

PCC & GROUP
Statement of Accounts
2019/20

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PREFACE

Introduction to the 2019/20 Statement of Accounts by Anthony Stansfeld, the elected Police and Crime Commissioner for Thames Valley



In every year, except for the last two, that I have been the Police and Crime Commissioner for Thames Valley there have been substantial cuts in government funding to Thames Valley Police (TVP). The Force has now made savings of £100m over the last 8 years. Much of this has been achieved through improvements in efficiency, however some of the savings have resulted in the loss of police officers and a reduction in capability. In part I have reduced this deficit by above inflation increases over the last two years in the annual precept on Council Tax. This I have done reluctantly, but to maintain the high standard of policing I require for the Thames Valley I have had little alternative. In this past year the small rise in government funding coupled with the rise in Council tax resulted in a real increase in money that could go to front line policing, rather than just covering such things as pension increases. How this money was spent on front line

policing is laid out in this report.

The Prime Minister made his commitment to raising an extra 20,000 police officers nationally when he visited Sulhamstead, our police training centre, a month before he became Prime Minister. He has stuck to this commitment and TVP have already recruited the first 180 new officers over and above normal recruitment. We do not know yet how many more extra officers we will be able to recruit over the next two years, but, depending on how the formula grant is reassessed, it should be at least 300, giving a total of at least 480 extra officers. This will result in a substantial improvement in policing in all areas.

The number of extra officer we are allocated and funded for is determined by the Police Formula Grant. This greatly benefits the large urban forces which cover far smaller areas than Thames Valley. It was interesting to note that under the first allocation TVP receives an extra 180 officers, while Merseyside Police, which covers a far smaller area than TVP, and a population of a million less than Thames Valley, receives more extra officers. I have lobbied on this constantly, so far without success.

In spite of these financial imbalances TVP continues to perform well, and is highly regarded by Her Majesty's Inspector of Constabulary and Fire Services (HMICFRS), and compares well with all other police forces, and especially so when compared to the other large and better funded forces.

A number of major capital programmes have been started. Notably the purchase of Atlantic House to rehouse the Reading Police HQ to replace the increasingly expensive to maintain current Police Area HQ. Another initiative has been combining with the Fire and Rescue Service Services on the use of fire stations to house local policing. The savings that will be realised over time are considerable, and there are also many operational advantages.

As the financial year ended the Covid-19 pandemic started. This has had a number of effects on policing, the full financial implications of which are still being estimated. On the plus side crime dropped steeply. With no night time economy, and people staying in their houses, both violence and household burglary reduced, as did most other types of crime. Domestic Abuse (DA) and Child Sexual Exploitation (CSE) were, and still are, of concern, but as yet the crime figures do not show any clear rise. On the downside much effort went into seeing that the current restrictions were enforced in a realistic and common sense manner, and that our own officers and staff were not put at unnecessary risk.

The elections for Councils and PCCs that were scheduled for May 2020 this year were cancelled owing to the C19 epidemic. I was intending to stand down as PCC TVP, however my tenure as PCC has been extended for a further year.

With all Office of the Police and Crime Commissioner (OPCC) staff having to work from home it has been a considerable achievement to produce these accounts on time, especially as at times the IT back up has been fragile. The accounts are produced in conjunction with the Police Finance Staff. Many thanks both to them and the OPCC staff, notably Judi Banks who has borne much of the burden of this.

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 2020/21 accounts.

With the policing landscape becoming increasingly complex and challenging, coupled with ongoing financial pressures arising from the recruitment of additional police officers as part of the national Uplift Programme and responding to the Covid-19 pandemic, the Chief Constable (John Campbell), the Director of Finance (Linda Waters) and their respective staff have done an excellent job in preparing and managing

the Force budget in a professional and robust manner.

As part of the budget increase for 2019/20 the PCC approved an extra £8.5m for investment in priority policing areas. Further information is provided on page 7. I am pleased to report that this investment has been spent and the expected performance improvements are being achieved.

In September 2019 the Police Minister formally announced the recruitment of an extra 20,000 police officers nationally by March 2023. The initial 6,000 have been allocated to local policing using the national Police Funding Formula which means that Thames Valley Police (TVP) has been asked to recruit an extra 183 police officers before 31st March 2021. To help fund this recruitment we have been allocated £0.877m in 2019/20 to recruit 61 extra officers.

Nobody could foresee the Covid-19 pandemic or predict the impact it would have on the global economy or people's lives and freedoms. As an emergency service Thames Valley Police has responded brilliantly, adapting its policing style on a regular basis as and when new government pronouncements were made. Further information on the financial impact is provided on pages 16 to 18. A going concern assessment is provided on pages 34 to 35. Governance implications are set out in an addendum to the Annual Governance Statement on pages 129 to 133

The revenue underspend of £1.2 million equates to less than 0.3% of the net revenue budget of £419.914 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. Just under £3 million has been spent on services for victims this year, including the Victims First Counselling hub which opened in April 2018.

The PCC has a community safety budget of £3.0 million. Just over £2.7 million was 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 £0.3 million for centrally provided or commissioned services. A brief summary of the benefits delivered to local communities is provided later in this narrative report.

In January 2018 the Police Minister wrote to all Police and Crime Commissioners requiring them to publish their reserve strategies and plans on their website in order to improve transparency and public accountability. We have published this information for many years and will continue to comply with this statutory requirement.

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 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 2019/20 was £419.9 million, of which £7.5 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 2 county councils, 7 unitary authorities and 8 district councils. However, on 1st April 2020 Buckinghamshire County Council formally merged with the four district councils in its geographical area to form the new Buckinghamshire Council. This means there is now 1 county council, 8 unitary authorities and 4 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 (SEROCU). 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 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 13.

A good indication of Police workload is the number of external calls we receive in to our control rooms and enquiry department. During 2019/20 we received 1,082,941 calls (average of 2,967 per day) of which 343,974 were 999 calls and 738,967 were 101 **calls**. This resulted in 525,155 **incidents** recorded on our Command and Control system, of which 223,387 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 nine years Thames Valley Police has identified and removed £105 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.

In October 2017 the police service nationally informed the Home Office that it needed an additional £440 million in 2018/19 and £845 million in 2019/20 in order to cope with the increase in demand and pressures on police time coming from rising overall crime levels, more complex crimes being committed, a growing terrorist threat and, more than ever, the police being called on as a last resort when other agencies lack their own capacity.

Although we received additional funding for 2018/19, primarily by increasing council tax by £12 for a Band D property, the demand on the police continued to increase, with crime rising and detection rates falling.

At the same time, in the Chancellor's Autumn statement 2018, we found out that the cost of paying for police officer pensions would increase significantly due to changes in Treasury Discount factors and other Pension Valuation Directions from HM Treasury, which indicated a significant increase in the employers' contribution rate from 2019/20. At national level we had been expecting an increase in police officer pension costs of around £30-40 million, but the forecast increase in September 2018 was for an additional £417 million. Although the Treasury indicated it would fund £252 million of the extra cost in 2019/20 this still left a significant cost of £165 million for PCCs to fund from their local policing budgets.

As a result, in October 2018, the Association of Police and Crime Commissioners (APCC) and the National Police Chiefs Council (NPCC) sent a further letter to the Home Office seeking additional funding in 2019/20 to cover the increased cost of police officer pensions and also additional money to invest in policing services to help mitigate the additional demand on the service.

The Home Secretary was clearly aware of the additional pressures on the police service and in his letter to the Chairman of the Home Affairs Select Committee (Yvette Cooper MP) on 13th December stated:

“We have reviewed the demand on the police again. It is clear that demand pressures on the police have risen again this year as a result of changing crime. There has been a major increase in the reporting of high harm, previously hidden crimes such as child sexual exploitation and modern slavery. The challenge from serious and organised crime networks is growing. Through the Serious Violence Strategy, we are bearing down on the worst spike in serious violence and knife crime that we have seen in a decade by combining support for more robust and targeted policing with effective long-term investment in prevention and earlier intervention. And we do need to recognise the work done by the police to combat the evolving threat from terrorism. The Government is determined to support the police to meet the demand across counter-terrorism, serious and organised crime and local policing”.

“We will also help forces to both meet additional demand and manage financial pressures. In total, we will enable an increase in funding for the police system of up to £970 million, the biggest increase since 2010. This includes increases in Government grant funding, full use of precept flexibility, funding to support pension costs, and increased national funding to meet the threats from counter-terrorism and serious and organised crime.”

The £970 million comprises the following elements:

- £161 million additional core policing grant,
- £153 million of pensions grant,
- £59 million additional funding for counter terrorism (CT),
- £90 million to tackle serious and organised crime, and
- £509 million as a result of additional council tax flexibilities

Within this sum, approximately £813 million is for local policing:

- £509 million from council tax, provided that all PCCs increase their Band D tax by £24
- £143 million pension grant (i.e. £153m less £10m for National Crime Agency & CT)
- £161 million additional core policing grant

In TVP, a £24 increase in Band D council tax equates to an annual increase of 13.16%.

The Treasury changes to pension rules referred to above resulted in additional police officer pension costs for TVP of £9.5 million during 2019/20 which used all the additional Home Office core policing grant (£4.5 million) the new pension's grant (£4.3 million) and still required around £0.75 million from council tax.

After funding pay and price rises, inescapable growth commitments and the shortfall in police officer pension costs, the £24 increase in council tax in 2019/20 will enable Thames Valley Police to invest around £8.5 million in the following priority policing areas:

- £2.5 million to recruit additional police officers and staff for local policing to respond to increasing crime demand and complexity;
- £1.3 million to improve services to the public through contact management by investment in 101 (non-emergency) call handling;
- £2.2 million to improve investigative capacity and process for complex crime by recruiting more investigators, and
- £2.5 million to increase our digital development programmes to improve productivity and efficiency.

b. Financial Management

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

HMICFRS published its first integrated Police Effectiveness, Efficiency and Legitimacy (PEEL) assessment for Thames Valley on 27th September 2019. TVP has been awarded an overall

grading of GOOD as well as for each of the 3 component parts i.e. Effectiveness, Efficiency and Legitimacy.

c. Revenue

Budget 2019/20

The Police Finance Settlement for 2019/20 is explained in section (a) above.

The 2019/20 net budget requirement of £419.914 million represented a cash increase of £27.283 million or 6.9%. In order to fund this increase in expenditure the PCC increased the police element of council tax by £24, or 13.2% which was supported by 84.3% of the public in the short public consultation exercise carried out over the Christmas / New Year period. The budget required cashable savings of £2.561 million and an appropriation from reserves of £2.405 million.

The budget resulted in a net increase of 4 police officers (growth 58 less productivity savings 54) and 233 police staff (mainly due to the insourcing of Custody Detention Officers) but a net reduction of 10 PCSOs

Revenue Outturn 2019/20

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	1,078	958	- 120
Democratic Representation	211	235	24
Other Costs	197	138	- 59
Commissioning Services			
- Community safety fund	3,200	2,731	- 469
- Victims & witnesses	2,769	2,790	21
PCC Controlled Budgets	7,454	6,851	- 603

b) Group level

The following table provides a high level comparison between the approved budget for 2019/20 and actual expenditure at the Group level (i.e. PCC and Chief Constable). The annual revenue surplus of £1.196 million has been appropriated (or transferred) to general balances. This level of surplus represents less than 0.3% of the Net Cost of Services which demonstrates strong and effective financial management of the annual budget.

	Annual Budget £000	Annual Outturn £000	Variance £000
PCC controlled budgets	7,454	6,851	- 603
TVP Operational budgets – direction and control of the Chief Constable			
<i>Pay and Employment Costs</i>			
Police officer pay and allowances	254,321	254,102	-219
Police officer overtime	10,115	10,785	669
PCSO pay and allowances	12,848	12,574	- 274
Police staff pay and allowances	107,947	107,745	- 202
Temporary or agency staff	6,789	6,789	0
Police officer injury / ill health / death benefits	4,131	3,578	- 553
Other employee expenses	2,852	2,892	39
Restructure, training & conference costs	1,679	2,354	675
	400,682	400,817	135
<i>Overheads</i>			
Premises	16,419	16,172	- 246
Transport	9,785	10,592	807
Supplies & services	54,691	53,777	- 914
Third party payments	11,444	11,398	- 46
Specific grants	- 57,998	- 58,004	-6
Force income	- 34,781	-35,400	-619
	- 440	- 1,465	- 1,025
<i>Other</i>			
Capital financing	16,505	16,985	481
Interest on balances	- 890	- 1,369	- 479
Statutory accounting adjustments	125	243	118
Appropriation from balances	- 3,523	- 3,343	180
	12,217	12,516	299
<i>Regional collaboration services</i>			
South East Regional Organised Crime Unit	18,442	18,442	0
Counter Terrorist Police South East	25,644	25,644	0
Chiltern Transport Consortium	19,430	19,430	0
Regional CT firearms specialist officers	4,742	4,742	0
Government grants and partnership income	- 68,258	- 68,258	0
	0	0	0
Cost of Services	419,913	418,719	- 1,194
Funded by:			
General grant income	- 231,836	- 231,836	0
Council tax	- 188,078	- 188,079	- 1
Net Revenue position	0	- 1,196	- 1,196

Outlook – Medium Term Financial Plan

The Financial Strategy for 2020/21 was approved by the PCC in December 2019 and is available on the PCC's website. The Capital Strategy was published in January 2020.

The PCC's medium term financial plan (MTFP) was approved in February 2020. The revenue budget for 2020/21 includes the first tranche of additional officers from the national Uplift Programme. However, given the absence of firm information on future recruitment levels, government grant or precept levels the PCC approved a MTFP that does not balance in future years. This issue will be addressed as part of the budget setting process for 2021/22 when we will also need to factor in the additional costs from the Covid-19 pandemic.

A high level summary of the MTFP is provided below.

	2020/21	2021/22	2022/23	2023/24
	£'000	£'000	£'000	£'000
Annual Base Budget	419,914	448,899	460,021	463,179
Inflation & Pay Commitments	13,474	11,763	11,872	12,225
Productivity Savings	-3,470	-3,733	-5,142	-2,069
Current Service	4,532	1,122	-23	-432
Improved Service	15,069	3,646	-4,871	-2,194
In Year Appropriations	-619	-1,676	1,322	2,140
Net Budget Requirement	448,899	460,021	463,179	472,849
Total External Funding	-448,899	-458,100	-467,574	-477,328
Cumulative Budget (Surplus)/Shortfall Annual Budget (Surplus)/Shortfall	0	1,921	-4,395	-4,479
	0	1,921	-6,316	-84

There are a number of significant risks to the MTFP and these are clearly explained in the 2020/21 budget book which can be downloaded from the PCC's website at <https://www.thamesvalley-pcc.gov.uk/>

All the assumptions underpinning the current MTFP will be revisited and updated in coming months as we continue work on the next budget cycle.

The annual revenue budget for 2020/21 of £448.929 million, which required a 6.4% increase in council tax (or £10 for a Band D property), was approved by the Police and Crime Panel on 14th February 2020. Although it represents an annual cash increase of £29.015 million or 6.9% it still requires cash savings, identified through the Force's Productivity Strategy, of £3.470 million.

The revenue budget provides for inflationary increases, the 183 additional uplift officers and limited investment to address some service and performance issues by increasing our resources, both police officers and police staff, alongside investing in the technology to make our staff more productive. The investment has only been possible because of the additional flexibility in the council tax precept.

Due to the ongoing financial pressures coupled with an increase in operational demand, the next few years will continue to be challenging and difficult, but work is in hand to make sure that our key priority services are maintained to the highest standards possible with the available funding. We will continue to be robust in driving out all possible savings from non-staff budgets and ensure that, as far as practicably possible, our staff are delivering the right service at the right time as efficiently and effectively as possible.

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 2019/20

The following table shows the net capital position compared to the active capital budget for 2019/20. The variance of £3.8 million comprises scheme overspends of £0.154 million and slippage of expenditure of £3.954 million

	Annual Budget £m	Actual Spend £m
Property schemes	15.569	16.081
Vehicles and equipment	6.662	5.348
ICT core schemes	15.706	14.291
Business change programmes	0.164	0.173
Schemes in preparation	1.775	0.182
Total	39.875	36.075

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £84 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	Total £m
Property	14.558	14.459	4.185	0.000	33.202
ICT / Business Change	15.015	5.113	4.531	3.430	28.089
Equipment & Radio	5.135	2.396	0.150	0.150	7.831
Vehicles	3.693	3.778	3.866	3.956	15.293
Totals	38.401	25.746	12.732	7.536	84.415

The MTCP will be funded through a combination of capital grants, revenue contributions, capital receipts and PCC reserves.

Some of the major operational benefits from this level of investment are:

- Providing a fit for purpose efficient police estate with a reduced overall cost
- Providing our officers and staff with the equipment and information when and where they need it through the Digital Policing Project via smart phones, laptops and body worn video.
- The Emergency Services Mobile Communications Programme is a nationally led project to replace all critical voice channels with a digital solution and broadband coverage for all 3 emergency services
- Improved efficiency and effectiveness in the delivery of back-office services through the new Equip (Enterprise Resource Planning) system being procured with Surrey and Sussex Police.

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 2020 we had negative net assets of £4.141 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 (£4.144 billion) coupled with the net deficit of £0.277 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 £280 million, including £56 million in usable cash reserves.

Group Balance Sheet	At 31.3.19	At 31.3.20
	£m	£m
Non-current assets	266	284
Net current assets	54	62
Pension liabilities	- 4,722	- 4,421
Other long-term liabilities and provisions	- 42	- 66
Net Assets	- 4,444	- 4,141
Usable reserves	59	56
Unusable reserves	219	224
Pensions reserve	- 4,722	- 4,421
Total Equity	- 4,444	- 4,141

Pension Liabilities

The value of net pension liabilities in the Group Balance Sheet is £4.421 billion, comprising £4.144 billion for police officers and £277 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 County Council. This is a funded scheme whereby assets are invested to help fund future liabilities. In 2019/20 the Group paid an employer's contribution representing 13.8% of pensionable pay. The last valuation was in April 2019 which reported a funding level of 100%. This valuation will inform the employers' contribution rate in 2020/21.

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 2020 amounted to £19.9 million, or 4.7% of the 2019/20 net budget requirement. Given the level of future financial uncertainty, particularly around additional Covid-19 costs and reimbursements, 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 £20.8 million at 31 March 2020.

Capital grants and reserves have increased during the year due to a number of asset sales and at 31st March 2020 they amounted to £17.15 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 2020 this amounted to £9.03 million. The next valuation will be undertaken in the autumn to inform the 2021/22 budget setting process.

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

	31.3.19	31.3.20
	£m	£m
Cash and other cash equivalents	8.583	4.246
Short term investments	55.143	71.290
Total	63.726	75.536

Total investments, cash and cash equivalents at 31 March 2020 is £75.536 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 2020 the PCC had total external borrowings of £50.678 million and a finance lease liability of £6.181 million. The combined 'debt' figure of £56.859 million is well within the Authorised Limit for external debt of £63.226 million as approved by the PCC on 22 January 2019.

