) Are you aware of any actual or potential litigation or claims that would affect the financial statements?

No I am not aware of any potential litigation or claims that would have a material effect on the financial statements.

9) How do you satisfy yourself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Apart from the unfunded pension liabilities associated with IAS19 valuation of police officer and staff pensions (£5.072 billion as at 31st March 2021) the Group balance sheet is very healthy.

My CFO and the Director of Finance have produced and published a [Financial resilience self-assessment](#) based on the CIPFA guidance and toolkit. This report was presented to and endorsed by the Joint Independent Audit Committee on 18 March 2022. The conclusion on pages 9 and 10 explain and justify why TVP is a going concern.

The budget report includes a comprehensive section on budget risks and uncertainties, including separate risk analysis for the revenue budget, MTFP and general balances. There is nothing in any of these risk assessments to suggest that Thames Valley Police cannot and will not continue to operate as a going concern in either the short or medium-term.

Thames Valley Police will remain a going concern since we are backed by Home Office core grants, special grants and council tax income. I also maintain an adequate level of reserves and balances which can be drawn upon to help fund unforeseen expenditure.

10) What do you consider to be the related parties that are significant to Thames Valley Police and what is your understanding of the relationships and transactions with those related parties?

There are a number of operational collaborations which TVP belongs to and, in most cases, leads. The main ones are summarized below.

The **Chiltern Transport Consortium** (CTC) provides a vehicle fleet management service to TVP, Bedfordshire Police, Hertfordshire Police, Cambridgeshire Constabulary, British Transport Police and the Civil Nuclear Constabulary. The majority of costs for the CTC go through the TVP accounts and we issue invoices to the other parties for their share of the overall costs.

The **South East Regional Organised Crime Unit** (SEROUC) comprises several different capabilities as recommended by the National ROCU Board. As with the CTC most costs are incurred by TVP initially before we seek an appropriate reimbursement from our partners.

The **Counter Terrorism Policing South East** (CTPSE) comprises several different CT capabilities. TVP leads this regional unit with all the costs going through our books. This unit is fully funded by specific grants from the Home Office

TVP also leads the SE regional **Counter Terrorism Specialist Firearms Officers** (CTSFO) unit. The majority of costs are funded by the Home Office. Residual costs are shared between Hampshire, Surrey, Sussex and TVP.

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 leads on operations. In October 2020 we finally implemented the joint Contact Management Platform (CMP) programme with Hampshire.

11) Does the PCC have concerns regarding relationships or transactions with related parties and, if so, what is the substance of those concerns.

No. I am not unduly concerned by the underlying relationship with any of our key partners.

12) Are you aware if the Authority has entered ~~262~~ into any significant unusual transactions?

No, I am not aware of any unusual transactions

Yours sincerely

A handwritten signature in black ink, appearing to read 'MB', with a stylized flourish at the end.

Matthew Barber
Police & Crime Commissioner for Thames Valley



Andrew Brittain
Associate Partner
Ernst & Young LLP
Apex Plaza
Reading
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RG1 1YE

Ian Thompson CPFA
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Office of the Police & Crime Commissioner
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Date: April 2022
Our Ref: Closing 2021/22 TR5
Your Ref: PCC Mgmt

Dear Andrew

Understanding the TVP management processes and arrangements

In response to your letter dated 18th march I set out below answers, to the best of my knowledge and belief, to each of the 14 specific questions on management processes and arrangements. The answers provided relate to both the PCC and Group financial statements for the year ended 31st March 2021. I would also refer you to the Annual Governance Statement, which provides further information on our internal control procedures.

