

Chief Constable Statement of Accounts 2018/19

CONTENTS

	PAGE
Preface	
Preface by the Chief Constable of Thames Valley	2
Narrative report and financial review by the Director of Finance	3
Statement to the Accounts	
Audit report and opinion	16
Statement of responsibilities for the Statement of Accounts	20
Core Financial Statement and Explanatory notes	
Movement in reserves statement	21
Expenditure and Funding Analysis	22
Comprehensive income and expenditure statement	23
Balance sheet	24
Cash flow statement	25
Notes to the accounts	26
Supplementary Financial Statement and Explanatory notes	
Pension fund accounts	54
Annual Governance Statement	52
Glossary of terms	69

PREFACE

Introduction to the 2018/19 Statement of Accounts by John Campbell, Chief Constable of Thames Valley Police



I took up the position of chief constable on 1 April 2019 following the retirement of Francis Habgood, with whom I worked closely with in the role of DCC for three years.

When I reflect on the past year the outstanding theme has been one of increased operational demand. Whilst this is a national trend, for Thames Valley Police, we also had the additional challenges of the policing of two Royal Weddings and a Presidential visit. This increased demand is against a background of significant resourcing challenges; both financial and also some practical challenges of recruiting and retaining officer numbers. Overall a particularly demanding year for all but I have been impressed with how we have responded to these challenges.

We police our communities with a strong focus on quality and performance and our most recent grading's from HMICFRS rated Thames Valley as 'Good' in the PEEL inspection areas of Legitimacy and Effectiveness, and 'Outstanding' for Efficiency. In 2018 HMIC changed the scope and methodology of its PEEL regime to a new Integrated PEEL Assessment, the work will conclude in mid-July 2019 With the publish graded PEEL judgements sometime thereafter.

We continue to transform and innovate our service so that we can meet policing needs now and in the future, this includes continuing with investment in technology. We will shortly be rolling out our new Contact Management system which will provide our call handlers with the information they need to accurately assess threat, risk and harm and hence ensure our officers provide the most appropriate response, as well as opening up new ways for the public to contact us. In addition we continue to improve and increase the digital mobility of our officers by providing them with the devices to allow them to be more visible, effective and efficient.

THE NARRATIVE REPORT

Message from the Director of Finance – Linda Waters



The Narrative Report pulls together in a single document information on the budget preparation process, final accounts, performance information, medium term financial plans and other contextual information such as workforce numbers and strategic risks. I hope you find it helpful, I would welcome feedback on the content so that we can continue to improve and enhance next year's narrative report on the 2019/20 accounts.

The Policing landscape is increasingly challenging with the growth in complex and sensitive crimes continuing alongside the growth in more traditional crimes, as well as the increasing awareness of vulnerability and the increased threat levels. As a force TVP saw a number of very successful, high profile operations within our region including two Royal Weddings and a presidential visit. Fortunately we were able to claim back the majority of the additional external costs from the Home Office by means of Special Grant. We also experienced difficulties with recruitment and retention of officers which brought additional challenges but was mitigated to some extent by the employment of support staff

case investigators and the use of police overtime. The overall outturn of a net overspend at the group level of £0.307m reflects the challenges facing the force and the positive response of the force to the financial pressures.

TVP have positively addressed the financial and operational implications of the increasing demand against the reduced level of resources imposed by eight years of austerity in a positive and proactive manner. In these challenging times financial and resource management is more critical than ever if we are to continue to deliver an effective and efficient service, delivering on our commitment "Working together to make our communities safer". I am therefore pleased to report that the force continues to challenge the efficiency and effectiveness of all areas of the force and our service delivery, challenging the allocation of resources, looking for new ways of delivering our services; including the use of technology and working closer with our partners and other emergency services. This continued focus on reform ensures resources are focussed on our priority services and our service can respond to the ever changing environment.

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. People
6. Corporate risks and uncertainties
7. 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 Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Thames Valley Police area.

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

This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services.

The Net Revenue Budget for 2018/19 was £391.5 million, of which £7.4 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 2.3 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.

The Force is divided into 12 Local Policing Areas (LPAs). The LPAs are responsible for local policing services across 108 neighbourhoods that address local priorities. Specialist departments deliver the full range of other force-wide policing functions.

Many of our services are delivered in collaboration with other forces. We lead the Counter Terrorism Police South East (CTPSE) and the South East Regional Organised Crime Unit (SEROUC). We share a single ICT department with Hampshire and also have a shared information management unit and joint operations unit (JOU). We also lead the Chiltern Transport Consortium which provides a fleet management service to the police forces in Bedfordshire, Hertfordshire, Cambridgeshire and TVP 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 on page 10.

A good indication of Police workload is the number of external calls we receive in to our control rooms and enquiry department. During 2018/19 we received 1,136,598 calls (average of 3,114 per day) of which 344,699 were 999 calls and 791,929 were 101 **calls**. This resulted in 522,009 **incidents** recorded on our Command and Control system, of which 229,486 were attended by officers and staff.

3. FINANCIAL PERFORMANCE

a. Economic climate

Since the Chancellor announced the results of the Coalition Government's Spending review in 2010 Government support for local policing budgets has been reduced, in real-terms, by 34%. Even with annual increases in council tax precept, total funding for local police has been reduced by 21% between 2010/11 and 2018/19.

Since 2010, Thames Valley Police has removed over £100 million of cash savings from its annual revenue budget, which equates to 26% of the net revenue budget in 2018/19.