The PCC's Capital Financing Requirement at 31st March 2020 was £56.46 million which, when compared against the combined debt for capital purposes figure of £56.859 million, means that we are currently over-borrowed by £0.399m, but this situation is likely to correct itself during 2020/21 due to the significant amount of external borrowing required to fund the annual capital programme.

Investments

At 31st March 2020 we had £79.446 million invested in 6 different institutions, namely Lloyds Bank, Santander UK, Goldman Sachs, Standard Chartered, Svenska Handelsbanken and Thurrock Borough Council.

4. NON-FINANCIAL PERFORMANCE

PCC Controlled budgets

The PCC has a community safety budget of £3.0 million, of which £2.7 million has been given in grants to county and unitary councils in the Thames Valley area, and £0.3 million was retained by the Office of the PCC (OPCC) to fund force-wide initiatives. The local authorities have used their grant allocations to deliver the following services:

- Youth offending including youth restorative justice, intervention work with young offenders and participation in youth crime prevention projects: £814,810
- Substance misuse including Drug Alcohol Action Team services, substance misuse treatment provision, awareness raising and education: £571,758
- Domestic abuse (DA) including outreach support, Independent Domestic Violence Advocates, DA champions, awareness raising campaigns to improve reporting and access to support, and needs assessments: £485,646
- Tackling re-offending through improvement of take up of accommodation, employment and education: £112,532
- Earlier intervention and prevention with young people, including programmes in schools, targeted local youth work, safeguarding and diversionary activities: £296,022
- Local Community Safety service provisions to maintain and improve local problem solving and multi-agency work around crime and anti-social behaviour reduction: £206,930
- Programmes and events that take place with and in community settings to improve wellbeing and safety in local areas: £62,387
- Tackling hidden harms including modern slavery, exploitation and vulnerable adults without support networks: £85,973

- Specific anti-social behaviour targeted work: £80,503
- Other crime prevention activities such as improved analysis of crime trends, training of professionals, drugs dogs, responses to specific rural crimes and burglaries: £40,204

The £0.3 million retained by the OPCC has been used for:

- Grant funding for reducing re-offending projects: £49,755
- Grant funding for youth, gangs and exploitation projects: £44,810
- Grant funding for an elder abuse project: £30,012
- Contribution to GPS tagging project: £25,000
- Contribution to the Local Criminal Justice Board: £25,000
- Contribution to Early Intervention Youth Fund projects: £83,732
- Other expenditure includes contributions to Crimestoppers, the Modern Slavery helpline and Modus software

The PCC receives an annual grant from the Ministry of Justice to commission services for victims and witnesses of crime. During 2019/20 the PCC spent his full grant allocation of £2.763 million to deliver the following services and benefits:

- Thames Valley Partnership received £130,000 for Restorative Justice, which has led to 73 potential case conferences between victims and perpetrators.
- Refuge received £337,597 to provide an Independent Sexual Violence Advisory (ISVA) service and have received 418 referrals between 1 April 2019 and 31 Mar 2020.
- SAFE received £448,384 to provide a service to support young victims of crime. During the last year they have received 795 referrals into the service and supported 756 young victims.
- Thames Valley Partnership received £229,064 to provide an emotional support and advocacy service to 895 victims of crime.
- Thames Valley Partnership received £376,312 to provide an exploitation and complex needs service (the Willow Programme) to 376 vulnerable and exploited people.
- Our Victims First hub acts as a single point of contact for triage and referral to appropriate services for all victims across Thames valley. This service cost £315,578 and received 7,049 valid referrals where successful contact was made with victims.
- Our new network of specialist counsellors cost £189,735 and resulted in 409 adults and young people referred into counselling.
- Our domestic violence medium risk safety planning service was commissioned through local authorities. Oxfordshire county Council received £15,600 and managed 599 referrals, Buckinghamshire received £11,700 and managed 1,318 occurrences, MK Act received £13,891 and managed 1,290, Slough Borough Council received £15,600 and managed 1,437 occurrences and West Berkshire Council received £15,600 and managed 1,065 occurrences.
- We commissioned a Domestic Violence complex need service from a range of providers across the Thames Valley, Oxfordshire County Council received £139,359 and received 145 referrals, Slough Council received £48,813 and received 199 referrals and West Berkshire Council also received £48,813 and received 72 referrals.
- We funded a modern slavery co-ordinator which cost £40,711.
- We funded a Domestic Violence perpetrators programme at a cost of £25,512
- £261,000 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 (£0.126 million) has been spent on other services for victims, including commissioning costs.

The PCC and Chief Constable ran two public bidding rounds for grants from the Police Property Act Fund. In August 2019 they awarded £106,733 to 27 charities and community groups across the Thames Valley who each made a significant contribution to reducing reoffending and/or improving the local response to serious organised crime and terrorism. In January 2020 a further £166,800 was awarded to 42 separate charities and/or community groups regarding their work on

vulnerability and prevention and early intervention. In addition, the three county High Sheriffs identified a further 11 organisations who received £75,000 from the Police Property Act Fund.

Thames Valley Police

In contrast to 2018/19 when the force stood on the world stage in policing the Royal Wedding in Windsor in May 2018 and the visit by the US President in July 2018, the last year has been very much focused on the day to day task of keeping the public of Thames Valley safe from harm.

With John Campbell as our new Chief Constable the force set out its strategic priorities for the year.

Operational priorities:

- Reduce crime and incidents through targeted and effective problem-solving
- Bring more criminals to justice by improving the quality and timeliness of investigations
- Improve how we protect the vulnerable by proactively identifying, understanding, and reducing risk and harm
- Increase the satisfaction of victims and other people in need by responding appropriately and improving communication with them

Organisational priorities:

- Sustain a valued workforce with the capacity and capability to manage the challenges of modern policing
- Manage resources to invest in priority areas and maintain core policing services
- Implement digital development, integrating new technologies to advance our organisational and operational response

The demand from the public for our services through calling 999 has remained stable through 2019/20 when compared with the previous year, with just a 0.2% decrease. In contrast the number of 101 calls made decreased by 52,962 calls. Improved management of our 101 performance was one of the areas targeted for investment this year and it is notable that there was a 9.4% increase (52,259) in the volume of 101 calls answered. The average time to answer 101 calls was also improved through the year and is now under 3 minutes. While the percentage of callers waiting over 5 minutes also improved and at the end of the year was, on average, 5.9%.

The overall volume of incidents between April 2019 and March 2020 increased by 0.6% when compared to the same period in 2018/19. The time taken to respond to immediate and urgent incidents continued to rise over the year and finished higher than last year (Immediate 17 minutes, urgent 173 minutes). The force's demand transformation programme and additional officers from the national officer uplift programme will be key to the force reversing this trend in the coming year.

Although challenges remain, there have been a number of successes this year. While our 'all crime' figure is up by 7.6%, our arrests are up by 12.6%. The force saw a 4.1% reduction in residential burglary this year and an increase in the use of Stop & Search (up by 53% to 12,919) is directly related to the increase in the number of possession of weapons (+18%) and possession of drugs (21%) incidents.

The Force has seen crime reductions in a number of areas:

- Robbery of business property – down by 21.4%
- Arson down by 9.3%
- All other theft down by 7.9%
- Residential burglary sheds/ garages down by 4.8%
- Residential burglary down by 4.1%
- Burglary – business and community down by 3.8%

While the year ended with early signs of improvement, volume crime outcomes continue to be a challenge. There was a significant increase in both rape (8.2%) and sexual offence (6.1%) charge

volumes on last year. There was also an improvement in investigation quality, residential burglary outcomes and personal robbery outcomes in the last quarter of the year, which may be early indications of the impact of the force's focus through the year on improving the quality of its investigations.

Significant work has taken place by Force Intelligence and Special Operations to improve the consistency of the force's approach to, and the effectiveness of, our disruption activities around Organised Crime Groups and County Drug Lines (CDL). There has been a 14% increase in the number of money laundering investigations and use of POCA (Proceeds of Crime Act) powers to seize cash and assets from criminals. During the year the force participated in two of the national CDL intensification weeks. Between 7 October and 13 October 2019, Thames Valley Police officers made 100 arrests for drugs supply and other associated offences, recovered £65,983 in cash and seized 1,435 wraps of cocaine, crack cocaine and heroin worth over £17,000 pounds in cash. 17 weapons were seized along with 118 mobile phones. Officers also identified 19 vulnerable people and worked with partners across the three counties to safeguard them and attended 100 addresses where 'cuckooing' has previously taken place. The force also ran a campaign in 2019/20 under the title of 'True Cost' to highlight the link between casual drug use and child exploitation.

There has been an increase in the volume of domestic abuse (DA) arrests (for urgent and immediate attended crimes); up by an additional 2,074 resulting in a 45% arrest rate for the year. This rate has remained stable despite the volume of DA crimes we attend as the number of immediate and urgent responses are also increasing. The use of DVPNs and DVPOs (Domestic Violence Protection Notice / Order) to protect victims has increased this year.

There were a number of criminal justice cases of particular note this year that demonstrate the quality of the force's investigative processes.

- Operation Silk was an investigation into historical child sexual abuse that resulted in three separate trials and the convictions of 13 men, who were sentenced to a total of 186 years and three months' imprisonment with four life sentences.
- Operation Naseby was an investigation that began over two years after the death of the victim in October 2015. The case was covered in a Channel 4 film @the Maids Morton Murder' as part of the series 'Catching a Killer'. The case resulted in a murder conviction and a life sentence.

5. Coronavirus (Covid-19) Pandemic

Background

The coronavirus outbreak was confirmed to have spread to the United Kingdom on 31 January 2020 from China when the first two cases with the respiratory disease COVID-19, caused by the new coronavirus SARS-CoV-2, were confirmed in Newcastle upon Tyne in a family of Chinese nationals staying in a hotel in York.

By 1 March 2020, cases had been detected in England, Wales, Northern Ireland and Scotland. Subsequently, Prime Minister Boris Johnson unveiled the Coronavirus Action Plan, and the government declared the coronavirus outbreak as a "level 4 incident".

Although the coronavirus outbreak was declared a global pandemic by the World Health Organisation on 11th March 2020, the full impact on the UK and world economy was not felt until after 31st March 2020.

Provision of services

Although no one has ever previously experienced or even anticipated a pandemic of this scope and scale, the police service is well prepared to respond, promptly and appropriately, to whatever emergency transpires. This is clearly evidenced by the response to the Covid 19 pandemic. A Gold Command structure was established immediately and resourced by experienced officers. The

Chief Constables Management Team initially met daily with the frequency of meetings being adapted to the changing situation. The response of the force was to ensure the police service adapted to the requirements of their communities and the changing requirements placed on all citizens, whilst protecting our own workforce.

Over the course of the pandemic and the road to recovery, the focus and direction of our service and workforce has and will continue to reflect the changing requirements of the circumstances our communities and the country face. The relaxation of lockdown restrictions will naturally influence the work of our officers and staff.

Impact on workforce

The work and service provided by TVP has continued throughout the pandemic and hence we have not furloughed any of our workforce. Where possible, more so in support service areas, staff have been provided with the technology to allow them to work from home. Where home working is not possible (the majority of our workforce) social distancing and PPE has been provided to safeguard our workforce.

Reserves, financial performance and financial position

It is too early to determine the impact on the PCCs financial position. On 22nd July 2020, the Home Office confirmed that it would reimburse in full all medical grade PPE bought before that date. The Home Office are collecting information, on a monthly basis, from all 43 forces in England and Wales in respect of their additional Covid-19 costs and savings. The Home Secretary will announce her decision on further grant support, if any, later this year following ongoing consultation with the Association of Police and Crime Commissioners (APCC), the National Police Chiefs Council (NPCC) and HM Treasury.

The costs and savings associated with Covid-19 will be monitored, tracked and reported to CCMT and the PCC on a regular basis, including in the monthly and quarterly revenue monitoring reports.

The PCC maintains a healthy level of general balances (see page 67) which will be used to fund those additional costs that are not reimbursed through Home Office special grant.

Supply chain

Initially TVP was one of the first forces to procure PPE on behalf of all 43 forces in England and Wales. There were significant challenges but these were addressed rapidly and TVP were central to the creation of a national police collaboration including setting up a national warehousing and distribution hub on behalf of the NPCC.

We amended our payment process for vehicle recovery and forensic suppliers to ensure they were supported financially as the sectors were under stress.

Cashflow management

Although we have seen higher levels of expenditure since mid-March, particularly as TVP has been one of the few forces buying a significant quantity of PPE on behalf of other forces in England and Wales, we have been able to fund this expenditure by either increasing our overdraft facility with NatWest bank (late March) or increasing the amount of short term borrowing we would normally expect to take at this time of the year. Further information on cashflow will be provided to the PCC in the year-end Treasury Management Report.

Major risks

Funding may be inadequate to allow TVP to continue delivering all existing services to the same level of performance and may not accommodate additional demand and/or priority areas whether through changing demand, additional demand, complexity or scope. The uncertainty in relation to future funding levels will severely impact the forces ability to make longer term financial plans.

The budget for 2020/21 was agreed in January 2020 and was thought to be adequate but this was before Covid-19. The financial impact of Covid-19 on the current year (2020/21) will not be fully understood for some time but it will incur additional costs and lost income, whilst savings will be achieved in other areas. The financial impact will largely depend on the level of additional funding received from Government. On 22nd July 2020, the Home Office confirmed that it would reimburse in full all medical grade PPE bought before that date. We are still waiting to hear whether the Home Office will reimburse any other Covid-19 related costs e.g. additional costs incurred to expedite delivery of technology. We are not expecting to receive reimbursement for brought forward investment e.g. purchase of laptops.

The financial implications for the wider economy as a whole threaten future funding levels including the additional funding associated with the increase in officer numbers. Council Tax funding will be reduced by the level of unpaid council tax, the reduction in house building, vacancy levels etc. Government funding will obviously be under severe strain and existing departmental plans will be revisited with a downward trajectory. The Government has recently announced plans for a 3 year CSR that will cover the years 2021/22 to 2023/24; the results of which will be announced in late 2020. We do not know at this stage whether that will include 3 year allocations at local authority level, or whether we will continue to receive annual allocations

The draft revenue budget for 2021/22 when presented to the PCC in January 2020, as part of the Medium Term Financial Plan, showed a deficit of £1.9 million largely due to the uncertainty of funding levels both from the government and Council Tax. This position is now even more uncertain given the economic state of the UK and the uncertain implications of Covid-19 on the force and policing as a whole.

Covid-19 is changing the pattern of demand; how the force responds to this is still being worked through but could result in additional financial demands as yet unprovided for.

Implications

Covid-19 will create a financial cost to TVP but the level of this additional cost is very uncertain. What is clear is that we have already spent a considerable sum on PPE and we will lose income but the costs of delivering that specific service are (mainly employees) still being incurred with no supporting income. On 22nd July, the Home Office confirmed that it would reimburse in full all medical grade PPE purchased before that date, which significantly reduces, but does not eradicate, the financial liability from Covid-19. Unless the residual costs of Covid-19 can be offset by other budgetary savings during 2020/21 general reserves will be reduced which could impact our ability to invest in the future in additional officers, technology, equipment and premises.

The “new norm” following Covid-19 will also require us to revisit those assumptions and reassess the best way to deliver our service, potentially significantly changing our desired level of financing and creating more “gaps” in our future funding.

Mitigating Actions

The costs and savings associated with Covid-19 will be monitored and tracked. The financial implications of new and changing policies’ in relation to staff and policing methods will be kept under review.

When demands, the new ways of working and potential funding levels are clearer, the MTFP’s will be revisited and all existing assumptions about what is required and how it will be delivered will be revisited.

Even with the current extenuating circumstances value for money (VFM) will continue to be paramount.

The forces’ Efficiency and Effectiveness plans will continue to be delivered where possible and new initiatives identified and progressed.

6. PEOPLE

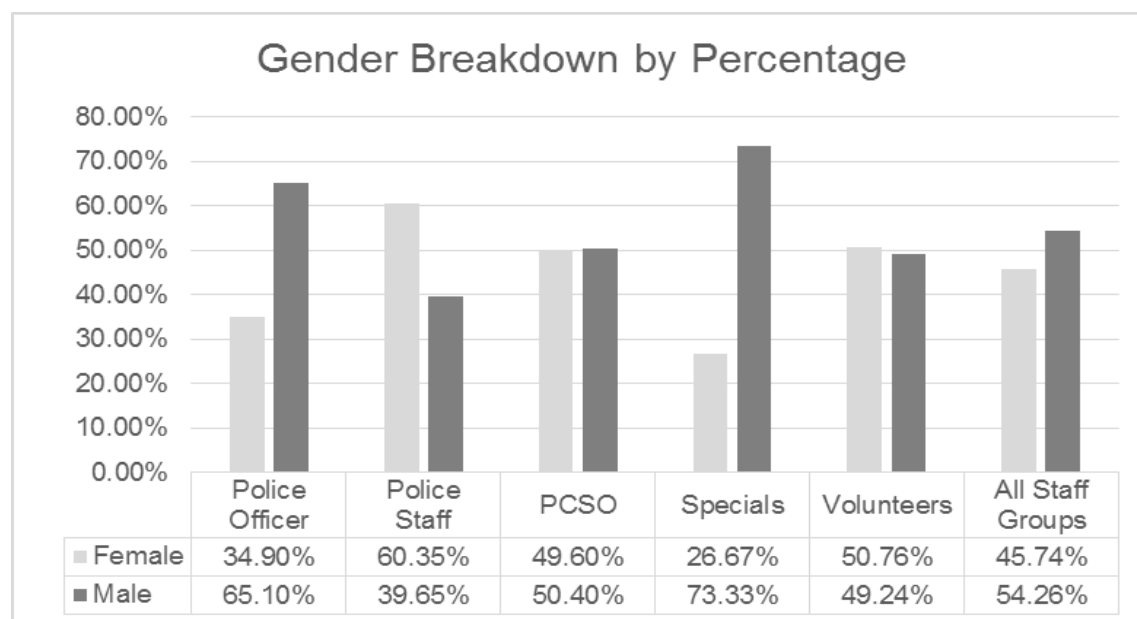
At 31st March 2020 Thames Valley Police employed 8,186 people in full and part time contracts. We also had 345 unpaid members of the special constabulary and 786 volunteers giving a total workforce of 9,317.

Below is the make-up of the Police workforce. This includes headcount of circa 648 police officers and police staff and FTE of circa 630 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).