1) What are the management processes in relation to:

- a) **Undertaking an assessment of the risk that the financial statements may be materially misstated due to fraud or error (including the nature, extent and frequency of these assessments);**
 - The closing of accounts workplan and timetable sets out all the relevant tasks to be undertaken by both OPCC and the Force Finance Department as part of the closure and preparation of the annual accounts, including all relevant reconciliation tasks and checks necessary to help identify fraud and error within the accounts. Responsibility for the monitoring and management of the work plan is undertaken jointly by Linda Waters and I.
 - Financial monitoring reports have been prepared and presented to the PCC on a regular basis throughout the financial year, including an estimate of the year-end outturn position. A key element of the closedown process is to reconcile the year-end accounts to the final monitoring report to understand the key changes and why they have occurred.

In addition, the risk assessment will take into account evidence obtained from the following sources:

- The annual internal audit plan sets out which key financial systems and controls will be subject to audit based on a risk assessment. Progress reports are issued during the

year and an annual report after the 264 year-end summarising key findings, which would include any risk that the financial statements may be materially misstated due to fraud.

- The Joint Independent Audit Committee (JIAC) receives and considers independent reports from the external auditor (e.g. Annual Audit Letter and the Annual Governance Report) which set out any key weaknesses and risks identified from the audit of the organisation concerning financial systems, the internal control environment and the quality/accuracy of the financial statements.
- b) **Identifying and responding to risks of fraud, including any specific risks of fraud which management have identified or that have been brought to its attention, or classes of transactions, account balances, or disclosure for which a risk of fraud is likely to exist;**
- Within the OPCC finance function we give control procedures the highest level of importance. In addition to the normal vetting of staff etc. we use the concept of segregation of duties and manual and automated authorisation processes to minimise the risk of fraud.
 - Force Strategic Risk Register and Risk Management User Guide: Risk registers were maintained for each Local Police Area (LPA), Operational Command Unit (OCU), HQ Department and for the OPCC as a discrete unit. The Force Risk Management Group oversees risk management within the Force and is responsible for ensuring that all LPAs, OCUs and HQ Departments have risk mitigation plans in place and are being implemented effectively. The separate OPCC and Force risk registers' and associated risk mitigation plans are reported to and monitored by the JIAC on a regular basis.
 - A new Fraud Group has been established which senior representation from the Professional Standards Department (PSD), Force Finance, Office of the PCC and Internal audit. The group is chaired by the Head of PSD. The terms of reference are to:
 - Through cross department and organisation liaison (i.e. TVP and the OPCC), maintain oversight of any internal fraud, bribery or corruption matters that may require a consolidated response.
 - To share any fraud, bribery or corruption themes, issues or risks, to ensure members have the earliest visibility of any organisational impacts.
 - To share any areas for organisation learning relating to fraud, bribery or corruption matters.
 - To raise any fraud, bribery or corruption communication, awareness or training needs.
 - To escalate any agreed fraud, bribery or corruption risks within the corporate (TVP or OPCC) risks management processes.
 - To agree responsibility for actions and progressing any specific points.
 - To maintain oversight of any fraud, bribery or corruption issues raised via the biennial National Fraud Initiative process.
 - To maintain oversight and application of the Anti-Fraud, Bribery and Corruption Policy (including Whistle Blowing).
 - To discuss Joint Independent Audit Committee (JIAC) and Professional and Ethical Standards Panel (PESP) updates on any relevant fraud, bribery or corruption matters
- c) **Communication to employees its views on business practice and ethical behavior (e.g. by updating, communicating and monitoring against the code of conduct);**
- Force values apply equally to all police officers and staff and are set out in the Standards of Professional Behaviour and The Code of Ethics. These publications lay out the values and expectations that everyone in Thames Valley Police are required to adhere to, not only whilst in the work place, but also whilst off duty too.
 - Since the issue of the Code of Ethics by The College of Policing in April 2014 everyone who works in policing has undergone training to ensure they fully understand the organisations expectations which places an absolute duty on all officers and staff to comply with the code.