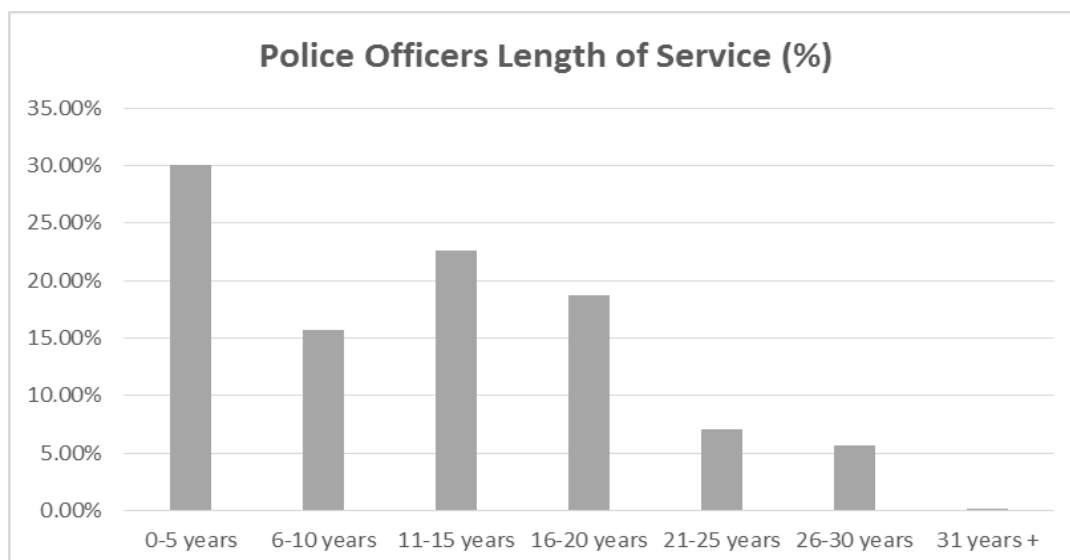
	Workforce	Full Time Equivalent
Police Officers	4,435 ¹	4,262
Police Staff	3,372	3,017
PCSO	379	372
Paid employees	8,186	7,651
Special Constabulary	345	
Volunteers	786	
Total workforce	9,317	

¹ This includes 30 police officers on secondment. These are not included in the baseline numbers reported to Home Office for the Police Uplift Grant. That number is 4,405

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 70% 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 2019/20. There were 31 employees who were union officials during the period (15.8 full time equivalents). The total cost of this facility time was £309,984 which represents 0.51% of the total pay bill.

7. 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 16 strategic risks, which are reviewed and updated quarterly, and the Joint Independent Audit Committee has oversight of these reports. A further eight strategic risks specifically related to COVID-19 have been added since February. These are being regularly reviewed and updated, reporting into CCMT monthly and incorporated into the Force recovery planning governance process.

Of the sixteen non-COVID-19 strategic risks, eight relate to long-term programmes in the Transformation portfolio. These are:

- Three risks associated with the Emergency Services Mobile Communications Project (ESMCP) programme – financial (high), technical (low) and over-run (medium) of national programme. All three risks are being treated, with mitigating actions in place managed through a regional programme board governance structure.
- Three risks associated with the Equip programme – delay (medium), fail (low) and contractual (medium). All are being treated through a programme board, with mitigating actions in place, including the creation of a design board to monitor progress.
- Two risks associated with the Contact Management Platform (CMP) programme – failure (low) and delay (low). Both are being treated through the programme board and have reasonable assurance in place. The TVP position also benefits from the experience of go-live in Hampshire Constabulary, which was achieved earlier in the year.

The remaining eight risks concern:

- The resource shortfalls in Crime Scene Investigator (CSI) and Quality team impacting on achieving **CSI accreditation** and service delivery. This is a new high risk area adopted onto the strategic risk register in February 2020. Mitigating actions have been put in place to treat the risk.
- 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.
- The potential inability of the Force to meet existing and future demands if establishment levels are not achieved through **recruitment and retention**. In February 2020 it was agreed to split this risk into two, as the mitigating actions have had a positive impact on recruitment whereas retention continues to be an area requiring improvement. These medium risks are 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 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.
- The ongoing issue of out of date **gazeteers**, which could impact on public safety. This medium-risk is currently tolerated as the resolution is dependent on the new CMP and reasonable mitigating workarounds are in place.
- The requirement for the **Livelink** system to remain functional until the introduction of Sharepoint, which increases the likelihood of system issues. This medium risk is being treated through the SharePoint Programme board and is assessed to have reasonable assurance with clear governance in place.

Strategic risks are being actively managed by the Chief Constable's Management Team, supported by the Strategic Governance Unit. Regularly 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.

8. 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 £105 million have been identified and delivered.

The latest medium term financial plan, which covers the four-year period 2020/21 to 2023/24, identifies further cash savings of at least £14 million, including £3.5 million in 2020/21 and provides for some reinvestment in priority areas.

The PCC has approved an ambitious four-year capital plan which will provide Thames Valley Police with the appropriate infrastructure and assets to help deliver innovative policing strategies with fewer resources.

During 2019/20 the force has made great strides in recruiting additional police officers under the national Police Uplift programme. TVP has been asked to recruit an additional 183 police officers by March 2021, with funding provided for 61 of these in 2019/20. In reality, TVP recruited an additional 155 officers before 31st March 2020 which puts us in a strong position to deliver the full complement of 183 before March 2021.

The Covid-19 pandemic is a once in a lifetime occurrence that is creating havoc with the global economy and people lives and freedoms. TVP has played a lead role in purchasing PPE on behalf of all forces in England and Wales, but we will receive full reimbursement from the Home Office for this. We are also incurring other costs, such as overtime, equipment and ICT. We are reporting these additional costs, and lost income to Home Office on a monthly basis. Until we know the level of reimbursement that we will receive we will continue to monitor these costs carefully and prudently on a regular basis throughout 2020/21.

Despite these financial challenges 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.pnn.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 Judi Banks, and colleagues in the Force Finance Department. 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 decreased from £58.535 million on 1st April 2019 to £55.537 million on 31st March 2020.

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 8 and 9 for more detail of the in-year reporting)

The Group CIES shows an accounting surplus of £302.450 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 £1.196 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 2020. 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 2020

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

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

Opinion

We have audited the financial statements of the Police and Crime Commissioner for Thames Valley for the year ended 31 March 2020 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Police and Crime Commissioner for Thames Valley and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Thames Valley and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Thames Valley and Group Balance Sheet;
- Police and Crime Commissioner for Thames Valley and Group Cash Flow Statement;
- Police and Crime Commissioner for Thames Valley Pension Fund Account Statements; and
- Related notes 1 to 49 and the Expenditure & Funding Analysis

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Thames Valley and Group as at 31 March 2020 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Thames Valley and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's (C&AG) AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matter – Disclosure in relation to the effects of COVID-19 on Property, Plant and Equipment and Investment Property valuation

We draw attention to Note 3 Assumptions made about the future and other major sources of estimation uncertainty and Note 14 Property, plant and equipment of the financial statements, which describe the valuation uncertainty the Police and Crime Commissioner for Thames Valley is facing as a result of COVID-19 in relation to property valuations.

Our opinion is not modified in respect of these matters.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or

- the Chief Finance Officer has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Police and Crime Commissioner's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The other information comprises the information included in the Statement of accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information.

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

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

We have nothing to report in this regard.

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

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

In our opinion, based on the work undertaken in the course of the audit, having regard to the guidance issued by the Comptroller and Auditor General (C&AG) in April 2020, we are satisfied that, in all significant respects, the Police and Crime Commissioner for Thames Valley put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

Matters on which we report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014;
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2019/20, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner either intends to cease operations, or have no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

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

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance on the specified criterion issued by the Comptroller and Auditor General (C&AG) in April 2020, as to whether the Police and Crime Commissioner for Thames Valley had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor

General determined this criterion as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Thames Valley put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2020.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Police and Crime Commissioner for Thames Valley has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our conclusion relating to proper arrangements.

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

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or on our value for money conclusion.

Use of our report

This report is made solely to Police and Crime Commissioner for Thames Valley, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Thames Valley, for our audit work, for this report, or for the opinions we have formed.

*Suresh Patel for & on behalf of
Ernst & Young LLP*

*Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London, 23 November 2020*

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



Anthony Stansfeld
PCC for Thames Valley
20 November 2020

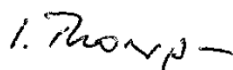
Chief Finance Officer

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 2020



Ian Thompson, CPFA,
Chief Finance Officer and Deputy Chief Executive
20 November 2020

MOVEMENT IN RESERVES STATEMENT

Group Movement in Reserves Statement for the years ended 31st March 2019 and 2020

	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		27	8	27	27	27	28	
Balance at 31st March 2018		18,648	26,025	8,757	10,246	63,676	-4,076,848	-4,013,172
<u>Movement in reserves during 2018/19</u>								
Total comprehensive Expenditure and Income		-337,234	0	0	0	-337,234	-93,579	-430,813
Adjustments between accounting basis & funding basis under regulations	6	335,720		-5,104	1,478	332,094	-332,094	0
Net increase/Decrease before transfers to Earmarked Reserves		-1,514	0	-5,104	1,478	-5,140	-425,673	-430,813
Transfers to/from (-) earmarked reserves		1,568	-1,568			0	0	0
Increase/Decrease (-) in Year		54	# -1,568	-5,104	1,478	-5,140	-425,673	-430,813
Balance at 31st March 2019 carried forward		18,702	# 24,457	3,653	11,724	58,536	-4,502,521	-4,443,985
<u>Movement in reserves during 2019/20</u>								
Total Comprehensive Expenditure and Income		-171,979	0	0	0	-171,979	474,429	302,450
Adjustments between accounting basis & funding basis under regulations	6	169,536		-2,064	1,510	168,982	-168,982	0
Net increase/Decrease before transfers to Earmarked Reserves		-2,443	0	-2,064	1,510	-2,997	305,447	302,450
Transfers to/from (-) earmarked reserves	8	3,639	-3,639			-0	0	-0
Increase/Decrease (-) in Year		1,196	# -3,639	-2,064	1,510	-2,997	305,447	302,450
Balance at 31st March 2020 carried forward		19,899	20,818	1,589	13,234	55,540	-4,197,074	-4,141,535

For full details of the movement in general balances, please see note 25 on page 66

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 between the PCC and Force. 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

2018/19			2019/20		
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	7,964	8,643	6,283	11,198	17,480
<i>TVP operational budgets under the direction & control of the Chief Constable</i>					
Employees	309,391	643,011	321,590	162,475	484,065
Premises	17,106	17,106	18,186		18,186
Transport	21,369	21,369	24,592		24,592
Supplies & Services	61,947	61,947	60,183		60,183
Third Party Payments	12,963	12,963	12,431		12,431
Capital Charges	8,140	13,131	13,488	1,424	14,912
Non specific Income	-107,847	-107,847	-116,029		-116,029
Cost of Services	331,034	670,324	340,723	175,097	515,820
Other income & expenditure	-329,520	-333,091	-338,281	-5,560	-343,841
(Surplus) or Deficit on provision of services	1,514	337,234	2,443	169,536	171,979
Opening General Fund Balance	18,646		18,700		
Add (surplus) or Deficit	-1,514		-2,443		
Transfers to/from (-) reserves & General Balances	1,568		3,639		
Closing General Fund Balance	18,700		19,896		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Group Comprehensive Income and Expenditure Statement 2019/20

	2018/19			2019/20		
	Gross expenditure £000	Gross Income £000	Net Expenditure £000	Gross expenditure £000	Gross Income £000	Net Expenditure £000
PCC	11,636	-2,992	8,643	20,940	-3,459	17,480
<i>TVP operational budgets under the direction & control of the Chief Constable</i>						
Employees	643,011	0	643,011	484,065	0	484,065
Premises	17,106	0	17,106	18,186	0	18,186
Transport	21,369	0	21,369	24,592	0	24,592
Supplies & Services	61,947	0	61,947	60,183	0	60,183
Third Party Payments	12,963	0	12,963	12,431	0	12,431
Capital Charges	13,131	0	13,131	14,912	0	14,912
Specific Income	0	-107,847	-107,847	0	-116,029	-116,029
Group Cost of Services	781,164	-110,840	670,324	635,308	-119,488	515,820
Other operating Expenditure:						
Gain/loss on disposal of fixed assets	9a		-636			-211
Levies to national police service			0			0
Financing & investment income & expenditure:						
Interest Payable	9b	1,344	1,344	1,813		1,813
Impairment loss allowance	9b	6	6	22		22
Pensions Interest Cost	9b	109,406	109,406	116,078		116,078
Interest & Investment Income	9b	-1,031	-1,031		-1,369	-1,369
Taxation & non specific grant income	9c	-442,180	-442,180		-460,174	-460,174
(Surplus) /deficit on provision of service			337,234			171,979
(Surplus)/deficit on revaluation of fixed assets	14/21		-264			-11,800
Remeasurement of net defined liability			93,843			-462,629
Other gain/loss			0			0
Total other comprehensive Income and Expenditure			93,579			-474,429
Total comprehensive Income & Expenditure			430,813			-302,450

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'

31.3.18	31.3.19		Note	31.3.20
£000	£000			£000
		Long Term Assets		
248,283	245,942	Property, Plant and Equipment	14	259,029
0	0	Printer devices (leased asset)	30	1,243
13,394	18,142	Intangible assets	16	22,620
0	0	Long term investments	17	0
1,663	2,075	Long term debtors	19	1,238
263,340	266,159	Total Long Term Assets		284,130
		Current Assets		
50,085	55,143	Short term investments	17	71,290
1,008	1,167	Inventories	18	1,301
45,986	52,264	Short term debtors	19	41,280
7,995	8,583	Cash and cash equivalents	20	4,246
3,450	1,755	Assets held for sale	21	0
108,524	118,912	Total Current Assets		118,117
		Current Liabilities		
-1,890	-9,525	Short term borrowing	17	-900
-47,270	-47,872	Short term creditors	22	-47,162
-2,181	-2,398	Provisions	23	-2,280
-6,048	-5,846	Accumulated absences	27	-6,299
-57,389	-65,641	Total Current Liabilities		-56,642
		Long Term Liabilities		
0	0	Long term creditors		0
-5,897	-6,228	Provisions	23	-6,748
-26,280	-32,366	Long term borrowing	17	-56,342
-4,293,926	-4,722,006	Liability related to defined benefit pension schemes	32	-4,421,722
-16	0	Donated assets account		0
-1,529	-2,814	Capital grants received in advance	28	-2,329
-4,327,648	-4,763,415	Total Long Term Liabilities		-4,487,140
-4,013,173	-4,443,985	Net Assets / (Liabilities)		-4,141,535
		Reserves		
63,675	58,535	Usable reserves	25	55,537
-4,076,848	-4,502,520	Unusable reserves	26	-4,197,073
-4,013,173	-4,443,985	Total Reserves		-4,141,535

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	31.3.19	31.3.20
		£000	£000
Net (surplus)/deficit on the provision of services		337,234	171,979
Adjust net surplus/deficit for non cash movements	34	-348,959	-202,109
Adjust for items included in surplus/deficit that are investing and financing activities		5,640	4,423
Net cash flows from Operating Activities	34	-6,086	-25,707
Investing Activities	34	19,215	43,891
Financing Activities	34	-13,717	-13,848
Net increase (-) or decrease in cash and cash equivalents		-588	4,337
Cash and cash equivalents at the beginning of the reporting period	20	7,995	8,583
Cash and cash equivalents at the end of the reporting period	20	8,583	4,246

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.

The PCC/CC have carried out a detailed assessment of the likely impact of COVID-19 on its financial position and performance during 2019/20, 2020/21 and beyond. This has included modelling scenarios that consider the impact on:

- Reductions in income
- Increased expenditure
- Cashflow and liquidity
- General fund balances and reserves

In carrying out the detailed assessment, the PCC has taken into account its statutory duty to allocate assets and funds to the Chief Constable.

The PCC/CC has also 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:

- ◆ Within our monitoring report we are currently forecasting **reduced income** of £2.2m in 2020/21 primarily as a result of Covid-19 from the following sources:
- National Driver Offender Retraining Scheme (NDORS) fees (£1m) – NDORS fund forces based on the number of individuals attending a training course. The reduction in driver offending, as a result of Covid-19 restrictions, is predicted to result in reduced income of around £1m. TVP did not furlough the staff associated with this activity (in adherence with government policy) and hence this will be a net loss of income to the force.
- Income Generation (£0.5m) – this is the full annual budget as we are assuming we will not have any surplus training spaces etc. to sell.
- Special services (£0.2m) – We are assuming most of the major events where TVP charge for their services on a full cost recovery basis in accordance with NPCC guidance, such as concerts, have or will be, cancelled this year. The net financial impact on the force is low as the majority of the associated expenditure will not occur, for example income reduction of £0.6m, offset by reduced expenditure of £0.4m leaving a net reduction of £0.2m.
- Criminal Justice Related income (£0.5m) - This includes Illegal Immigrants (some of the reduction may be due to Brexit as well as Covid-19), Magistrates Courts and accident reports. In all three cases, we have taken a cautious approach and not assumed we will be back to pre Covid-19 levels by the end of the year.

- The speed of recovery of income is dependent on external factors surrounding Covid-19 and how quickly activities return to normal or whatever the post Covid-19 normal is, but, in all cases, we are taking a cautious approach to the recovery rate of income.
- ◆ We report the financial implications of **Covid-19** to Home Office each month. The latest return, based on expenditure and income to 30th June, reported a net increase in costs of £13.112m, of which £11.918m relates to Personal Protective Equipment (PPE) purchased primarily on behalf of the service nationally, in addition to our local requirements. Home Office have recently confirmed that all PPE purchased to date (mid-July) will be reimbursed in full, leaving TVP will a net liability of £1.194m related to Covid-19 activity. This includes additional expenditure in respect of ICT, mainly for remote working, to ensure that our staff could work from home, as and when appropriate, during the pandemic. There has also been additional overtime for officers. Due to remote working, we have seen a significant reduction in our travelling expenditure, which has mitigated some of the additional costs.
- ◆ Since lockdown commenced in March 2020 the Government has made several legislative and policy changes. Thames Valley Police has ensured, to the best of its ability, that the public followed relevant guidance in place at the time, following the national guidance of the four E's, Engage, Explain, Encourage and only using its statutory powers of Enforcement as a last resort.
- ◆ We have no aborted capital schemes; a number of schemes have been brought forward (e.g. purchase of laptops) whilst others have been paused or delayed. The prioritisation of capital schemes is still being reassessed given the changing circumstances. At this stage, we are not forecasting any unbudgeted costs.
- ◆ We monitor cashflow on a daily basis. Should we need short-term cash to meet unforeseen bills we borrow from other local authorities. We also have an overdraft facility with NatWest Bank that can be increased at relatively short notice. Investment returns have fallen significantly in recent months although we still expect to achieve the annual budget for interest receipts of £0.890m.
- ◆ The latest revenue monitoring report, based on expenditure and income to 30th June 2020, indicates a potential year-end overspend of £2.853m. General revenue balances at 31st March 2020 were £19.899m. These could reduce by £3.808m (i.e. £0.955m for planned expenditure and £2.853m for the forecast revenue overspend) to £16.091 by 31st March 2021, which equates to 3.58% of Net Revenue Expenditure (NRE) in 2020/21. This is still above the 2.5% minimum level agreed by the PCC.

This review has highlighted that COVID-19 poses a significant financial challenge for the PCC/CC, as it will for all police authorities. To reflect this, the PCC/CC will publish an update to its Medium-Term Financial Strategy in November 2020.

Based on the PCC/CC's assessment dated July 2020, the net total impact of COVID-19 on the General Fund Balance is estimated to be a reduction of £2.853 million, the vast majority of which is expected to crystallise within 2020/21. This assumes no extra funding (not already announced) from central Government, no re-prioritisation of services or alternative service provision. By way of context, the General balance as at 31 March 2020 is £19.899m (subject to year-end adjustments and audit). The PCC/CC's prudent minimum General balance is £11.223 million or 2.5% of NRE.

It is therefore, noted that there is sufficient headroom within the General Balance to absorb the estimated financial impact of COVID-19 in the short to medium-term. Furthermore, the Code requires that local authorities prepare their accounts on a going concern basis, as they can only be discontinued under statutory prescription. For these reasons, the PCC/CC does not consider that there is material uncertainty in respect of its ability to continue as a going concern for the foreseeable future.

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 2020. 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 87 to 111). The financial statements cover the 12 months to the 31 March 2020.

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 2020, 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 65

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 27 on page 66.

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

- Amendments to IAS 28 Investments in Associates and Joint Ventures: Long-term Interests in Associates and Joint Ventures
- Annual Improvements to IFRS Standards 2015–2017 Cycle
- Amendments to IAS 19 Employee Benefits: Plan Amendment, Curtailment or Settlement.

It is not expected that any of these amendments will have a material impact on the information provided in the financial statements

IFRS 16 - Leases was due to be adopted in the financial year 2020/21 but has been deferred to 2021/22 with an effective date of 1st April 2021.

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:

- a. 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
- 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. Further details 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. 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)

- f. 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 half (6 out of 16) 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 an 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.

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. There is a high level of uncertainty surrounding the impact of the coronavirus on the UK and the world economy. This will potentially have an impact on two areas that rely on key judgements and estimation uncertainties. This could therefore lead to a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

The first source of estimation uncertainty is 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. The actuarial valuations were calculated using market data as at 31st March 2020, a point in time when financial markets were very volatile. See note 32 for a sensitivity analysis and details of the impact of a change in the discount rate. The triennial revaluation of the Local Government Pension Scheme will take place in 2022 to advise employer contribution rates from 2023/24 onwards and this will determine any impact on the pension liability from the economic situation post coronavirus and will ensure that future employer contribution rates fully account for the change in liability.

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 32.

The second area of estimation uncertainty is the measurement and valuation of property (land and buildings). The group's property assets (land and buildings) were valued on 1st March 2020 at £234.336m. This was before the World Health Organisation declared the coronavirus outbreak as a global pandemic on 11 March 2020. Travel restrictions have been implemented by many countries and as a result, business volumes have declined dramatically and economies have shrunk temporarily. Market activity has also been impacted in many sectors. With global disruption and fewer transactions, our property valuation experts, Lambert Smith Hampton, consider that less weight should be attached to previous market evidence for comparison purposes to inform current opinions of value. Indeed, the global response to COVID-19 means that there is an unprecedented set of circumstances upon which to base a judgement.

In accordance with RICS guidance, current valuations are subject to 'material valuation uncertainty' (as per VPS 3 and VPGA 10 of the RICS Red Book Global). Consequently, less certainty – and a higher degree of caution – should be attached to these figures than would normally be the case and these valuations will be kept under frequent review until the market stabilises. There remains a risk that, as the market emerges from the Covid-19 lockdown, there may be a repricing of property and

NOTES TO THE ACCOUNTS

other assets which currently cannot be foreseen. Action taken by the Government and the Bank of England may assist in maintaining market equilibrium, thus mitigating these risks. See note 14 for more information on property, plant and equipment.

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 2019/20 and 2018/19. 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 2019/20	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2019	0	0	0
Balance sheet intra group adjustment	- 45,043	45,043	0
PCC resources consumed at the request of the Chief Constable	- 450,475	450,475	0
PCC Intra group adjustment	495,518	- 495,518	0
Closing balance as at 31st March 2020	0	0	0

Intra group balances for 2018/19	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2018	0	0	0
Balance sheet intra group adjustment	- 52,960	52,960	0
PCC resources consumed at the request of the Chief Constable	- 432,417	432,417	0
PCC Intra group adjustment	485,377	- 485,377	0
Closing balance as at 31st March 2019	0	0	0

NOTES TO THE ACCOUNTS

5. NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2018/19					2019/20			
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	264	408	7	679	10,875	314	9	11,198
<i>TVP operational budgets under the direction & control of the Chief Constable</i>								
Employees		333,829	-209	333,620		162,031	444	162,475
Premises				0				0
Transport				0				0
Supplies & Services				0				0
Third Party Payments				0				0
Capital Charges	4,991			4,991	1,424			1,424
Non specific Income				0				0
				0				0
net cost of services	5,255	334,237	-202	339,290	12,299	162,345	453	175,097
				0				0
other income & expenditure from the expenditure & funding analysis	-3,238		-333	-3,571	-4,675		-885	-5,560
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services	2,017	334,237	-535	335,720	7,624	162,345	-432	169,536

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.

2018/19 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)	334,237			-334,237
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-333			333
Holiday Pay (transferred to the accumulated absences account)	-202			202
Non current assets written off on disposal (charged to capital adjustment account)	5,004			-5,004
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	14,696		1,478	-16,174
				0
Total Adjustments to the Revenue Resources	353,402	0	1,478	-354,880
Adjustments between revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-5,640	5,640		0
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-1,146			1,146
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-10,896			10,896
Total Adjustments between revenue and Capital Resources	-17,682	5,640	0	12,042
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-10,744		10,744
Application of capital grants to finance capital expenditure			0	0
Total Adjustments to capital resources	0	-10,744	0	10,744
Total Adjustments	335,720	-5,104	1,478	-332,094

2019/20 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)	162,345			-162,345
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-885			885
Holiday Pay (transferred to the accumulated absences account)	453			-453
Non current assets written off on disposal (charged to capital adjustment account)	4,212			-4,212
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	23,483		1,510	-24,993
				0
Total Adjustments to the Revenue Resources	189,607	0	1,510	-191,117
Adjustments between revenue and Capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-4,423	4,423		0
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-1,215			1,215
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-14,433			14,433
Total Adjustments between revenue and Capital Resources	-20,071	4,423	0	15,648
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-6,487		6,487
Application of capital grants to finance capital expenditure			0	0
Total Adjustments to capital resources	0	-6,487	0	6,487
Total Adjustments	169,536	-2,064	1,510	-168,982

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 20th November 2020. 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 2020, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information. Although the corona virus outbreak was declared a global pandemic by the World Health Organisation on 11th March 2020, the full impact on the UK and world economy was not felt until after 31st March 2020, this is therefore a non-adjusting event. For further details of the impact of the coronavirus, please see the narrative report on page 16 to 19 and the annual governance statement on page 110

On 16th July 2020, HM Treasury published their proposed remedy to the 2015 police pension scheme following the McCloud/Sargeant high court judgements. This proposed remedy significantly alters the number of members that will be eligible for a change in their pension benefits when compared with the assumptions made about said members at the time of preparing the accounts. As this would be a material difference to the pension liability, it was deemed an adjusting event and therefore the pension liability has been changed to provide a more accurate valuation.

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 2019/20.

NOTES TO THE ACCOUNTS

	Balance at 1.4.18	Balance at 1.4.19	Appropriation to/from (-) CIES	Movement between reserves	Balance at 31.3.20	Purpose of Reserve
Reserve	£000	£000	£000	£000	£000	
Risk management reserve	395	0	0	0	0	To help 'pump prime' future risk and carbon management initiatives
Conditional funding reserve	2,910	3,795	-225	0	3,570	Income received can only be spent on the specified project or activity
Transport reserve	295	448	-58	0	390	TVP share of the Chiltern transport Consortium reserves
Optimisation Bias reserve	0	8,920	-3,408		5,512	To fund any cost over-runs on the capital programme
Insurance reserve	159	499	0		499	Funds held in case insurance provision proves inadequate to meet known liabilities
SEROCU reserve	1,582	1,052	-238		813	Funding for SE Regional Organised Crime Unit, as defined in S22 agreement
Community Safety Reserve	592	925	225		1,150	To fund community safety initiatives that could not delivered before 31st March
Improvement and Performance (I&P) reserve	20,091	8,816	65		8,881	To help fund future policing initiatives, including property adaptations
Total	26,024	24,456	-3,639	0	20,817	

9. ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

a) Other operating Expenditure

	2018/19 £000	2019/20 £000
Gain (-)/loss on disposal of fixed asset	-636	-211
Levies to national police service	0	0
Total Operating Expenditure	-636	-211

NOTES TO THE ACCOUNTS

b) Financing and Investment income and expenditure

	2018/19 £000	2019/20 £000
Interest payable	1,344	1,813
Impairment loss allowance	6	22
Pensions interest cost on net defined benefit liability	109,406	116,078
Subtotal Financing and Investment expenditure	110,757	117,913
Interest and investment income	-1,031	-1,369
Total Operating Expenditure	109,725	116,544

c) Taxation and non specific grant income

	2018/19 £000	2019/20 £000
Police Grant	-139,249	-142,277
Formula Grant	-72,855	-74,280
Council tax	-164,422	-188,964
Pensions top up grant	-47,774	-34,910
Capital grants and contributions	-2,602	-4,464
Council tax legacy grant	-15,278	-15,278
Total taxation and non specific grant income	-442,180	-460,174

d) Specific grant income

	2018/19 £000	2019/20 £000
PFI grant	- 1,032	- 1,032
Counter terrorism grant (including dedicated security posts)	-32,348	- 36,554
SEROCU grant	- 5,074	- 4,672
Disclosure Bureau Services	- 1,255	- 1,234
Early Intervention youth Fund	- 224	- 598
MoJ victims and witnesses grant	- 2,768	- 2,861
Use of Apprenticeship levy	- 288	- 78
Home Office Special grants (Ops Maple, Manifold, Luminance and Lyceum)	- 11,269	0
Home Office (Serious violence surge fund, Violence reduction unit)	0	- 3,100
Covid 19 grant	0	-752
Recruitment uplift grant	0	- 877
Pensions grant	0	- 4,312
Other small grants	- 1,594	- 915
Total specific grant income	- 55,852	-56,985

10. OFFICERS' REMUNERATION

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

NOTES TO THE ACCOUNTS

		Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Police Force									
Francis Habgood (Chief Constable)	19/20	1					0	0	0
	18/19		177,900	0	0	4,519	182,419	0	182,419
John Campbell (Chief Constable)	19/20	2	179,770	0	0	5,740	185,510	54,045	239,556
	18/19		146,037	0	0	7,027	153,064	34,027	187,090
Tim De Meyer (Assistant Chief Constable)	19/20		112,639	0	0	6,394	119,033	34,298	153,331
	18/19		103,725	0	24	7,789	111,538	24,617	136,155
Pete O'Doherty (Assistant Chief Constable)	19/20	3	79,047	0	0	0	79,047	23,655	102,703
Chris Ward (Temp Assistant Chief Constable)	19/20	4	117,504	0	110	0	117,614	31,217	148,831
Nicola Ross (Assistant Chief Constable)	19/20		57,831	0	0	4,845	62,676	14,657	77,333
	18/19	5	117,214	0	0	3,777	120,991	27,236	148,227
Chris Shead (Assistant Chief Constable)	19/20	6		0	0	0	0		0
	18/19		139,010	0	0	0	139,010	16,023	155,033
David Hardcastle (Assistant Chief Constable)	19/20		0	0	0	0	0	0	0
	18/19	7	0	0	0	0	0	0	0
Jason Hogg (Deputy Chief Constable)	19/20	8	145,832	0	5	0	145,836	44,588	190,424
	18/19		114,548	0	419	0	114,966	27,236	142,203
Amanda Cooper (Director of Information)	19/20	9	126,211	0	0	0	126,211	17,038	143,249
	18/19		121,943	0	0		121,943	16,462	138,406
Steven Chase (Director of People)	19/20		114,008	0	0	0	114,008	15,391	129,400
	18/19		111,773	0	0	0	111,773	15,089	126,863
Linda Waters (Director of Finance)	19/20		116,078	0	0	0	116,078	15,671	131,749
	18/19		113,396	0	0	0	113,396	15,308	128,705

Note 1: Francis Habgood withdrew from the Police pension scheme in January 2017. He retired on 31.3.19.

Note 2: John Campbell was Deputy Chief Constable until 31.3.19. He was promoted to Chief Constable on 1.4.19

Note 3: Pete O'Doherty was appointed as ACC on 04.07.19

Note 4: Chris Ward was promoted to temporary ACC on 06.05.19

Note 5: Nikki Ross retired on 31.08.19

Note 6: Chris Shead was seconded to the Metropolitan Police on 01.01.16. In November 2018 he withdrew from the pension scheme. Chris left the organisation on 31.3.19

Note 7: David Hardcastle is employed by Hampshire Police and part of his remuneration is recharged to Thames Valley Police. For full details of his salary and benefits, please see Hampshire Police's statement of accounts for 2019/20.

Note 8: Jason Hogg was promoted to Deputy Chief Constable on 1.4.19

Note 9: Amanda Cooper is employed by Thames Valley Police, but part of her remuneration is recharged to Hampshire Police

NOTES TO THE ACCOUNTS

	Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Office of the Police and Crime Commissioner								
Paul Hammond	19/20	100,620	0		0	100,620	13,584	114,204
(Chief Executive)	18/19	100,620	0	0	0	100,620	13,584	114,204
Ian Thompson	19/20	90,717	0		0	90,717	12,247	102,963
(Chief Finance Officer)	18/19	87,602	0	0	0	87,602	11,826	99,428

	Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Police and Crime Commissioner								
Anthony Stansfeld	19/20	86,700	0	404	321	87,425	11,705	99,130
(PCC)	18/19	86,558	0	354	428	87,341	11,685	99,026
Matthew Barber	19/20	65,000				65,000	8,775	73,775
(Deputy PCC)	18/19	62,258	0	0	0	62,258	8,405	70,663

Note 1: Matthew Barber worked part time (22.2 hrs per week) from 03.01.17 to 20.5.18 and his full time equivalent salary was £75,000. On 21.5.18 his post was made full time, with an annual salary of £65,000

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 £	2018/19	2019/20
100,000 - 104,999	1	1
95,000 – 99,999	2	4
90,000 – 94,999	11	9
85,000 – 89,999	18	10
80,000 – 84,999	15	26
75,000 – 79,999	14	13
70,000 – 74,999	18	26
65,000 – 69,999	32	40
60,000 – 64,999	123	118
55,000 - 59,999	277	321
50,000 – 54,999	434	546

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:

	2018/19 £000	2019/20 £000
Fees payable in relation to auditing the PCC and Group accounts by the appointed auditor for the year	31	31
Refund in relation to prior years (PCC and Group)	0	- 4
Fees payable in relation to auditing the Chief Constable accounts by the appointed auditor for the year	15	15
Refund in relation to prior years (Chief Constable)	0	- 2
Other services provided by the auditor	0	
Total fees	46	40

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, Hertfordshire Police, Cambridgeshire Constabulary, British Transport Police and the Civil Nuclear Constabulary. The following table provides a high level split of gross costs.

	£000
TVP	6,206
Bedfordshire Police	2,642
Civil Nuclear Constabulary	880
Hertfordshire Police	3,146
Cambridgeshire Constabulary	2,833
British Transport Police	2,842
External Income	1,097
Total Gross Cost	19,646

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	4,349
Hampshire Police	3,201
Kent Police	26
Surrey Police	2,220
Sussex Police	2,702
External Income	5,945
Total Gross Cost	18,442

TVP host 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 host TVP receives the full grant from National Counter Terrorism Police Head Quarters and distributes to the regional partners.

	£000
TVP	2,508
Hampshire Police	- 292
Surrey / Sussex / Kent Police	- 1,048
External Income	3,574
Total Gross Cost	4,742

NOTES TO THE ACCOUNTS

TVP collaborates as a region on the provision of Dedicated Source Unit (DSU) and Intelligence Management Function (for Special Branch) which will increase our ability to effectively identify, understand and respond to threats in the regions. TVP collaborates with Hampshire, Surrey, Sussex on all capabilities and Kent only collaborates on DSU however the officers remain employed by their home forces and hence their costs do not show in TVP ledger

	£000
TVP	1,433
Hampshire Police	560
Surrey / Sussex / Kent Police	265
Total Gross Cost	2,258

We collaborate with Hampshire Constabulary in terms of ICT, Information management and Operations. Two of these (ICT and Information Management) are led by TVP whilst Hampshire Police leads on operations. The following table provides a high level split of gross costs for 2019/20.

	£000
TVP	50,643
Hampshire Police	39,772
Total Gross Cost	90,415

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 2019/20:

Until 30th May 2019 the Interim Head of ICT and his wife (Interim Head of service Delivery) were both members of the ICT Senior Leadership Team. They were also both consultants, appointed through a recruitment agency. Invoices for both consultants are scrutinised by the IT Resource Manager and approved by the Director of Information. This business relationship was approved by the Chief Constable's Management Team and was overseen and managed by the Director of Information.

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 2019/20, 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 £0.079m of redundancy payments and £0.157m 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 is set out in the table below:

NOTES TO THE ACCOUNTS

2018/19

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	6	0	6	44
£20,001 - £40,000	2	0	2	67
£40,001 - £60,000	1	0	1	45
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,000 - £150,000	0	0	0	0
Total	9	0	9	156

2019/20

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	2	1	3	16
£20,001 - £40,000	1	1	2	51
£40,001 - £60,000	2	0	2	105
£60,001 - £80,000	1	0	1	63
£80,001 - £100,000	0	0	0	0
£100,000 - £150,000	0	0	0	0
Total	6	2	8	235

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 (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 to capitalise expenditure is as follows:

Asset Type	De Minimus £000
Buildings (including leased and PFI)	100
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) 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 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.

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, 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.

- dwellings and other buildings – straight-line allocation over the useful life of the property as estimated by the valuer
- vehicles, 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

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.

Material uncertainty relating to property valuations as a result of the coronavirus pandemic

In accordance with RICS guidance, current valuations are subject to 'material valuation uncertainty' (as per VPS 3 and VPGA 10 of the RICS Red Book Global). Consequently, less certainty – and a higher degree of caution – should be attached to these figures than would normally be the case and these valuations will be kept under frequent review until the market stabilises. There remains a risk that, as the market emerges from the Covid-19 lockdown, there may be a repricing of property and other assets which currently cannot be foreseen. Action taken by the Government and the Bank of England may assist in maintaining market equilibrium, thus mitigating these risks.