- We are working continuously to ensure The Code of Ethics in the organisation:
 - Business as usual activities encompasses the code of Ethics which is themed through all officer foundation training and is included at the appropriate points in all new training packages.
 - All new staff are required to complete the introduction to Ethics and Integrity on-line learning package on appointment.
 - The police staff induction course includes a section on the Code which is delivered by the Force Security Team.
 - A series of short '60 second' videos have been produced to succinctly deliver information about PSDs key policies and procedures and the PSD newsletter carries regular reminders and includes thematic review of lessons learnt and highlights cases where breaches of the discipline policy/misconduct policy have occurred:
 - Disclosable Associations
 - Business Interests
 - Drugs, Alcohol and Substance Misuse
 - Sexual Gain
 - Data Misuse
 - Practice requiring improvement
 - Reflective Practice
 - Discreditable conduct of a sexualised nature
 - Ethical social media and on-line communications
 - An enhanced and updated Abuse of Position for Sexual Purposes video has been produced and is now being used by many other forces to address a shortcoming where corruption could arise. Viewing is mandatory for all officers and staff.
 - PSD have produced a 10-minute PowerPoint briefing, designed for Sergeants/supervisors to deliver to their teams, or individuals can read it alone if this is not possible. This briefing covers a wide range of topical information to update frontline officers to current matters they should be aware of – these relate to the videos above and ethical issues
 - PSD have presented the '3Ps,' (Professional, Proportionate and Pragmatic) strategy to senior managers and further comms releases and updates will be taking place ensuring all officers and staff understand the '3Ps.' This is included in the departments 3-year strategy – 'promoting a culture of learning and constructive challenge.'
 - PSD is currently reviewing all training packages, delivered to new recruits, Leadership courses and those in the Contact Management Centre & Control Rooms to ensure the content is current, covers current themes and trends such as abuse of position, disclosable associations and business interests, factors which could lead to corruption.
 - Senior Vetting Advisors have set up a vetting decision making forum which runs 4 times a year. The panellists are invited from minority groups, support staff associations and developing potential scheme. Various cases are presented and panellists are asked to provide feedback on decisions being made within the vetting unit.
 - The Professional and Ethical Standards Panel (PESP) formerly the Complaints, Integrity and Ethics Panel monitors and challenges the way the Force handles complaints, integrity issues, and makes ethical decisions. This is overseen by the OPCC, and was set up to help ensure that TVP has clear ethical standards and achieves the highest levels of integrity and professional standards. The PESP actively conduct thematic reviews and attend PSD case reviews which contribute to ensuring the force is independently appraised of the progress against set criteria. Recent feedback from user groups run by the PESP show PSD is held in high regard, but it is still perceived that the department can do more to improve our

- Following an HMICFRS inspection in 2019, the PEEL Report on Ethical and lawful workforce behaviour indicated the force should take steps to make sure that officers and staff are aware of how to raise ethical issues within the force. The actions taken so far are:
 - An Ethics & Integrity Sub Group has been set up to look at issues around ethics and promoting greater awareness. Following a revision to the terms of reference in 2020, PSD has:
 1. re-established the Ethics subcommittee meetings
 2. Re-invigorated the ethics Champions roles:
 3. held quarterly meetings to discuss and review progress against our plan:
 4. Review business interest submissions and gift and gratuities reports to ensure that individuals are complying with force policy and to identify any concerns.
 5. The Force Ethics Researcher, continues to support the Ethics sub committee and provides independent advice, and guidance to meetings, the ethics champions, senior managers and runs ethical dilemma meetings.
 6. Submission for discussion by the ethical dilemma meetings come direct from members of the force and can be made anonymously via a manager of staff association representative.
 7. To enhance and expand ethics training deliveries to include inputs in to all development course for sergeants and Inspectors
 8. The group will also consider how organisational learning can be fed back to front line and examine ways to raise dilemmas which can be encapsulated learning outcomes
- The Anti-Fraud and Corruption Policy was updated in December 2020 and all employees were made aware of its existence by an article in 'In the Know.' Work continues to ensure the messages are continually reinforced, examples include:
 - Debt Management Awareness continues throughout the Force and is included on all training inputs delivered by Force Security Staff.
 - Policies relating to business interests, disclosable associations were reviewed and updated in February and March 2020. Compliance with these is randomly checked
 - Advice around debt management and all PSD policies are included in PSD newsletters – 'Professional as Standard,' which is being issued every 2 months. The newsletters include articles and case studies relating to various themes which are scheduled at planned intervals during the year. This information is also included within the PSD Intranet pages and PSDs force-wide briefing which is updated monthly.
 - Since May 2020 PSD has produced a quarterly/bi-monthly Managers Briefing which is used to highlight themes and topics to managers who then cascade to team members. This is aimed at promoting greater awareness and compliance with force policies and procedures. In the last 12 months readership has increased from circa 1,500 to 6,000 and runs special themes and flags issue uncovered during investigations with promoting organisational learning. This is intended to mitigate any risks that could arise.
 - Monitoring of the force telecommunications systems is carried out in accordance with the Lawful Business Monitoring policy. All staff have been made aware through information in the force-wide weekly information bulletin – 'In the know,' and via the PSD intranet pages that, *'Monitoring of all force staff using force issue devices will occur in order to identify inappropriate use of the software & data provided by the organisation to carry out policing business. This information can and will be reviewed in order to ensure that information and networks are being used for lawful and legitimate policing purpose.'*