NOTES TO THE ACCOUNTS

Movement on Fixed Assets

2019/20 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Vehicles Plant and Equipment £000	Non Operational Assets £000	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2019	200,294	9,645	1,875	59,388	2,002	8,249	281,454
Additions	11,307	0	0	8,125	0	4,868	24,300
Leased assets brought onto balance sheet	0	0	0	1,338	0	0	1,338
Donations	0	0	0	0	0	0	0
Assets under construction - brought into use	5,556	0	0	0	0	-5,556	0
Revaluation increases /(decreases) to RR	11,203	581	16	0	0		11,800
Revaluation increases /(decreases) to SDPS	-3,140	89	0	0	0	0	-3,052
Disposals	-428	-1,065	-169	-3,398	0	0	-5,060
Reclassifications	-8,850	0	0	0	9,136	-286	0
Assets reclassified to/from Held for sale	0	0	0	0	0	0	0
Write out expenditure not adding value	0	0	0	0	0	0	0
Write out fully depreciated assets	0	0	0	-7,173	0	0	-7,173
Depreciation written out on revaluation	-9,820	0	0	0	0	0	-9,820
At 31st March 2020	206,122	9,250	1,722	58,280	11,138	7,275	293,786
Depreciation and Impairment							
At 1st April 2019	1,125	1	0	34,388	0	0	35,514
Depreciation charge	9,888	0	0	7,710	0		17,598
Depreciation written out on revaluation	-9,820	0	0	0	0	0	-9,820
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	-24	0	0	-2,579	0	0	-2,603
Write out fully depreciated assets	0	0	0	-7,173	0	0	-7,173
Reclassifications	0	0	0	0	0	0	0
At 31st March 2020	1,169	1	0	32,346	0	0	33,516
Net Book Value							
At 31st March 2020	204,953	9,249	1,722	25,934	11,138	7,275	260,270

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

GBV = Gross Book Value

2018/19 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Vehicles Plant and Equipment £000	Non Operational Assets £000	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2018	204,036	11,075	2,172	59,234	2,002	3,226	281,746
Additions	587	124	0	6,971	0	5,273	12,954
Prior year additions adjustment	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	-183	290	58	0	0		166
Revaluation increases /(decreases) to SDPS	4,816	-89	0	0	0	-124	4,604
Disposals	0	-460	-355	-3,211	0		-4,026
Reclassifications	0	0	0	0	0	0	0
Assets reclassified to/from Held for sale	-386	-1,295	0	0	0	0	-1,681
Write out expenditure not adding value	0	0	0	0	0	-126	-126
Write out fully depreciated assets	0	0	0	-3,606	0	0	-3,606
Depreciation written out on revaluation	-8,576	0	0	0	0	0	-8,576
At 31st March 2019	200,294	9,645	1,875	59,388	2,002	8,249	281,454
Depreciation and Impairment							
At 1st April 2018	1,084	0	0	32,381	0	0	33,464
Depreciation charge	8,634	1	0	8,085	0		16,721
Depreciation written out on revaluation	-8,576	0	0	0	0	0	-8,576
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	-2,472	0	0	-2,472
Write out fully depreciated assets	0	0	0	-3,606	0	0	-3,606
Reclassifications	-16	0	0	0	0	0	-16
At 31st March 2019	1,125	1	0	34,388	0	0	35,514
Net Book Value							
At 31st March 2019	199,169	9,644	1,875	25,000	2,002	8,249	245,940

RR = Revaluation Reserve
SDPS = Surplus or Deficit in Provision of Services
GBV = Gross Book Value

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.

NOTES TO THE ACCOUNTS

Properties were valued at 1st March 2020 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 2020 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 2020
	£000	£000	£000	£000
Surplus operational properties	0	0	0	0
Surplus land	0	2,000	0	2,000
Telecommunications sharing sites	0	6,157	0	6,157
Total	0	8,157	0	8,157

Comparable figures for 2018/19 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 2019
	£000	£000	£000	£000
Surplus operational properties	0	1,755	0	1,755
Surplus land	0	2,000	0	2,000
Telecommunications sharing sites	0	3,116	0	3,116
Total	0	6,871	0	6,871

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

NOTES TO THE ACCOUNTS

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 Group as at 31 March 2020. 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
Covert radios	362
Contract Management Platform (Total Commitment £0.199m)	109
ICT equipment	1,407
Equip (Enterprise Resource Planning) System - (Total Commitment £9.44m)	4,311

15. CAPITAL EXPENDITURE AND FINANCING

The Group spent £36.075m on the acquisition and enhancement of long term assets in 2019/20, as the following table shows

	2018/19	2019/20
	£000	£000
Land and buildings	5,984	16,175
Vehicles, plant and other equipment	4,975	5,104
Information, communications and technology	1,995	3,021
Total tangible fixed asset expenditure	12,954	24,300
Intangible assets (i.e. computer software licences)	9,794	11,775
Total Capital Expenditure	22,748	36,075

Financing of the capital programme is set out below.

	2018/19	2019/20
	£000	£000
Capital grant	817	2,703
Capital receipts	10,744	6,487
Borrowing	0	12,200
Third party contributions	292	251
Reserves contributions	5,203	3,458
Revenue contributions	5,693	10,975
Total financing	22,749	36,075

The capital financing requirement for 2019/20 was £56.460m (2018/19 £44.138m)

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.

	2018/19			2019/20		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value						
Opening balance	5,816	10,233	16,049	10,305	14,925	25,230
Additions (purchased and internally generated)	4,490	5,305	9,794	10,518	1,256	11,775
Write out capital expenditure not adding value	0	0	0	0	0	0
Donated intangible assets	0	0	0	0	0	0
Write out fully depreciated items	0	-613	-613	0	-521	-521
Closing balance	10,305	14,925	25,230	20,824	15,661	36,484
Depreciation						
Opening balance	0	-2,655	-2,655	-2,061	-5,027	-7,088
Amortisation charged to income and expenditure	-2,061	-2,985	-5,046	-4,165	-3,132	-7,297
Write out fully depreciated items	0	613	613	0	521	521
Closing balance	-2,061	-5,027	-7,088	-6,226	-7,638	-13,864
Net Book Value	8,244	9,898	18,142	14,598	8,022	22,620

In 2018/19 there was a change in accounting estimates. This resulted in the amortisation method being revised so that amortisation starts in the year of purchase. This resulted in an additional £1.96m amortisation charged to the CIES that would have previously been charged to the subsequent year.

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.

NOTES TO THE ACCOUNTS

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

2018/19

<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	1,429	55,143	52,910
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	1,429	55,143	52,910
Non-financial assets				
Total	0	1,429	55,143	52,910
<u>Financial liabilities</u>	Borrowings £000		Borrowings £000	
	Creditors £000		Creditors £000	
Fair value through profit and loss	0	0	0	0
Amortised cost	27,478	0	9,218	47,871
Total financial liabilities	27,478	0	9,218	47,871
PFI and finance lease liabilities	4,888	0	307	0
Other non-financial liabilities	0	0	0	0
Total	32,366	0	9,525	47,871

2019/20

<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	1,238	71,290	39,503
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	1,238	71,290	39,503
Non-financial assets				
Total	0	1,238	71,290	39,503
<u>Financial liabilities</u>	Borrowings £000		Borrowings £000	
	Creditors £000		Creditors £000	
Fair value through profit and loss				
Amortised cost	50,678	0	384	45,384
Total financial liabilities	50,678	0	384	45,384
PFI and finance lease liabilities	5,664	0	516	0
Other non-financial liabilities	0	0	0	0
Total	56,342	0	900	45,384

(1) At 31 March 2020 the PCC had £71.0m invested in 5 different financial institutions. Accrued interest amounted to £0.290m.

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:

2018/19

	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	1,031		
other financial assets measured at fair value through other comprehensive income			
Total interest revenue	1,031		
Interest expense	-1,334		
<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	3		
Trust and other fiduciary activities			
Total fee expense	3		

2019/20

	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	1,369		
other financial assets measured at fair value through other comprehensive income			
Total interest revenue	1,369		
Interest expense	1,813		
<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	10		
Trust and other fiduciary activities			
Total fee expense	10		

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 long term assets/liabilities with accrued interest in current assets/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 ACCOUNTS

The fair values calculated are as follows:

	31 March 2019		31 March 2020	
	Carrying amount	Fair Value	Carrying amount	Fair value
	£000	£000	£000	£000
PWLB debt	23,978	27,647	47,178	49,021
Market loans	12,500	14,258	3,500	5,179
PFI and finance lease liability	5,195	5,195	6,180	6,180
Trade creditors	22,633	22,633	27,247	27,247
Financial liabilities	64,306	69,733	84,105	87,627

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 2019		31 March 2020	
	Carrying amount	Fair Value	Carrying amount	Fair value
	£000	£000	£000	£000
Investments	55,000	55,000	71,290	71,290
Trade debtors	10,431	10,431	12,233	12,233
Cash and cash equivalents	8,583	8,583	4,246	4,246
Total	74,014	74,014	87,769	87,769

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 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 2020 is £1.301m. This is categorised as follows:

	31.3.19	31.3.20
	£000	£000
Uniforms	453	489
Transport – parts and equipment	150	230
Other operational equipment	564	582
Total	1,167	1,301

The amount of inventories recognised as an expense during each year is as follows:

	2018-19	2019-20
	£000	£000
Uniforms	1,165	1,323
Transport – parts, livery and equipment	2,206	2,214
Other operational equipment	520	656
Total	3,891	4,193

NOTES TO THE ACCOUNTS

There were no inventory write-downs during 2019-20.

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 stock on the balance sheet as at 31st March 2020 from £1.301m to £0.812m, as per the table below.

	31.3.19 £000	31.3.20 £000
Uniforms	0	0
Transport – parts and equipment	150	230
Other operational equipment	564	582
Total	714	812

19. DEBTORS

	31.3.19 £000	31.3.20 £000
<i>Amounts falling due after more than one year</i>		
Trade receivables	550	427
Prepayments	1,506	782
Other receivable amounts	19	29
Total long term debtors	2,075	1,238
<i>Amounts falling due within one year</i>		
Trade receivables	9,881	11,806
Prepayments	1,747	703
Other receivable amounts	40,644	28,805
	52,272	41,314
Less provision for doubtful debts	- 9	- 34
Total current debtors	52,263	41,280
Total debtors	54,339	42,518

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:

'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 2020 is made up of the following elements:

NOTES TO THE ACCOUNTS

	2018/19 £000	2019/20 £000
Cash	48	-4,200
Cash equivalents	8,535	8,446
Total Cash and Cash equivalents	8,583	4,246

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 2020 and 11th May 2020, no further assets have been classified as "held for sale"

	2018/19 £000	2019/20 £000
Balance outstanding at the start of the year	3,451	1,755
Assets newly classified as held for sale	1,665	0
Revaluation losses	-24	0
Revaluation gains	114	0
Impairment losses	0	0
Assets declassified as held for sale	0	0
Assets sold	-3,450	-1,755
Balance outstanding at year end	1,756	0

22. CREDITORS

	31.3.19 £000	31.3.20 £000
Trade payables	22,633	27,247
Other payables	25,239	19,915
	47,872	47,162

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.

	2019/20 £000
Opening balance at 1 April 2019	8,627
Transactions during the year:	
Additional provisions made in the period	2,438
Amounts used (incurred and charged against the provision) in the period	- 2,037
Amounts transferred from earmarked insurance reserve	0
Closing balance at 31 March 2020	9,028

24. CONTINGENT ASSETS AND LIABILITIES

Accounting Policy

The Group recognises material 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

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

	31.3.19 £000	31.3.20 £000
Usable capital receipts	3,653	1,588
Capital grant unapplied account	11,725	13,235
Earmarked reserves	24,456	20,817
General balances	18,703	19,899
Total	58,537	55,539

Usable Capital Receipts Reserve

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

	2018/19 £000	2019/20 £000
Opening balance at 1 April	8,757	3,653
Add receipts in year	5,640	4,423
Less applied to finance capital expenditure	- 10,744	- 6,488
Closing balance at 31 March	3,653	1,588

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.

	31.3.19 £000	31.3.20 £000
Opening balance	10,247	11,725
Amounts received in year	1,478	1,510
Amounts applied to finance capital expenditure (transferred to capital adjustment account)	0	0
Correction relating to prior year	0	0
Closing balance	11,725	13,235

Earmarked Reserves

Please see Note 8 on page 45

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.

	2018/19 £000	2019/20 £000
Opening balance as at 1 April	18,648	18,703
Planned use of balances to fund revenue expenditure	215	0
Additional income due to late receipt of council tax precept figures when setting the annual budget	147	0
Transfer from / to (-) other reserves	0	0
Add revenue account surplus / (deficit)	- 307	1,196
Balance as at 31 March	18,703	19,899

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"

NOTES TO THE ACCOUNTS

	31.3.19 £000	31.3.20 £000
Revaluation Reserve	78,853	84,511
Capital Adjustment Account	144,098	143,171
IAS 19 negative Pensions Reserve	- 4,722,006	- 4,421,722
Collection Fund Adjustment Account	2,381	3,266
Accumulated Absences Account	- 5,846	- 6,299
Total	- 4,502,520	- 4,197,073

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.

	31.3.19 £000	31.3.20 £000
Balance brought forward	85,063	78,853
Revaluation of fixed assets	264	11,800
Amounts written out relating to sold assets	- 1,734	- 1,313
Historical cost depreciation adjustment	- 4,740	- 4,830
Balance carried forward	78,853	84,511

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.

NOTES TO THE ACCOUNTS

	2018/19 £000	2019/20 £000
Opening Balance	136,015	144,098
Direct Revenue Financing	10,896	14,433
Credit for donated asset	16	0
Minimum Revenue Provision	1,145	1,215
Revaluation reserve write down	6,473	6,143
Receipts on disposal of fixed assets used to finance capital expenditure	10,744	6,487
Carrying value of disposed assets	- 5,003	- 4,212
Prior year adjustment to fixed asset register (addition of vehicles)	0	0
Less:		
Annual depreciation and impairment	- 17,297	- 27,947
Application of Government grant and capital contributions to finance capital expenditure	1,109	2,954
Closing balance	144,098	143,171

IAS 19 Pension Reserve

See Note 32 on page 79.

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.

	31.3.19 £000	31.3.20 £000
Balance at 1 April	2,048	2,381
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	333	885
Balance at 31 March	2,381	3,266

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.

NOTES TO THE ACCOUNTS

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.

	31.3.19 £000	31.3.20 £000
Opening balance	6,049	5,846
Reversal of prior year accrual	- 6,049	- 5,846
Accrual for accumulated absences at year end	5,846	6,299
Closing balance	5,846	6,299

27. CAPITAL GRANT INCOME

The Group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2019/20. All grants were credited to Taxation and Non Specific Grant Income:

	2018/19 £000	2019/20 £000
Counter Terrorism grant	750	703
General capital grant	1,478	1,510
Third party contributions	292	251
Home office specific capital grants (SEROUC Western Hub)	67	2,000
Donated assets	16	0
Total capital grant, contributions and donations	2,603	4,464

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 2020, the conditions have not been met.

	2018/19 £000	2019/20 £000
Opening balance	1,529	2,814
Amounts received in year	3,871	4,519
Amounts recognised in comprehensive income and expenditure account once conditions met	- 2,586	- 4,464
Amounts repaid once it is known that the conditions will not be met	0	- 540
	2,814	2,328

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.

NOTES TO THE ACCOUNTS

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

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 outstanding liability to the supplier is as follows:

	2018/19 £000	2019/20 £000
Balance outstanding at the start of the year	0	0
Liability brought onto balance sheet	0	1,338
Payments during the year	0	- 46
Balance outstanding at year-end	0	1,292

The Group is committed to payments as follows:

	Finance Lease principal £000	Interest £000	Total Cost £000
Payable in 2020/21	184	18	203
Payable within 2 to 5 years	767	45	812
Payable within 6 to 10 years	342	5	347
Total	1,293	68	1,362

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 2019/20 was £0.988m (2018/19 £0.939m)

The Group was committed at 31 March 2020 to making payments of £0.695m under operating leases, (2018/19 £0.657m) comprising the following elements (annual rental payments):

	2018/19 £000	2019/20 £000
Leases expiring within 12 months	157	301
Leases expiring between 1 year and 5 years	286	182
Leases expiring after 5 years	214	213
Total	657	695

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 £6.135m (2018/19 £4.958m) (valued at 31st March 2020 and subject to £0.680m depreciation to 31 March 2020). The Group received £0.53m in income from the use of these assets during 2019/20. (2018/19 £0.58m)

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

	2018/19 £000	2019/20 £000
Payments receivable within 12 months	239	227
Payments receivable between 1 year and 5 years	176	239
Payments receivable after 5 years	165	92
Total	580	558

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

2019/20 was the twentieth 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 and the payment period was reduced from 30 years to 25 years. As such, the PCC will receive grant income of £1.032m in each of the next 5 years, with a small residual payment of £0.043m in year 6. The PCC will not receive any grant income in any of the last 4 years of the PFI contract.

Payments remaining to be made under the PFI contract at 31 March 2020 (excluding any estimation of inflation and availability performance deductions) are as follows.

NOTES TO THE ACCOUNTS

	Payment for services £000	Finance Lease principal £000	Interest £000	Sub- Total £000	Grant Income £000	Net Cost £000
Payable in 2020/21	1,077	332	408	1,817	- 1,032	785
Payable within 2 to 5 years	4,308	1,630	1,331	7,269	- 5,203	2,066
Payable within 6 to 10 years	5,385	2,930	771	9,086	0	9,086
Total	10,770	4,892	2,510	18,172	- 6,235	11,937

Comparable figures for 2018/19 are as follows:

	Payment for services £000	Finance Lease principal £000	Interest £000	Sub- Total £000	Grant Income £000	Net Cost £000
Payable in 2019/20	1,054	307	433	1,794	-1,032	762
Payable within 2 to 5 years	4,216	1,505	1,457	7,178	- 4,128	3,050
Payable within 6 to 10 years	5,270	2,705	997	8,972	-1,075	7,897
Payable within 11 years	1,054	684	57	1,795	0	1,795
Total	11,594	5,201	2,944	19,739	- 6,235	13,504

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:

	2018/19 £000	2019/20 £000
Balance outstanding at the start of the year	5,478	5,195
Payments during the year	- 283	- 307
Balance outstanding at year-end	5,195	4,888

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. However, the impairment experienced on assets under construction during 2018/19 related to prior year spend on an aborted project.

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 22 January 2019. The key issues within the strategy were:

- The Authorised Limit for 2019/20 was set at £75.173m. This is the maximum limit of external borrowings or other long term liabilities.
- The Operational Boundary was expected to be £55.173m. This is the expected level of debt and other long term liabilities during the year.

At the Level 1 meeting on 25th July 2019 a recommendation to increase these borrowing levels because of £18.2m of new loans for properties not in the original capital programme for 2019/20 was approved and the new levels are:

- an Authorised Limit of £93.373m and
- an Operational Boundary for external debt of £73.373m

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.

NOTES TO THE ACCOUNTS

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 2019/20 was approved by the PCC on 22nd January 2019

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 2020 that this was likely to crystallise.

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

	Amount at 31 March 2020 £000	Historical experience of default %	Adjustment for market conditions at 31 March 2020 %	Estimated maximum exposure to default and write-off £000
Customers	4,627	0.34	0.23	10

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 £2.223m of the £4.627m balance on the Accounts Receivable ledger at 31 March 2020 is past its due date for payment (i.e. 30 day payment terms). The past due amount can be analysed by age as follows:

NOTES TO THE ACCOUNTS

	31.3.19	31.3.20
	£000s	£000
Less than three months ¹	368	1,679
Three to six months	14	29
Six months to one year	7	509
More than one year	28	6
Total	417	2,223

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:

	31.3.19	31.3.20
	£000	£000
Less than one year	63,678	79,736
More than one year	0	0
	63,678	79,736

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:

	31.3.19 £000	31.3.20 £000
Analysis of loans by type		
Public Works Loans Board	23,978	47,178
Barclays	3,500	3,500
Other Local Authorities	9,000	0
	36,478	50,678
Analysis of loans by maturity		
Short term - less than 1 year	9,000	0
Between 1 and 2 years	0	0
Between 2 and 5 years	0	0
Between 5 and 10 years	7,149	7,149
More than 10 years	20,329	43,529
	36,478	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 2020, if all interest rates had been 1% higher with all other variables held constant, the financial effect would be:

NOTES TO THE ACCOUNTS

	£000s
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	616
Impact on Surplus or Deficit on the Provision of Services	616
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 borrowing liabilities (no impact on the Provision of Services or Other Comprehensive Income and Expenditure)	-9,826

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 pensions 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.

NOTES TO THE ACCOUNTS

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 2020. The pension liabilities in these accounts have been calculated accordingly at a discount rate of 2.25% (2.45% in 2018/19).

Police Staff

Police staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Buckinghamshire County Council. This is a funded scheme. In 2019/20 the Group paid an employer's contribution representing 13.5% of pensionable pay and a cash lump sum of £1.685 million. 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 2.35% (2.45% in 2018/19)

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:

NOTES TO THE ACCOUNTS

	Police Pension Scheme		LGPS	
	2018/19 £000	2019/20	2018/19 £000	2019/20 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
• current service costs	97,620	139,880	35,417	40,435
• past service costs	183,520	-33,460	9,296	0
• curtailment and settlements		0	0	168
• Administration expenses		0	397	467
<i>Financing and Investment Income and Expenditure</i>				
• Net interest on defined liability	100,680	107,250	8,726	8,828
<i>Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services</i>	381,820	213,670	53,836	49,898
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• actuarial gains and losses and return on plan assets	124,120	-322,200	-1,794	-155,375
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	505,940	-108,530	52,042	-105,477
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	381,820	213,670	53,836	49,898
<i>Actual amount charged against council tax for pensions in the year:</i>				
• employers' contribution payable to scheme and retirement benefits payable to pensioners	87,031	85,409	14,388	15,814

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Unfunded liabilities: Police Pension Scheme		Funded liabilities: LGPS	
	2018/19 £000	2019/20 £000	2018/19 £000	2019/20 £000
Opening balance at 1 April	3,951,050	4,354,320	810,179	866,700
Current service cost	78,130	119,710	35,417	40,435
Interest cost	100,680	107,250	20,968	21,134
Contributions by scheme participants	19,490	20,170	6,305	7,012
Actuarial gains (-) and losses	124,120	-322,200	-1,794	-130,165
Losses on curtailments			0	168
Liabilities extinguished on settlements				
Benefits paid (net of transfers in)	-102,670	-101,480	-13,409	-14,715
Past service costs	183,520	- 33,460	9,296	0
Unfunded pension payments			-262	-256
Closing balance at 31 March	4,354,320	4,144,310	866,700	790,313

NOTES TO THE ACCOUNTS

Reconciliation of fair value of the scheme assets:

	LGPS	
	2018/19 £000	2019/20 £000
Opening balance on 1 April	467,303	499,014
Interest on assets	12,242	12,306
Actuarial gains and losses (-)	12,405	-4,862
Employer contributions, Including unfunded benefits	14,827	14,869
Contributions by scheme participants	6,305	7,012
Benefits paid	-13,671	-14,971
Administration expenses	-397	-467
Closing balance on 31 March	499,014	512,901
Net liability on LGPS	367,686	277,412

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 £18.948m (£24.647m in 2018/19).

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	
	2018/19	2019/20	2018/19	2019/20
Long-term expected rate of return on assets in the scheme:	N/A	N/A	6%	2.80%
Mortality assumptions				
• Longevity at 65 for current pensioners (years)				
Men	22.7	21.9	22.9	21.8
Women	24.3	23.6	24.8	25.1
• Longevity at 65 for future pensioners (years)				
Men	24.6	23.6	24.6	23.2
Women	26.2	25.2	26.6	26.5
Rate of inflation - CPI	2.35%	2.00%	2.4%	1.8%
Rate of increase in salaries	4.35%	4.00%	3.9%	2.8%
Rate of increase in pensions	2.35%	2.00%	2.4%	1.8%
Rate of discounting scheme liabilities	2.45%	2.25%	2.45%	2.35%
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

NOTES TO THE ACCOUNTS

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			
	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)	122.00	(122.00)	29.092	(28.011)
Rate of increase in salaries				
• LGPS (increase or decrease by 0.1%)			2.058	(2.037)
• Police Pension (increase or decrease by 0.5%)	57.00	(57.00)		
Rate of increase in pensions				
• LGPS (increase or decrease by 0.1%)			18.005	(17.547)
• Police Pension (increase or decrease by 0.5%)	342.00	(342.00)		
Rate for discounting schemes				
• LGPS (increase or decrease by 0.1%)			(19.462)	19.973
• Police Pension (increase or decrease by 0.5%)	(428.00)	428.00		

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 2019	31 March 2020
	%	%
Equities – UK	5	0
Equities - Overseas	41	48
Gilts	12	9
Bonds	15	18
Property	8	7
Cash	3	2
Alternative assets	1	1
Private Equity	5	5
Absolute return portfolio	5	5
Hedge funds	5	5
Total	100	100

McCloud / Sergeant judgement

The Chief Constable, along with other Chief Constables and the Home Office, currently has 122 claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. These claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sergeant judgement, but have now been lifted and a case management hearing was held on 25 October 2019. The resulting Order of 28 October 2019 included an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. This interim declaration applies to claimants only. However, the Government made clear that non-claimants who are in the same position as claimants will be treated fairly to ensure they do not lose out. This was re-iterated in the Written Ministerial Statement on 25 March.

NOTES TO THE ACCOUNTS

The Police Minister has indicated that remedy period will not end before 2022. It is anticipated the Treasury will consult on proposals to implement remedy in the coming months to be followed by primary legislation and scheme regulation.

Impact on pension liability

Allowing for all members to remain in their existing scheme as at 1 April 2015 would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries have estimated the potential increase in scheme liabilities for Thames Valley Police to be approximately 4.4% or £183.52m of pensions scheme liabilities. This increase was reflected in the IAS 19 disclosure as a past service cost in the 2018-19 accounts. In 2019-20, scheme actuaries have reviewed these assumptions at a force level and have estimated a decrease of £246.46m in scheme liabilities. This decrease reflects a change in assumptions and therefore represents a gain on re-measurement and reported in the Comprehensive Income and Expenditure Statement (CIES).

The impact of an increase in scheme liabilities arising from the McCloud/Sergeant 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/Sergeant is determined through the Police Pension Fund Regulations 2007. These require a police authority to maintain a police 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

The employment tribunal has agreed a process for the consideration of compensation claims between April 2020 and January 2021. The basis of claims from claimants is due in April 2020 and the identity and banding of claims proposed by claimants is due in June for non-pecuniary claims and September for pecuniary claims. As at 31st March 2020, it is not possible to estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

33. NOTES TO THE CASHFLOW STATEMENT

Analysis of operating, investing and financing activities:

	2018/19 £000	2019/20 £000
<u>Operating activities</u>		
Taxation	-164,089	-188,079
Grants	-335,764	-318,134
Sales of goods and rendering of services	-54,988	-63,388
Interest received	-973	-1,222
Cash inflows generated from operating activities	-555,814	-570,823
Cash paid to and on behalf of employees	461,316	405,747
Cash paid to suppliers of goods and services	87,067	137,700
Interest paid	1,346	1,669
Other payments for operating activities	0	0
Cash outflows generated from operating activities	549,729	545,116
Net cash flows from operating activities	-6,086	-25,707
<u>Investing activities</u>		
Purchase of property, plant and equipment and intangible assets	25,557	36,293
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-7,260	-4,423
Proceeds from short and long term investments	5,000	16,000
Other receipts from investing activities	-4,082	-3,979
Net cash flows from investing activities	19,215	43,891
<u>Financing activities</u>		
Cash receipts of short and long term borrowing	-15,393	-14,200
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	283	352
Repayments of short and long term borrowing	1,393	0
Net cash flows from financing activities	-13,717	-13,848

Analysis of non cash adjustments:

	2018/19 £000	2019/20 £000
IAS 19 pension liability	-334,237	-162,345
Depreciation, impairment and amortisation	-17,298	-27,947
Carrying amount of non current assets sold	-5,004	-4,212
Premium/discount on restructuring of debt	0	0
Other non cash items charged to deficit	2,804	4,011
(Increase)/decrease in provisions	-549	-401
Increase/(decrease) in stock	159	133
Increase/(decrease) in debtors	6,926	-11,318
(Increase)/decrease in creditors	-1,760	-31
Total adjustment for non cash items	-348,959	-202,109

Police Pension Fund Account Statements

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

Fund Account

	2018/19 £000	2019/20 £000
Contributions Receivable		
From employer		
- normal	- 34,992	- 46,710
- early retirements	- 1,022	- 597
From members	- 19,486	- 20,184
Transfers in		
- individual transfers in from other schemes	- 189	- 916
Benefits Payable		
- pensions	80,903	85,119
- commutations and lump sum retirement benefits	22,001	17,768
- lump sum death benefits	398	218
Payments to and on account of leavers		
- refund of contributions	50	76
- individual transfers out to other schemes	112	136
Sub-total for the year before transfer from the Group of an amount equal to the deficit	47,775	34,910
Additional funding payable by the Group to fund the deficit for the year¹	- 47,775	- 34,910
Net amount	0	0

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

Pension Fund Net Asset Statement

	2018/19 £000	2019/20 £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 2019 and 2020

	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		27	8	27	27	27	48	
Balance at 31st March 2018		18,647	26,025	8,756	10,246	63,674	230,521	294,195
<u>Movement in reserves during 2018/19</u>								
Total comprehensive Expenditure and Income		1,473	0	0	0	1,473	401	1,874
Adjustments between accounting basis & funding basis under regulations	38	-2,986		-5,104	1,478	-6,612	6,612	0
Net increase/Decrease before transfers to Earmarked Reserves		-1,513	0	-5,104	1,478	-5,139	7,013	1,874
Transfers to (-) /from earmarked reserves		1,568	-1,568			0	0	0
Increase/Decrease in Year		55 #	-1,568	-5,104	1,478	-5,139	7,013	1,874
Balance at 31st March 2019 carried forward		18,702	24,457	3,652	11,724	58,535	237,534	296,069
<u>Movement in reserves during 2019/20</u>								
Total comprehensive Expenditure and Income		-7,844	0	0	0	-7,844	12,472	4,628
Adjustments between accounting basis & funding basis under regulations	38	5,401		-2,064	1,510	4,847	-4,847	0
Net increase/Decrease before transfers to Earmarked Reserves		-2,442	0	-2,064	1,510	-2,996	7,625	4,628
Transfers to (-) /from earmarked reserves	8	3,639	-3,639			-0	0	-0
Increase/Decrease in Year		1,197 #	-3,639	-2,064	1,510	-2,996	7,625	4,628
Balance at 31st March 2020 carried forward		19,899 #	20,818	1,588	13,234	55,539	245,158	300,697

For full details of the movement in general balances, please see note 25 on page 66

PCC Expenditure and Funding Analysis Disclosure note 2019/20

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.

	2018/19			2019/20		
	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	797	415	1,212	920	323	1,243
Democratic representation	210		210	210		210
Other costs	4,257	264	4,521	2,509	10,875	13,384
Commissioned services	2,700		2,700	2,644		2,644
Cost of Services	7,964	679	8,643	6,283	11,198	17,480
Other income & expenditure	-6,451	-3,665	-10,116	-3,840	-5,797	-9,637
(Surplus) or Deficit	1,513	-2,986	-1,473	2,442	5,401	7,844
Opening General Fund Balance	18,648			18,703		
Add (surplus) or Deficit	-1,513			-2,442		
Transfers to/from reserves & General Balances	1,568			3,639		
Closing General Fund Balance	18,703			19,899		

PCC Comprehensive Income and Expenditure Statement 2019/20

		2018/19			2019/20		
		Gross expenditure	Gross Income	Net Expenditure	Gross expenditure	Gross Income	Net Expenditure
		£000	£000	£000	£000	£000	£000
Office of the PCC		1,212	0	1,212	1,243	0	1,243
Democratic representation		210	0	210	210	0	210
Other costs		4,522	-1	4,521	13,384	0	13,384
Commissioned services		5,691	-2,991	2,700	6,103	-3,459	2,644
Cost of Services before funding		11,636	-2,992	8,643	20,940	-3,459	17,480
Intra group funding				432,417			450,475
Net cost of services				441,060			467,955
Other operating Expenditure:							
Gain/loss on disposal	38a			-746			-447
Levies to national police service				0			0
Financing & investment income & expenditure:							
Interest payable	38b	1,344		1,344	1,813		1,813
Pensions interest cost	38b	64		64	66		66
Interest & investment income	38b		-1,031	-1,031		-1,369	-1,369
Taxation & non specific grant income	38c		-442,164	-442,164		-460,174	-460,174
Surplus/deficit on provision of service				-1,473			7,844
Surplus/deficit on revaluation of fixed assets	42/21			-264			-11,800
Remeasurement of net defined liability				-137			-672
Other gain/loss				0			0
Total other comprehensive Income and Expenditure				-401			-12,472
Total comprehensive Income & Expenditure				-1,874			-4,628

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'

31.3.17	31.3.18		Note	31.3.19
£000	£000			£000
		Long Term Assets		
221,429	220,940	Property, Plant and Equipment	42	234,338
0	0	Printer devices (leased asset)	30	1,243
	0	Intangible assets		0
0	0	Long term investments	17	0
938	860	Long term debtors	44	782
222,367	221,800	Total Long Term Assets		236,362
		Current Assets		
50,085	55,143	Short term investments	17	71,290
0	0	Inventories		0
11,445	12,030	Short term debtors	44	13,321
7,995	8,583	Cash and cash equivalents	20	4,246
3,450	1,755	Assets held for sale	22	0
39,278	52,960	Intra group balance	4	45,043
112,252	130,471	Total Current Assets		133,900
		Current Liabilities		
-1,890	-9,525	Short term borrowing	17	-900
-8,206	-8,700	Short term creditors	45	-7,547
0	0	Provisions		0
-19	-25	Accumulated absences	47	-34
-10,114	-18,250	Total Current Liabilities		-8,481
		Long Term Liabilities		
0	0	Long term creditors		0
0	0	Provisions		0
-26,280	-32,366	Long term borrowing	17	-56,342
-2,499	-2,770	Liability related to defined benefit pension schemes	48	-2,412
0	0	Donated assets account		0
-1,529	-2,814	Capital grants received in advance	29	-2,329
-30,308	-37,950	Total Long Term Liabilities		-61,082
294,197	296,071	Net Assets / (liabilities)		300,699
		Reserves		
63,675	58,535	Usable reserves	26	55,537
230,522	237,535	Unusable reserves	47	245,161
294,197	296,071	Total Reserves		300,698

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	31.3.19	31.3.20
		£000	£000
Net (surplus)/deficit on the provision of services		-1,473	7,844
Adjust net surplus/deficit for non cash movements	49	9,998	-18,820
Adjust for items included in surplus/deficit that are investing and financing activities		5,012	3,840
Net cash flows from Operating Activities	49	13,537	-7,137
Investing Activities	49	-408	25,322
Financing Activities	49	-13,717	-13,848
Net increase (-) or decrease in cash and cash equivalents		-588	4,337
Cash and cash equivalents at the beginning of the reporting period	20	7,995	8,583
Cash and cash equivalents at the end of the reporting period	20	8,583	4,246

35 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. Further details 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 half (6 out of 16) 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 an 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.

36 NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

2018/19					2019/20				
Adjustments from General Fund to arrive at the CIES amounts	Adjustments for capital purposes £000	Net change for the pensions adjustments £000	Other differences £000	Total Adjustments £000	Adjustments for capital purposes £000	Net change for the pensions adjustments £000	Other differences £000	Total Adjustments £000	
PCC									
Office of the PCC		408	7	415		314	9	323	
Democratic representation				0				0	
Other costs	264			264	10,875			10,875	
Commissioned services				0				0	
net cost of services	264	408	7	679	10,875	314	9	11,198	
				0				0	
other income & expenditure from the expenditure & funding analysis	-3,333		-333	-3,665	-4,911		-885	-5,797	
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services	-3,068	408	-326	-2,986	5,963	314	-876	5,401	

37 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.