- PSD Investigators provide ~~an~~²⁰⁷ input at all Leadership Development Days. They discuss lessons learnt; a professional, proportionate and pragmatic approach to misconduct investigations and identify current risk areas/themes.
- The Force Professional Standards Department (PSD) is responsible for monitoring compliance with this Code and taking action against those who do not comply.
- The force has undertaken a vetting compliance project to ensure all persons are vetted and those previously vetted are also subject to regular reviews to ensure full compliance with the Vetting Code of practice. This will provide monitoring and aftercare/management of risks.

d) Encouraging employees to report their concerns about fraud, and

- The Standards of Professional Behaviour (Code of Ethics) include “Challenging and reporting improper behaviour”. The ethics training referred to above specifically reminds individuals of their responsibility to report, and the methods of reporting, any fraud or misconduct. The Anti-Fraud, Bribery and Corruption Policy also includes details on whistle blowing. In Thames Valley we use a confidential reporting system called i-line which is monitored by PSD and advertised on their intranet site.
- The processes for identifying and responding to fraud or error are clearly set out in Financial Regulations (section 3.4) and the Anti-Fraud, Bribery and Corruption policy.

e) Communication to the PCC and Joint Independent Audit Committee (i.e. those charged with governance) the processes for identifying and responding to fraud or error.

Within the wider governance context of all relevant persons charged with responsibility to implement, maintain or exercise oversight of management processes concerning the prevention and detection of fraud or error, the following internal control environment (policies, control processes and communication arrangements) is in place:

- Financial Regulations - specifically section 3.4 (Preventing fraud and corruption) which sets out organisational expectations of employees, the PCC and partners and the respective roles and responsibilities of the PCC and Chief Constable. This includes the requirement to maintain an anti-fraud, bribery and corruption policy, a whistle-blowing policy and a clear internal financial control framework.
- Chief Constable's Financial Instructions - these detailed operational instructions complement Financial Regulations and expand on the roles and responsibilities of all budget holders and managers (including “*responsibility for the prevention and detection of fraud and other illegal acts within TVP*”) as well as on the internal control systems and policies in place (including the role of internal audit and the existence and requirements of the anti-fraud and corruption policy).
- The JIAC meets quarterly. It receives and considers regular reports that enables it to oversee management processes, and to identify and respond to the risk of fraud and possible breaches of internal control, as follows:
 - Reports from both internal and external audit.
 - The external auditor's annual audit letter and the audit results report.
 - Regular updates to the OPCC and Force risk registers' and monitoring of the associated risk mitigation plans.
 - Consideration, development and maintenance of the Joint Code of Corporate Governance, Annual Governance Statement (AGS) and inherent internal control systems prior to submission to the PCC and Chief Constable for approval. These documents are also submitted to the JIAC for consideration and endorsement.
 - Monitoring of the effective implementation of the AGS Action Plan, when appropriate.
 - Consideration and input to the development of the Internal Audit Strategy and Annual Audit Plan
 - Regular progress updates on the delivery of the annual audit plan and agreed actions arising from internal audit reports.