2019/20 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)	314			-314
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-885			885
Holiday Pay (transferred to the accumulated absences account)	9			-9
Non current assets written off on disposal (charged to capital adjustment account)	3,393			-3,393
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	8,571		1,510	-10,081
Total Adjustments to the Revenue Resources	11,401	0	1,510	-12,911
Adjustments between revenue and capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-3,840	3,840		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-1,215			1,215
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-945			945
Total Adjustments between revenue and Capital Resources	-6,000	3,840	0	2,160
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-5,904		5,904
Application of capital grants to finance capital expenditure	0			0
Total Adjustments to capital resources	0	-5,904	0	5,904
Total Adjustments	5,401	-2,064	1,510	-4,847

2018/19 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)	408			-408
Financial instruments (transferred to the financial instruments adjustment account)	0			0
Council tax (transfers to or from the collection fund adjustment account)	-333			333
Holiday Pay (transferred to the accumulated absences account)	7			-7
Non current assets written off on disposal (charged to capital adjustment account)	4,266			-4,266
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	1,580		1,478	-3,058
Total Adjustments to the Revenue Resources	5,928	0	1,478	-7,406
Adjustments between revenue and capital Resources				
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-5,012	5,012		
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	-1,146			1,146
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-2,756			2,756
Total Adjustments between revenue and Capital Resources	-8,914	5,012	0	3,902
Adjustments to capital resources				
Use of capital receipts reserve to finance capital expenditure		-10,116		10,116
Application of capital grants to finance capital expenditure	0			0
Total Adjustments to capital resources	0	-10,116	0	10,116
Total Adjustments	-2,986	-5,104	1,478	6,612

38 ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**a) Other operating Expenditure**

	2018/19 £000	2019/20 £000
Gain (-)/loss on disposal of fixed asset	-746	-447
Levies to national police service	0	0
Total Operating Expenditure	-746	-447

b) Financing and Investment income and expenditure

	2018/19 £000	2019/20 £000
Interest payable	1,344	1,813
Pensions interest cost on net defined benefit liability	64	66
Subtotal Financing and Investment expenditure	1,408	1,879
Interest and investment income	-1,031	-1,369
Total Operating Expenditure	377	509

c) Taxation and non specific grant income

	2018/19 £000	2019/20 £000
Police grant	-139,249	-142,277
Formula Grant	-72,855	-74,280
Council tax	-164,422	-188,964
Pensions top up grant	-47,774	-34,910
Capital grants and contributions	-2,586	-4,464
Council tax legacy grant	-15,278	-15,278
Total taxation and non specific grant income	-442,164	-460,174

d) Specific grant income

	2018/19 £000	2019/20 £000
MoJ Victims & Witnesses grant	- 2,768	- 2,861
Early Intervention Youth Fund	-224	- 598
Total specific grant income	- 2,992	- 3,459

39 OFFICERS' REMUNERATION

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

	Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Office of the Police and Crime Commissioner								
Paul Hammond	19/20	100,620	0		0	100,620	13,584	114,204
(Chief Executive)	18/19	100,620	0	0	0	100,620	13,584	114,204
Ian Thompson	19/20	90,717	0		0	90,717	12,247	102,963
(Chief Finance Officer)	18/19	87,602	0	0	0	87,602	11,826	99,428

	Note	Salary, fees & allowances £	Bonuses £	Expense allowances £	Benefits in Kind £	Total remuneration excluding pension £	pension contribution £	Total £
Police and Crime Commissioner								
Anthony Stansfeld	19/20	86,700	0	404	321	87,425	11,705	99,130
(PCC)	18/19	86,558	0	354	428	87,341	11,685	99,026
Matthew Barber	19/20	65,000				65,000	8,775	73,775
(Deputy PCC)	18/19	62,258	0	0	0	62,258	8,405	70,663

Note 1: Matthew Barber worked part time (22.2 hrs per week) from 03.01.17 to 20.5.18 and his full time equivalent salary was £75,000. On 21.5.18 his post was made full time, with an annual salary of £65,000

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 2020, are seconded to national bodies such as the College of Policing.

Total Remuneration £	2018/19	2019/20
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	1	3
50,000 – 54,999	1	0

40 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:

	2018/19 £000	2019/20 £000
Fees payable in relation to auditing the PCC and Group accounts by the appointed auditor for the year	31	31
Refund relating to prior year	0	- 4
Total fees	31	27

41 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. The outcome is that, in his opinion, there are no material related party transactions to disclose in 2019/20.

42 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-minimis level policy is to capitalise expenditure as follows:

Asset Type	De Minimus £000
Buildings (including leased and PFI)	100
Equipment	25
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, 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

2019/20 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Non Operational Assets £000	Vehicles, Plant and Equipment	Assets under construction £000	Total £000
Cost or Valuation							
At 1st April 2019	200,294	9,645	1,875	2,002	0	8,249	222,066
Additions	11,307	0	0	0	0	4,868	16,175
Leased assets brought onto balance sheet	0	0	0	0	1,338	0	1,338
Donations	0	0	0	0	0	0	0
Assets under construction - brought into use	5,556	0	0	0	0	-5,556	0
Revaluation increases /(decreases) to RR	11,203	581	16	0	0	0	11,800
Revaluation increases /(decreases) to SDPS	-3,140	89	0	0	0	0	-3,052
Disposals	-428	-1,065	-169	0	0	0	-1,662
Reclassifications	-8,850	0	0	9,136	0	-286	0
Assets reclassified to/from Held for sale	0	0	0	0	0	0	0
Write out expenditure not adding value	0	0	0	0	0	0	0
Depreciation written out on revaluation	-9,820	0	0	0	0	0	-9,820
At 31st March 2020	206,122	9,250	1,722	11,138	1,338	7,275	236,844
Depreciation and Impairment							
At 1st April 2019	1,125	1	0	0	0	0	1,126
Transfer of assets to Chief Constable	0	0	0	0	0	0	0
Depreciation charge	9,888	0	0	0	95	0	9,983
Depreciation written out on revaluation	-9,820	0	0	0	0	0	-9,820
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	-24	0	0	0	0	0	-24
Reclassifications	0	0	0	0	0	0	0
At 31st March 2020	1,169	1	0	0	95	0	1,265
Net Book Value							
At 31st March 2020	204,953	9,249	1,722	11,138	1,243	7,275	235,579

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

GBV = Gross Book Value

2018/19 movements

	Other Land and Buildings £000	Police Houses £000	Equity Share £000	Non Operational Assets £000	Assets under construction £000	Total £000
Cost or Valuation						
At 1st April 2018	204,036	11,075	2,172	2,002	3,226	222,511
Additions	587	124	0	0	5,273	5,984
Donations	0	0	0	0	0	0
Assets under construction - brought into use	0	0	0	0	0	0
Revaluation increases /(decreases) to RR	-183	290	58	0	0	166
Revaluation increases /(decreases) to SDPS	4,816	-89	0	0	-124	4,604
Disposals	0	-460	-355	0	0	-815
Reclassifications	0	0	0	0	0	0
Assets reclassified to/from Held for sale	-386	-1,295	0	0	0	-1,681
Write out expenditure not adding value	0	0	0	0	-126	-126
Depreciation written out on revaluation	-8,576	0	0	0	0	-8,576
At 31st March 2019	200,294	9,645	1,875	2,002	8,249	222,066
Depreciation and Impairment						
At 1st April 2018	1,083	0	0	0	0	1,083
Transfer of assets to Chief Constable	0	0	0	0	0	0
Depreciation charge	8,634	1	0	0	0	8,635
Depreciation written out on revaluation	-8,576	0	0	0	0	-8,576
Impairment losses / (reversals) to RR	0	0	0	0	0	0
Impairment losses / (reversals) to SDPS	0	0	0	0	0	0
Disposal	0	0	0	0	0	0
Reclassifications	-16	0	0	0	0	-16
At 31st March 2019	1,125	1	0	0	0	1,126
Net Book Value						
At 31st March 2019	199,169	9,644	1,875	2,002	8,249	220,939

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

GBV = Gross Book Value

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 2020 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 2020 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 2020
	£000	£000	£000	£000
Surplus operational properties	0	0	0	0
Surplus land	0	2,000	0	2,000
Telecommunications sharing sites	0	6,157	0	6,157
Total	0	8,157	0	8,157

Comparative figures for 2018/19 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 2019
	£000	£000	£000	£000
Surplus operational properties	0	1,755	0	1,755
Surplus land	0	2,000	0	2,000
Telecommunications sharing sites	0	3,116	0	3,116
Total	0	6,871	0	6,871

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

As at 31 March 2020, there are no significant amounts outstanding on any capital contracts which have been entered into by the PCC.

43 CAPITAL EXPENDITURE AND FINANCING

The PCC spent £16.175m on the acquisition and enhancement of long term assets in 2019/20, as the following table shows

	2018/19	2019/20
	£000	£000
Land and buildings	5,984	16,175
Vehicles, plant and other equipment	0	0
Information, communications and technology	0	0
Total tangible fixed asset expenditure	5,984	16,175
Intangible assets (i.e. computer software licences)	0	0
Total Capital Expenditure	5,984	16,175

Financing of the total capital programme can be found in the Group accounts, note 15 on page 57
The capital financing requirement for 2019/20 was £56.460m (2018/19 £44.138m)

44 DEBTORS

	31.3.19	31.3.20
	£000	£000
<i>Amounts falling due after more than one year</i>		
Trade receivables	0	0
Prepayments	860	782
Other receivable amounts	0	0
Total long term debtors	860	782
<i>Amounts falling due within one year</i>		
Trade receivables	0	4
Prepayments	0	0
Other receivable amounts	12,030	13,317
	12,030	13,321
Less provision for doubtful debts	0	0
Total current debtors	12,030	13,321
Total debtors	12,890	14,103

45 CREDITORS

	31.3.19 £000	31.3.20 £000
Trade payables	594	322
Other payables	8,106	7,224
	8,700	7,547

46 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 2020, there are no known contingent assets or liabilities

47 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"

	31.3.19 £000	31.3.20 £000
Revaluation Reserve	78,854	84,511
Capital Adjustment Account	159,096	159,830
IAS 19 negative Pensions Reserve	- 2,770	- 2,412
Collection Fund Adjustment Account	2,381	3,266
Accumulated Absences Account	- 25	- 34
Total	237,536	245,161

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.

	31.3.19 £000	31.3.20 £000
Balance brought forward	85,063	78,854
Revaluation of fixed assets	264	11,800
Amounts written out relating to sold assets	- 1,734	- 1,313
Historical cost depreciation adjustment	- 4,739	- 4,830
Balance carried forward	78,854	84,511

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.

	2018/19 £000	2019/20 £000
Opening Balance	145,928	159,096
Direct Revenue Financing	2,756	945
Minimum Revenue Provision	1,145	1,215
Voluntary Revenue Provision	0	0
Revaluation reserve write down	6,473	6,143
Receipts on disposal of fixed assets	10,116	5,905
Carrying value of disposed assets	- 4,265	-3,393
Less:		
Annual depreciation and impairment	- 4,166	-13,035
Application of Government grant and capital contributions to finance capital expenditure	1,109	2,954
Application of reserves to finance capital expenditure		
Closing balance	159,096	159,830

IAS 19 Pension Reserve

See Note 47 on page 106.

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.

	31.3.19 £000	31.3.20 £000
Balance at 1 April	2,048	2,381
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	333	885
Balance at 31 March	2,381	3,266

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.

	31.3.19 £000	31.3.20 £000
Opening balance	- 19	- 25
Reversal of prior year accrual	19	25
Accrual for accumulated absences at year end	- 25	- 34
Closing balance	- 25	- 34

48 PENSIONS

Accounting Policy

Post employment benefits

Police staff are eligible to join the Local Government Pension Scheme administered by Buckinghamshire County Council. This is a funded scheme. In 2019/20 the PCC paid an employer's contribution representing 13.5% of pensionable pay and a cash lump sum of £14,004. 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 2.35% (2.45% in 2018/19).

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:

	2018/19 £000	2019/20 £000
Comprehensive Income and Expenditure Statement		
<i>Cost of Services</i>		
• current service costs	362	381
• past service costs	94	0
• curtailment and settlements	0	0
• Administration expenses	3	4
<i>Financing and Investment Income and Expenditure</i>	64	66
• Net interest on defined liability		
<i>Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services</i>	523	451
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>		
• actuarial gains and losses and return on plan assets	- 7	259
<i>Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>	516	710
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	523	451
<i>Actual amount charged against council tax for pensions in the year:</i>		
• employers' contribution payable to scheme	145	137
• retirement benefits payable to pensioners		

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Funded liabilities: LGPS	
	2018/19 £000	2019/20 £000
Opening balance at 1 April	3,960	4,602
Current service cost	362	381
Past service cost	94	0
Interest cost	162	168
Contributions by scheme participants	67	76
Actuarial gains (-) and losses	-7	-88
Benefits paid (net of transfers in)	-36	-37
Closing balance at 31 March	4,602	5,102

Reconciliation of fair value of the scheme assets:

	2018/19 £000	2019/20 £000
Opening balance on 1 April	1,461	1,832
Interest on assets	98	102
Actuarial gains and losses (-)	100	576
Employer contributions, including unfunded benefits	145	145
Contributions by scheme participants	67	76
Benefits paid	-36	-37
Administration expenses	-3	-4
Closing balance on 31 March	1,832	2,690
Net Liability on LGPS	2,770	2,412

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 £0.157million.

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:

	2018/19	2019/20
Long-term expected rate of return on assets in the scheme:	5%	2.85%
Mortality assumptions		
• Longevity at 65 for current pensioners (years)		
Men	22.9	21.8
Women	24.8	25.1
• Longevity at 65 for future pensioners (years)		
Men	24.6	23.2
Women	26.6	26.5
Rate of inflation - CPI	2.40%	1.85%
Rate of increase in salaries	3.90%	2.85%
Rate of increase in pensions	2.40%	1.85%
Rate of discounting scheme liabilities	2.45%	2.35%
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)	243	(235)
Rate of increase in salaries (increase or decrease by 0.1%)	31	(30)
Rate of increase in pensions (increase or decrease by 0.1%)	144	(140)
Rate for discounting schemes (increase or decrease by 0.1%)	(170)	174

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

	31 March 2019	31 March 2020
	%	%
Equities – UK	5	0
Equities - Overseas	41	48
Gilts	12	9
Bonds	15	18
Property	8	7
Cash	3	2
Alternative assets	1	1
Private Equity	5	5
Absolute return portfolio	5	5
Hedge funds	5	5
Total	100	100

49 NOTES TO THE CASHFLOW STATEMENT

Analysis of operating, investing and financing activities:

	2018/19 £000	2019/20 £000
Operating activities		
Taxation	-164,089	-188,079
Grants	-335,764	-318,134
Sales of goods and rendering of services	-54,988	-63,388
Interest received	-973	-1,222
Cash inflows generated from operating activities	-555,814	-570,823
Cash paid to and on behalf of employees	461,316	405,747
Cash paid to suppliers of goods and services	87,067	137,700
Interest paid	1,346	1,669
Other payments for operating activities	0	0
Cash outflows generated from operating activities	549,729	545,116
Net cash flows from operating activities	-6,086	-25,707
Investing activities		
Purchase of property, plant and equipment and intangible assets	5,306	17,141
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-6,632	-3,840
Proceeds from short and long term investments	5,000	16,000
Other receipts from investing activities	-4,082	-3,979
Net cash flows from investing activities	-408	25,322
Financing activities		
Cash receipts of short and long term borrowing	-15,393	-14,200
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	283	352
Repayments of short and long term borrowing	1,393	0
Net cash flows from financing activities	-13,717	-13,848

	2018/19 £000	2019/20 £000
IAS 19 pension liability	-408	-314
Depreciation and impairment	-4,166	-13,035
Carrying amount of non current assets sold	-4,265	-3,393
Premium/discount on restructuring of debt	0	0
Amortisation of intangible assets	0	0
Other non cash items charged to deficit	2,580	4,455
(Increase)/decrease in provisions	0	0
Increase/(decrease) in stock	0	0
Increase/(decrease) in debtors	15,955	-6,885
(Increase)/decrease in creditors	303	352
Total adjustment for non cash items	9,998	-18,820

Annual Governance Statement 2019/20

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 2020, including plans for the financial year 2020/21.

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

Due to the unprecedented circumstances created by the global pandemic, elements of this Annual Governance Statement have been extended to cover activities during April and May 2020, providing an insight into both the issues and measures put into place in response to COVID-19. Specific elements are included in the Arrangements for Review of Effectiveness section, 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 22 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 recipient of all funding, including government grant, precept and other sources of income related 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 and, consequently, that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. 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, his police officers and staff remain 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/PC%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 entities (i.e. 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 website.

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 by managing the application of police misconduct regulations, and the administration of complaints by members of the public against police officers and police staff below the rank of Chief Constable. 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 (previously called Complaints, Integrity and Ethics 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 demonstrate respect for the rule of law and comply with relevant laws and regulations. Both employ in-house legal advisors to provide assurance of the same 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 ensure that legal and regulatory breaches and misuse of power are dealt with effectively. The PCC and his Deputy are subject to the PCC's Code of Conduct 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, 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, in the Thames Valley, is reviewed as necessary and appropriate on an annual basis 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 Crime Plan sets out his strategic policing and crime reduction priorities and key aims, and how these will be delivered. His Plan is supported by the Force Strategic Plan, the OPCC's Strategic Delivery Plan and the Financial Strategy. The Police and Crime 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 objectives contained in his Police and Crime Plan. It also meets specifically to consider the PCC's proposed annual council tax precept increase,

Police and Crime Plan, Annual Report and any proposed appointment 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, including a schedule of formal public and private meetings, i.e. regular public meetings with the reports and agendas published on the PCC's website, supplemented by regular 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 and, as a public authority, under the Freedom of Information Act 2000.

The PCC published his 2018/19 Annual Report last June (2019). This explained his main achievements during that financial year and also provided information on operational and financial performance during 2018/19. His 2019/20 Annual Report is due to be published in June 2020.

The Chief Constable has prepared and published the TVP Strategic Plan. Quarterly Strategic Plan progress update reports are provided to the PCC at his Level 1 public meetings, in respect of which the agenda and papers are published on the PCC's website, culminating in an end-of-year report of Force progress against stated objectives.

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 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 Crime 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. An Assistant Chief Constable (ACC) represents TVP on the Board. The Deputy PCC represents the PCC and has chaired this Board since January 2019.

The Force has appropriate mechanisms for engaging with a variety of external organisational stakeholders. The Chief Constable previously held regular meetings to which the chief executives of all statutory partners are invited to provide a strategic information sharing and briefing forum for key partners, including local authorities, blue light services and health providers. Following a review of the effectiveness and benefits of the arrangements in 2019, the Chief Constable has taken a decision to cease holding those meetings and, instead, will be attending the chief executives own county-based meetings to maintain dialogue on matters of mutual interest such as community safety issues. In addition, Local Police Area Commanders routinely engage with the local authority commensurate to their geographic area, including their Community Safety Partnership. Multiple partnership forums exist across the operational policing landscape, including Multi-Agency Safeguarding Hubs (MASHs), and joint governance boards meet monthly or quarterly to manage bi-

lateral arrangements between Thames Valley Police and Hampshire Constabulary. 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.

The Chief Constable has published the annual 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 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 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 change professionals 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 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 have duties 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 Police and Crime Plan to inform the 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 Level 1 meeting, which are published publicly.

The Chief Constable maintains MTFPs, which form 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 organisations 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 framework for decision making. The MTFP and MTCP are closely aligned to the PCC's Police and Crime Plan and the Force Strategic Plan. The PCC approves the MTFP and the MTCP as well as the 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. Formal budget monitoring is undertaken on a regular basis throughout the year, i.e. it is presented to the PCC's regular public Level 1 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, £4.8m of cash savings were identified and removed from the revenue budget during 2019/20.

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 and treasury management, is sourced externally, as this is more practical and cost-effective. The PCC and Chief Constable use the annual staff appraisal process to focus individual employee contributions towards corporate objectives and measures, and to facilitate continuous professional development.

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 is 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 HMICFRS audit / inspection processes.

The PCC has a Deputy to assist him discharge his statutory functions. Both the PCC and Deputy PCC have received appropriate induction training. Ongoing training will include 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. In April 2018 the PCC brought victim support services in-house. '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 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 'Level 1' 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 Strategic Delivery Plan to the PCC on a monthly basis via the Senior Management Group meeting. 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 Crime 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 Performance Risk Meetings, chaired by the Deputy Chief Constable, in which constructive challenge and debate on thematic operational policies and procedures is encouraged. Each meeting will involve a review of the end-to-end process against policy and procedure, problem-solving particular challenges in those areas. The findings of these meetings are fed into the Chief Constable's Performance Group.

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 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 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 2018.

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, and 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. 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 is approved in November each year. The separate capital strategy is approved alongside the annual budget in January.

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 Level 1 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. £4.8m of cash savings were identified and removed from the revenue budget during 2019/20. 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 2014). They will be reviewed and updated during 2020/21 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. 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.

The PCC complies with the Elected Local Policing Bodies (Specified Information) Order 2011 and publishes required information on his website.

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;
- 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' 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 2019/20 and demonstrate how the PCC has discharged these powers and duties during that year:

- The updated framework for corporate governance was approved on 26 March 2019.
- The PCC allocated £3.0m from his Community Safety Fund in 2019/20 to help improve community safety and crime prevention across the Thames Valley. £2.7m was given to local authorities and £0.3m was retained by the OPCC to help fund Thames Valley-wide initiatives.
- The PCC published his 2018/19 Annual Report in June 2019 to highlight major achievements during his sixth full financial year in office and to report on operational and financial performance during 2018/19.
- In March 2019 the OPCC published its Strategic Delivery Plan for 2019/20. 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.
- Following the opening of the Victims First Hub in April 2018, which provides free generic emotional and practical support to victims of crime, during 2019/20 the PCC commissioned and awarded contracts for two new specialist victim support services. These specialist services will support victims who have experienced a higher level of trauma, thus requiring more complex support needs, and are to be provided with effect from April 2020. One service will support adult victims (to be provided by Thames Valley Partnership) and the other will support young victims (to be provided by SAFE!).
- During the autumn of 2019 the PCC worked closely with the Chief Constable to update the MTFP (2020/21 to 2023/24). Due to late receipt of the Police Grant Settlement he submitted his budget and council tax proposals for 2020/21 to the Police and Crime Panel on 14th February 2020. The Panel endorsed his £10 (or 4.8%) 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.
- The PCC for Thames Valley represents the South East region and Eastern region PCCs on the National Police Air Service Board.
- Four PCC public Level 1 meetings were held in 2019/20, supplemented by monthly private and informal liaison meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account.
- In 2019/20 the OPCC again received an 'OPCC Transparency Quality Mark' awarded by CoPaCC, an organisation that compares OPCCs on how well they discharge their statutory requirements to be open and transparent via their website.

b) The Force

The CCMT met formally on 11 occasions and the Joint Chief Officers Group (TVP and HC) met formally on 6 occasions during 2019/20 to determine and monitor Force strategy, policies and performance, and the same for areas of collaboration.

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 2019/20 by the PCC at his Level 1 meeting on 4 February 2020. 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. The Effectiveness & Efficiency Programme builds upon the legacy of the Priority Based Budgeting outcomes and methodology to continue the prioritisation of services and expenditure.

CCMT reviews finance and workforce planning, performance and HMICFRS activity on a regular basis. Strategic Risks and Business Continuity, and Strategic Plan monitoring reports are included quarterly. Other

significant areas of note discussed in 2019/20 include CPS Strategic Priorities, Traumatic Risk Incident Management, Detective Recruitment and Senior Appointment Boards.

The Force Transformation Board met every other month to review all in-flight change programmes in the Thames Valley Only Portfolio including the Local Policing and Effectiveness and Efficiency programmes. The Joint Deputies Collaboration Board met every other month as part of the governance for all bi-lateral programmes including Contact Management Programme, RMS and Digital Frontline. The regional SERIP board met to review the Emergency Services Mobile Communications Programme (ESMCP) and Enterprise Resource Planning (now Equip) as part of the regional portfolio. From November a separate board met monthly to review the Equip programme from the Thames Valley perspective. These governance boards are in addition to the regular programme boards chaired by each programmes' Senior Responsible Owner.

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.

In 2018/19, HMICFRS adopted an integrated approach to the PEEL inspection programme, combining the effectiveness, efficiency and legitimacy strands into a single inspection. The fieldwork phased was completed in February 2019, and the report was published in September 2019. Thames Valley were graded 'Good' overall in each of the three assessment categories (Effectiveness, Efficiency, Legitimacy). In the sub-categories of 'investigating crime' and 'ethical and lawful workforce behaviour', the Force received 'Requires Improvement' judgements, whilst in 'meeting current demands and using resources', the Force was assessed as being 'Outstanding'. In all other diagnostic areas, the Force was assessed as 'Good'.

The Force was re-inspected in the area of Crime Data Integrity in April and May 2019. The Force again received an 'Inadequate' grading, although progress was shown in all areas of crime recording, and there were no identified issues with regards ethical considerations. The primary issues are with recording processes and knowledge / training. A Gold Group, overseen by the DCC, is managing an action plan, 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. In addition, recommendations and areas for improvement specific to the PEEL process are reported into CCMT bi-monthly.

As stated in the introduction, the response to COVID-19 required the Force to instigate emergency procedures – governed through a Gold Group command structure – to manage operational response, business continuity and risk across all functions. The Chief Constable's Management Team also increased the frequency with which it met to oversee Gold decision-making with regards organisation-wide strategy, policy or procedural change.

c) The Joint Independent Audit Committee

During 2019/20 the JIAC met four times to consider the external audit and internal audit plans for 2019/20, 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 new 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 2019 was presented to the PCC and Chief Constable at their JIAC meeting on 18 December 2019. 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 2019/20 was approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 26 March 2019.

The Governance Advisory Group also developed this joint Annual Governance Statement for 2019/20.

e) Internal audit

The annual report of the Chief Internal Auditor for 2019/20 was presented to the JIAC on 12 June 2020. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

"At the beginning of March 2019, the Joint Internal Audit Team was on track to complete the 2019/20 Joint Internal Audit Plan. However, due to the Covid-19 pandemic and subsequent demand issues faced by the Force and OPCC, the seven audits that were being concluded have been placed on hold. The aim will be to circulate the audit outcomes once both organisations have capacity to consider the findings and identify any potential management action.

*By the end of February, the team had finalised 16 pieces of work. 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. Overall, 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. Of the seven audits that were not finalised, four had a draft opinion of reasonable assurance, one was limited assurance and two were yet to be rated. However, had these audits been finalised, they would not have altered the overall opinion. At a statistical level, the opinion represents a very similar outcome to the previous year with fewer limited assurance ratings, but one minimal assurance outcome. However, as the Joint Internal Audit Plan does not include the same audits year on year, this cannot be taken as a direct comparison.*

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".

f) External audit

On 12 July 2019 EY issued unqualified audit opinions in respect of the 2018/19 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 2019/20 HMICFRS published a number of reports containing recommendations or areas for improvement for Thames Valley Police or policing in general. These are considered by the Force and PCC. All reports are available on the HMICFRS website:

ANNUAL GOVERNANCE STATEMENT

Date published by HMICFRS	National / Force Report	Report Types	Report Title	Date CC Reported to PCC	PCC Response to HMICFRS: Y/N
01/04/19	National	Thematic	Fraud: Time to Choose - An inspection of the police response to fraud	25/07/2019	Y
25/07/19	Force	Thematic	Thames Valley Police Crime Data Integrity re-inspection 2019	25/07/2019	Y
03/09/19	National	Thematic	Leading Lights: An inspection of the police service's arrangements for the selection and development of chief officers	29/11/2019	Y
27/09/19	National	PEEL	Peel Spotlight Report: Emerging themes from the second group of 2018/19 PEEL inspections	29/11/2019	Y
27/09/19	National	Thematic	Shining a light on betrayal: Abuse of position for a sexual purpose	29/11/2019	Y
27/09/19	Force	PEEL	PEEL: Police effectiveness, efficiency and legitimacy 2018/19 - Thames Valley Police	29/11/2019	Y
24/10/19	National	Thematic	Cyber: Keep the light on - An inspection of the police response to cyber-dependent crime	29/11/2019	Y
18/12/19	Force	JTAI	Joint targeted area inspection of the multi-agency response to children's mental health in Milton Keynes	04/02/2020	Y

The HMICFRS national 'State of Policing – The Annual Assessment of Policing in England and Wales' report for 2018 was published on 4th July 2019. The Police Act 1996 section 54(4A) requires HM Chief Inspector of Constabulary to report each year on his assessment of the efficiency and effectiveness of policing in England and Wales. This assessment covers the full breadth of inspections conducted by HMICFRS throughout the year and provides an overview of the policing in England and Wales.

Where appropriate, 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.

The PCC is required to publish a response to all inspection report recommendations within 56 days of the publication of the report. The PCC's responses to relevant HMICFRS inspection reports have all been published.

As the country went into lockdown in March 2020 in response to COVID-19, HMICFRS took the decision to suspend all inspection activity and the publication of inspection reports to enable Forces to focus on the immediate requirements on policing. At the time of writing in May 2020, activity was still suspended with no clear indication of when it would recommence.

h) Risk management and business continuity

The Force Risk Management Group met three times during 2019/20 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 2020 there were seven risks on the Strategic Risk Register with mitigating actions.

The Strategic Business Continuity Co-ordination Group met twice to discuss the strategic resilience panel update, business continuity planning, critical functions review, local resilience forums and business continuity governance (audit, strategy, policy, incident report updates).

Business continuity incidents, categorised by impact, were detailed in quarterly reports to the JIAC, including measures taken to minimise their impact. Issues reported primarily related to ICT loss of service, or flooding at key sites including custody suites and training locations. The JIAC also received information on exercises to test business continuity plans, which now include key learning points.

The revised and refreshed Risk and Business Continuity processes and products have been introduced across the Force. All Local Police Areas and Operational Command Units have been engaged and visited to update their risk registers and transfer them into the new format. All risks have clear ownership, have been rescored according to the new process, 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

An annual report on HS&E was presented to the July 2019 meeting of the Joint Independent Audit Committee for scrutiny. 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.

In June 2016 the Chief Constable and PCC published a joint Health and Safety Management Policy statement outlining their commitment towards securing safe working practices and compliance with applicable health and safety legislation. Copies are accessible to all staff via the Intranet, and are displayed on the health and safety notice boards in all premises.

The Health & Safety Management Policy was reviewed and transferred onto the new policy template in January 2018, with no material changes made to the content.

Health & Safety considerations, requirements and issues were incorporated into the COVID-19 Silver command governance structure, and reported into the Gold Commander.

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 the Force on included vetting procedures and the backlog in processing employment applications, findings of the HMICFRS crime data integrity inspection and reasons for delay in misconduct proceedings.

The Panel presented its Annual Assurance Report for 2019 to the PCC and the Chief Constable by email on 30 March 2020. This 2019 Report highlighted that the Panel had scrutinised matters covering the following themes:

- Honesty, integrity and ethics
- New Regulatory changes for PSD
- Ethics of undercover policing
- Ethical dilemmas in custody suites
- Handling of complaints involving those who have learning difficulties

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 Integrity Sub-Group, chaired by the Head of the Professional Standards Department (PSD), which meets quarterly.

The Chief Constable continues to promote the fundamental importance of TVP officers and staff employing the highest professional standards, principles which 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 2019/20 the PSD received and processed 1,443 complaints and 100 conduct matters, and held 32 misconduct meetings and hearings in accordance with the statutory scheme. From 1 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 31 complaints made against the Chief Constable in accordance with the statutory police complaints scheme.

k) Thames Valley Police and Crime Panel

During 2019/20 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 2018/19 year; scrutiny and consideration of the PCC's 2020/21 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 Police and Crime Plan strategic priorities and key aims, including the contribution made by other partner agencies, and 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 2019/20 the OPCC referred 3 complaints against the PCC to the PCP for consideration by them under the statutory scheme, of which one was partially upheld and recommendations were made to the PCC and acted upon by the OPCC to address the Sub-Committee's concerns.

The Panel itself published its own 2018/19 Annual Report in June 2019.

l) Collaboration and partnership working

The joint TVP and HC Bi-lateral Collaboration Governance Board formally met three times during 2019/20. 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 six times during 2019/20.

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. Four meetings of the regional governance board were held during 2019/20. 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 2019/20, has informed the latest review of the Framework which was approved in March 2020. 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 2018/19 which were due to be monitored during 2019/20.

There are currently no significant actual or potential governance issues identified in respect of 2019/20 '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 2019/20 and there are no significant weaknesses in the internal control and governance environment.

However, the coronavirus pandemic (COVID-19) impacted on governance during March 2020 and continues to do so. As such we need to ensure that the AGS is current at the time of publication so it is essential that the AGS also reflects the ongoing impact of COVID-19 on governance.

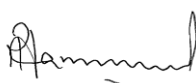
To that end, the Addendum to the AGS specifically addresses the challenges and impact of COVID-19 on our governance and our response to it.

As identified in the attached Addendum, the impact on governance arising from the COVID-19 crisis, and from the changed environment in which TVP will be operating, remains ongoing at the time of publication of this document. This is therefore a significant potential governance issue to be monitored and addressed as necessary in 2020/21.

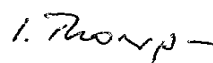
In any event the governance arrangements of the PCC and the Chief Constable will remain under review at least annually over forthcoming financial years.



Anthony Stansfeld
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 AGS assesses the adequacy and effectiveness of the governance arrangements in place during 2019/20 and so the majority of the year will be unaffected by the coronavirus pandemic ('COVID-19'). Accordingly, the conclusion on whether or not governance is fit for purpose should reflect the business's normal operations.

However, coronavirus will have impacted on governance during March 2020 and thereafter, including up to the time of publication of the AGS (i.e. May 2020). The impact on governance will be felt by all public sector organisations including, for example, changes to decision making arrangements and the conduct of meetings. Other aspects will reflect changes to the organisation's priorities and programmes.

As such, we need to ensure that the AGS is current and relevant on publication so it is essential that the AGS also reflects the ongoing impact of COVID-19 on governance.

These impacts fall into the following broad categories:

a) Impact on business as usual in the delivery of services**TVP**

In response to the onset of COVID-19, triggered by the requirement to police the return of British nationals from Wuhan province into RAF Brize Norton on 31st January 2020, the Force established a Gold Command structure.

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 the majority of the Force to keep working from home to achieve social-distancing or when in self-isolation.

In conjunction with the Local Resilience Forum, the Silver Commander oversaw the sourcing of increased amounts of Personal Protective Equipment (including facemasks, disposable gloves, hand sanitiser and wipes) for frontline staff and offices.

Operational Guidance, and health, safety and wellbeing advice, were shared Forcewide with senior leaders and directly with staff via Corporate Communication messages.

Some strategic functions, and non-critical policing activities have been suspended to enable a focus on immediate requirements and critical functions. These include training and long-term problem solving.

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.

OPCC

OPCC services and functions were prioritised by the Senior Management Group (SMG) as soon as the national COVID-19 'lockdown' restrictions were implemented in late March 2020.

Following that prioritisation review, the majority of OPCC staff were allocated a laptop computer so they could work remotely from home, 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 'lockdown' period to monitor service delivery performance and address practical problems and issues affecting the effectiveness and productivity of staff. Furthermore, in line with recently introduced 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.

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, has taken on a lead national role in the procurement and distribution of personal protective equipment (PPE) on behalf of other police forces.

OPCC

The national prioritisation of, and the Force's policing response to, COVID-19 has resulted in the re-deployment of Force personnel to tackling the public impact of the pandemic. Accordingly, 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 may 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, 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.

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

Where possible, 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 report was submitted to the Joint Independent Audit Committee in March 2020.

The Chief Constables Management Team has met more regularly (three times per week) 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.

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 was held in May. The DCC Joint Collaboration Board was also held in April as scheduled.

In mid-May, the Force Recovery strategy was developed and signed-off by CCMT. A second Gold structure was established to run in parallel with the response phase governance framework. At this point, Gold meetings occurred twice-weekly – one continuing to focus on immediate response requirements, the other commencing the planning and preparations for a structured recovery. Both fed into CCMT.

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 the public sector generally, and specific to TVP is a work-stream in the recovery phase. It is too early to report in detail at this time.

OPCC

The PCC is not required to hold public decision-making meetings; instead, 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, the agenda and papers for public meetings that would have taken place (e.g. the Joint Independent Audit Committee and the PCC's Level 1 public meeting which were scheduled to be held on 16 March and 30 March 2020, respectively) were 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 temporarily suspended its meetings pending alternative effective arrangements being developed and implemented. At the time of writing, the Panel is planning to hold a 'virtual' meeting on 19 June 2020.

The scrutiny and oversight by relevant 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 conference call arrangements.

Regarding the consequential financial implications of delivering the local policing response to COVID-19, this is being 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, together with the current high level governance engagement of the PCC and Deputy PCC in the strategic decision-making of the Force (as summarised in the OPCC response to item (b) above).

At this time, however, 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

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, particularly for the Contact Management Programme, which was due to launch in TVP in March but has been delayed to take account of the impact on COVID_19 on Contact Management and training staff.

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 video-conferencing to enable specific areas to continue operating whilst conforming with Government guidelines. For example, misconduct hearings have been held via video conferencing, and certain activities in the custody environment, such as interviews and reviews, have also been undertaken using video technology.

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.

In addition, a tactical Risk Register for COVID-19 has been developed, alongside the LRF risk register, which TVP feed into.

All new risks have identified risk-leads and mitigating actions to treat them.

OPCC

At this time, no significant existing projects and work programmes have been put on hold and no new priorities and objectives have been introduced by the OPCC. Nevertheless, the PCC has publicly supported the Force prioritisation of its local operational policing response to COVID-19. However, as stated under item (b) above, the Force's necessary policing response to COVID-19 has resulted in a change to operational policing priorities which, over time, may impact on the delivery of the PCC's current strategic policing priorities.

In terms of COVID-19 related risk management, the main risks identified fall into two categories:

- i. Risks to OPCC personnel (e.g. contracting the virus as a result of undertaking business as usual activities) – these risks are being managed by the OPCC adopting the Force's COVID-19 related staff advice and guidance and by enforcing remote working arrangements wherever possible.
- ii. Risks to service users arising from 'lockdown' requirements (e.g. potential victims of domestic abuse being with their abuser for longer) – to mitigate this risk, the OPCC website has published advice to victims about who they can contact to access help and support and how.

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 will be operating, remains ongoing at the time of publication of this document. This is therefore a significant potential governance issue to be monitored and addressed as necessary in 2020/21.

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 has enabled fast and co-ordinated decision-making.

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 Easy (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

Equip

A new Enterprise Resource Planning system that TVP is implementing jointly with Surrey and Sussex police

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 Present Value (NPV)

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

Nolan Principles

The seven 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