- The Professional and Ethical Standards Panel monitors and challenges the way complaints, integrity, ethics and professional standards issues are handled by the Force and is overseen by the PCC, to help ensure that TVP has clear ethical standards and achieves the highest levels of integrity and professional standards of service delivery
- The above policies and documents setting out relevant control systems, roles and responsibilities are generally communicated to all employees via:
 - the PCC's website (i.e. AGS; Financial Regulations, Anti-Fraud, Bribery and Corruption Policy)
 - the Force intranet (i.e. Knowzone) which also presents the above documents together with the Chief Constable's Financial Instructions and the Force's Risk Management framework
 - specific working groups (e.g. Governance Advisory Group and the Force Risk Management Group)
 - Public "Performance and Accountability" meetings between the PCC and Chief Constable, as well as the JIAC
 - The AGS sets out the corporate arrangements for scrutinising operational and financial performance; systems of internal audit and internal control; managing risks, and the opinion of the Chief Internal Auditor on the organisation's system of internal control.
 - On-the-job training.

2) What are Management's views about whether there are areas within the organisation that are at risk of fraud?

It is virtually impossible to eliminate the risk of any fraud occurring throughout the organization but through good internal control and proportionate risk management processes we aim to reduce the risk of fraud to a manageable and tolerable level.

3) Does Management have knowledge of any actual or suspected or alleged instances of fraud or fraudulent financial reporting?

Not that I am aware of

4) What was Management's response to the situation identified?

Not applicable

5) Is Management satisfied that internal controls to prevent and detect fraud, including segregation of duties, exist and work effectively?

I am satisfied that all other internal controls are operating effectively.

6) Are there any deficiencies in internal control?

Not that I am aware of.

7) Are you aware of any instances where controls have been overridden?

No

8) Is there is any organisational or management pressure to meet financial or operating targets?

Clearly the organisation is under pressure to respond to the growing level of demand with a finite level of resources but Management is very clear that internal control will not be compromised in order to meet these fiscal reductions.

Good governance arrangements are in place to ensure that performance recording and monitoring remains ethical, honest and timely. This area of business is subject to regular scrutiny by HMICFRS and internally by the Force Crime Registrar.

9) Are there any particular areas of the accounts that are more susceptible to false entries or omissions or other forms of manipulation? Are management aware of any such manipulation having occurred?

I am not aware of any particular areas of the accounts that are more susceptible to false entries or omissions or other forms of manipulation. For those items in the accounts that are imported from systems outside Aptos, reconciliations are undertaken to ensure the correct totals are incorporated in the accounts. Cash figures are reconciled on a regular basis to approved bank accounts. All control accounts, including suspense accounts are fully reconciled.

Management is not aware of any false entries, omissions or other form of manipulation having occurred in the 2021/22 accounts.

10) How does management gain assurance that all relevant laws and regulations have been complied with.

Both Linda Waters (Director of Finance) and I have a personal responsibility to ensure the implementation of effective internal control systems to prevent and detect fraud or error. Within that specific context we ensure that:

- All the accounting supporting records have been made available to you for the purpose of your audit and all the transactions undertaken by the OPCC and Force have been properly reflected and recorded in the accounting records to the best of my knowledge.
- All other records and related information, including minutes of all public PCC and Committee meetings, have been made available to you.

The corporate review of the organisation's general compliance with all relevant laws and regulations is undertaken by the Governance Advisory Group. This Group, which comprises senior officers from both the Force and OPCC, is responsible for capturing, reviewing and developing the organisation's systems of internal control, as summarised in the Code of Corporate Governance and the Annual Governance Statement.

Based on the work undertaken by the Governance Advisory Group, supplemented by the work and assurances of the Internal Audit Team, the ongoing monitoring of the organisation's risk registers and mitigation plans, and the specific work of relevant officers responsible for coordinating and managing the closure and preparation of the accounts, I can confirm that to the best of my knowledge there are no known instances of non-compliance with laws, regulations and codes of practice likely to have had a significant effect on the finances or operations of the PCC and the Force.

11) Are there any actual or potential litigation or claims that would affect the financial statements?

Having consulted colleagues, I am not aware of any potential litigation or claims that would have any material effect on the financial statements.

12) How does Management satisfy itself that it is appropriate to adopt the going concern basis in preparing the financial statements?

Apart from the unfunded pension liabilities associated with IAS19 valuation of police officer and staff pensions (£5.072 billion as at 31st March 2021) the Group balance sheet is very healthy.

We have produced and published a [Financial resilience self-assessment](#) based on the CIPFA guidance and toolkit. This report was presented to and endorsed by the Joint Independent Audit Committee on 18 March 2022. The conclusion on pages 9 and 10 explain and justify why TVP is a going concern.

The budget report includes a comprehensive section on budget risks and uncertainties, including separate risk analysis for the revenue budget, MTFP and general balances. There is nothing in any of these risk assessments to suggest that Thames Valley Police cannot and will not continue to operate as a going concern in either the short or medium-term.

Thames Valley Police will remain a going concern since we are backed by Home Office core grants, special grants and council tax income. We also have adequate reserves and balances which can be drawn upon to help fund unforeseen expenditure.

13) In respect of related parties

- a) Have there been any changes in related party relationships and transactions from the prior period?**

No

- b) What is the nature of the relationship with the identified related parties, how have these been accounted for disclosed?**

Not applicable

- c) Have there been any transactions with related parties during the period that have been conducted outside the Authority's normal course of business?**

No

- d) What is the purpose of material transactions entered into with related parties?**

The delivery of operational policing

- e) Are you aware of any related party transactions that have not been authorised and approved in accordance with the Authority's established policies and procedures regarding the authorisation and approval of transactions with related parties**

No

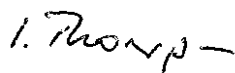
- f) Are you aware of any related party transactions for which exemptions to the Authority's established policies and procedures were granted and the reasons for these exceptions?**

No

14) Has the Authority entered into any significant unusual transactions? If so, please provide details

No

Yours sincerely

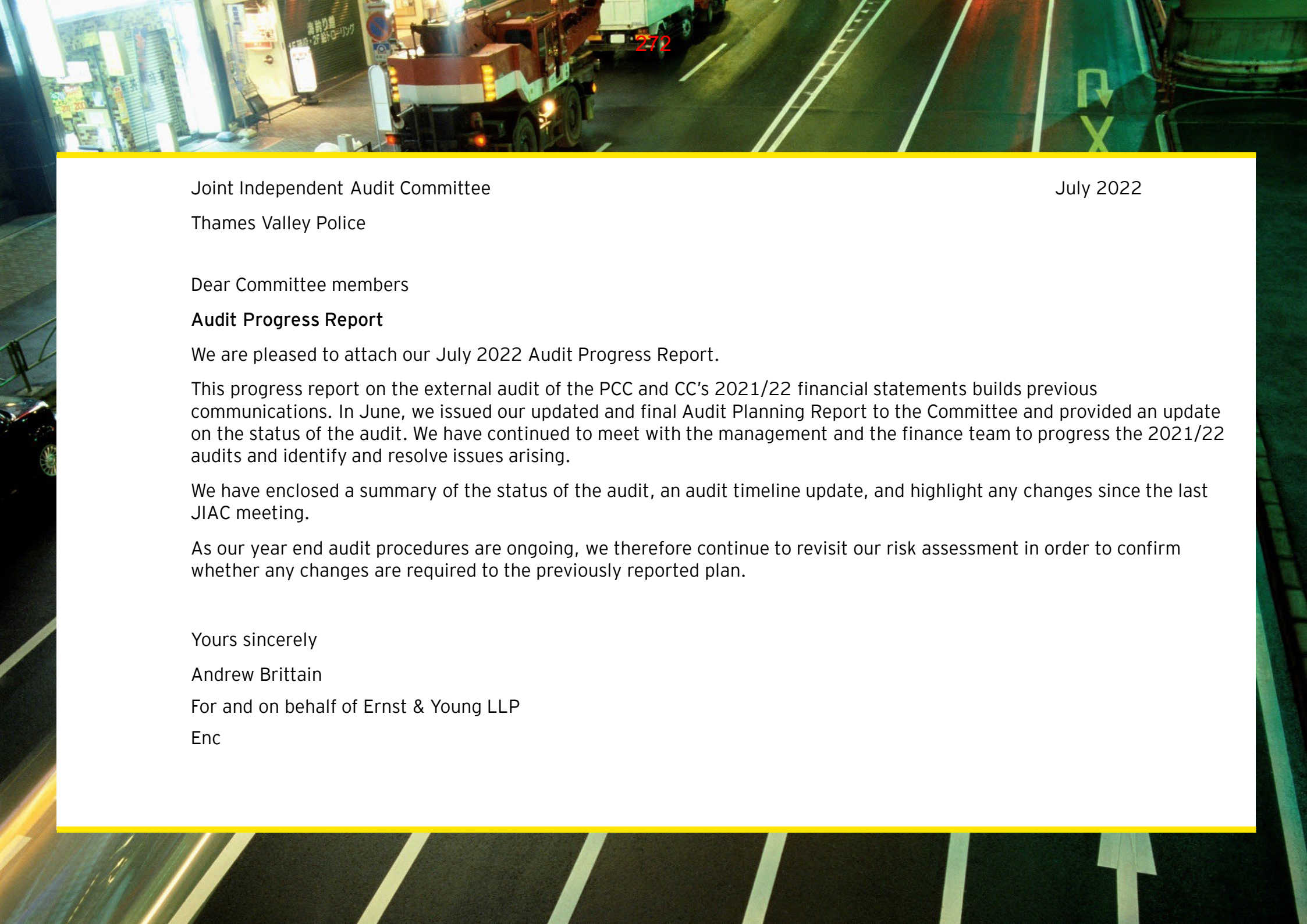


Ian Thompson
Chief Finance Officer & Deputy Chief Executive

Thames Valley Police Audit Progress Report

Year-ended 31 March 2022

July 2022



Joint Independent Audit Committee

July 2022

Thames Valley Police

Dear Committee members

Audit Progress Report

We are pleased to attach our July 2022 Audit Progress Report.

This progress report on the external audit of the PCC and CC's 2021/22 financial statements builds previous communications. In June, we issued our updated and final Audit Planning Report to the Committee and provided an update on the status of the audit. We have continued to meet with the management and the finance team to progress the 2021/22 audits and identify and resolve issues arising.

We have enclosed a summary of the status of the audit, an audit timeline update, and highlight any changes since the last JIAC meeting.

As our year end audit procedures are ongoing, we therefore continue to revisit our risk assessment in order to confirm whether any changes are required to the previously reported plan.

Yours sincerely

Andrew Brittain

For and on behalf of Ernst & Young LLP

Enc



Completing the financial statements audit

Issues with the financial statement audit

The 21/22 audit is well progressed at the time of writing. However there are two significant issues which have meant that the audit is not as progressed as we had anticipated it being. These are outlined below:

Data analytics

- In line with wider developments, our audit approach this year is more heavily focused on digital audit techniques, which brings a number of advantages to the audit process. It is reliant however on the successful extraction and utilisation of the audited bodies entire dataset of transactions for the year in question. With the assistance of our data analytics specialists we can then use this data to confirm the completeness of the populations we are auditing.
- Our audit of the financial statements started on 6 June 2022 and it had been agreed that the data analytics information would be sent to us on 20 May 2022. Although the data analytics information was sent on 20 May, it was not complete, and the completed information was sent 10 June. However, this information did not balance correctly. The data captured in the New Aptos regarding accounts payable and accounts receivable, was being duplicated when an invoice had multiple account codes. The finance team have now found a way around this and sent the information to data analytics team on 14 July 2022, so our data analytics team can begin their procedures on the data.
- Until these procedures are complete we are not in a position to conclude finally on any specific area of account.

Resolution of audit queries

- We note there have been changes in the TVP finance team for the 21/22 accounts preparation and audit process. This has impacted the audit in three main ways:
 - We observed that there were more disclosure errors in the financial statements that were presented for audit than when compared to prior years.
 - We have experienced more challenges this year in obtaining third party evidence (as opposed to internally generated spreadsheets) for the testing we were undertaking.
 - In previous years there was one point of ownership for query resolution, with staff changes it has meant this was not the case this year and therefore closing out audit queries has taken longer.
- However, there has been good regular communications to try to ensure the audit runs as smoothly as possible. The audit manager and lead senior meet with both senior officers and the finance team each week to discuss the progress of the audit and any issues arising. We recognise the issues the above have caused, and there is a mutually agreed action to review the process and complete a thorough debrief at the completion of the audit to capture lessons learned for the 22/23 audit.



Audit progress

2021/22 audit

Audit Progress and Timeline Update

Interim Testing: March 2022

- We performed walkthroughs in 8 areas;
- Performed interim expenditure testing up to M10;
- Performed interim income testing up to M10;
- Re-assessed audit risk and value for money risks;
- Carried out initial VFM planning procedures.

Year End Testing: June - July 2022

- The samples have been selected and most testing has been completed with just a few queries to review and complete in each area. In addition, we also need to carry out our completeness checks once we have received the data analytics information;
- Value for Money assessment is under way;
- We liaised with the external auditor of Buckinghamshire Pension Fund, Grant Thornton LLP, and we do not know yet when they will be able to conclude their audit and issue us IAS 19 letter. This will impact EY's reporting timeline and delay the conclusion on the audit.

Change in reporting timeline

We had outlined in our audit plan presented to the committee in June 2022 that we will be concluding our audit in July 2022. We had indicated at the time, in common with previous years, that there was a risk that the pensions work could impact this. We are now aware that this is no longer achievable as the Buckinghamshire Pension Fund auditor (on whom we rely on for assurance over the pension liability disclosures in the financial statements) will not be able to report to us within that timeline. In addition, as mentioned above, we also need to complete our work using our data analytics report to confirm the completeness of the data we have been given to audit. We will return the audit and complete this work once we have received the necessary assurances from the Buckinghamshire Pension Fund auditor.



Audit progress

Other issues

Change in materiality

We updated our planning materiality assessment using the draft consolidated results and have also reconsidered our risk assessment. Based on our materiality measure of gross operating expenditure, we have updated our materiality assessment as below:

Group	Final Group	PCC	CC	Planning Group	PCC	CC
Planning materiality	£13.6m	£7.9m	£13.26m	£12.6m	£7.0m	£12.2m
Performance materiality	£10.2m	£5.9m	£9.9m	£9.45m	£5.2m	£9.1m
Audit difference	£0.68m	£0.39m	£0.66m	£0.63m	£0.35m	£0.61m

Audit differences

Since our testing procedures in various areas are still ongoing, we are yet to conclude on any audit differences. However we have discussed a number of amendments required with the management and the finance team.

These include:

- £6,608,500 - The transfer of PCC creditors to CC creditors - a misclassification error.
- £1,508,138 - In the PCC accounts, write out of fully depreciated assets is included as part of overall disposals balance - a disclosure error.
- Various misstatements in the disclosure notes where there were multiple narrative and typographical errors that needing corrected to ensure the financial statements were code compliant.

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