In November 2017 the Government finally recognised the additional demand pressures on the police service. In his statement of the provisional police grant report for 2018/19 the Minister for Policing and the Fire Service (Nick Hurd) stated:

'We need to recognise that there have been material changes in the demands on policing since the 2015 Spending Review. Demand on the police from crimes reported to them has grown and shifted to more complex and resource intensive work such as investigating child sexual exploitation and modern slavery. At the same time the terrorist threat has changed. The 24% growth in recorded crime since 2014/15 comes from more victims having the confidence to come forward and report previously hidden crimes, better recording practices by the police – both of which are to be welcomed – but also includes some concerning increases in violent crime'

The Minister announced an increase in overall police funding of £450 million, of which around £270m would be being raised by PCCs increasing their local Band D Council tax by up to £12 a year. At the time the Home Office indicated that the same council tax precept flexibility would be available in 2019/20 subject to certain conditions on transparency on police reserves, productivity and efficiency being met during 2018.

However, the Government understated the impact of the additional demand on police forces. In his letter to Yvette Cooper MP on 13th December 2018 the Home Secretary stated:

"We have reviewed the demand on the police again. It is clear that demand pressures on the police have risen 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 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."

The Home Secretary announced increased funding available to PCCs by up to £813 million if all PCCs use their precept flexibility fully. This is the biggest annual increase since 2010. It includes up to £509 million from additional council tax precept, by enabling PCCs to increase their local precept by up to £24 for a Band D equivalent property.

b. Financial Management

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

During 2017 TVP was one of 22 forces to receive a "good" rating from HMIC in all 3 key categories in their Police Effectiveness Efficiency & Legitimacy (PEEL) inspection and, indeed, was one of only two forces nationally to have been awarded an 'outstanding' grade for the efficiency element.

In 2018, HMICFRS changed the scope and methodology of its PEEL regime to a new Integrated PEEL Assessment. Thames Valley has been subject to a staggered inspection process during 2018 and 2019 - this is scheduled to conclude by mid-July 2019. At the present time, it is unclear when HMICFRS will publish its graded PEEL judgements which inform its annual State of Policing Report.

c. Revenue

Budget 2018/19

The Minister announced a flat rate grant settlement (police grant plus ex-DCLG grant) for 2018/19 which, when combined with the precept flexibility of up to £12 for a Band D property, meant that all PCCs would receive a real terms increase in funding between 2017/18 and 2018/19.

As in previous years the amount of money set aside by the Home Office to fund national initiatives and projects increased from £812 million to £945 million. This included £495 million for police technology programmes and £175 million for the police Transformation Fund.

In preparing the annual revenue budget full provision was included for pay and other inflationary increases and further savings were identified through the Force's Productivity Strategy in order to balance the budget.

The 2018/19 net budget requirement of £391.471 million represented a cash increase of £12.214 million or 3.2%. In order to fund this increase in expenditure the PCC increased the police element of council tax by £12, or 7% 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 reduction of 2 police officers and 2 PCSO posts but a net increase of 71 police staff, mainly due to the temporary recruitment of 95 civilian case investigators.

Revenue Outturn 2018/19

a) TVP Operational Budgets

The following table provides a high level comparison between the approved budget for 2018/19 and actual expenditure for TVP operational budgets i.e. those under the direction and control of the Chief Constable.

	Annual Budget £000	Annual Outturn £000	Variance £000
TVP Operational budgets – direction and control of the Chief Constable			
<i>Pay and Employment Costs</i>			
Police officer pay and allowances	251,722	250,085	- 1,638
Police officer overtime	8,820	10,307	1,487
PCSO pay and allowances	13,020	12,385	- 635
Police staff pay and allowances	97,447	97,015	- 433
Temporary or agency staff	6,676	6,676	0
Police officer injury / ill health / death benefits	4,058	4,122	65
Other employee expenses	3,237	3,358	121
Restructure, training & conference costs	1,353	1,665	312
	386,333	385,612	- 721
<i>Overheads</i>			
Premises	16,136	15,376	- 759
Transport	8,513	10,388	1,875
Supplies & services	54,789	54,303	- 486
Third party payments	12,534	12,446	- 88
Specific grants	- 72,978	- 72,435	543
Force income	- 32,916	- 32,850	66
	- 13,922	- 12,771	1,152
<i>Regional collaboration services</i>			
SE Regional Organised Crime Unit	16,712	16,712	0
Counter Terrorism Police South East	21,833	21,833	0
Chiltern Transport Consortium	17,702	17,702	0
Regional CT firearms specialist officers	4,625	4,625	0
Government grants and partnership income	- 60,872	- 60,872	0
	0	0	0
Cost of Operational Policing	372,412	372,841	429

b) Group level

The following table provides a high level comparison between the approved budget and actual expenditure at the Group level. The annual revenue deficit of £0.307 million has been appropriated (or transferred) from general balances. This level of deficit represents less than 0.1% 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
Cost of operational policing (from above)	372,412	372,841	429
PCC controlled expenditure	7,360	6,913	- 447
Capital financing	13,887	13,747	- 140
Interest on balances	- 950	- 1,031	- 81
Statutory accounting adjustments	0	136	136
Appropriation from balances	- 1,237	- 829	408
Cost of Services	391,471	391,777	307
Funded by:			
General grant income	- 227,382	- 227,382	0
Council tax	- 164,089	- 164,089	0
Net Revenue Position			307

Outlook – Medium Term Financial Plan

The Financial Strategy for 2019/20 was approved by the PCC in November 2018 and is available on the PCC's website. The new Capital Strategy was produced and published in January 2019

The PCC's medium term financial plan (MTFP) incorporates the Government supported increase in council of £24 for a Band D property in 2019/20 and an assumption of 2% per annum from 2020/21 onwards. In the absence of any guidance on future grant settlements we have assumed flat cash grant settlements between 2020/21 and 2022/23

In order to balance the revenue budget cash savings of at least £15.1 million will be required during the four year period 2019/20 to 2022/23. The MTFP is fully balanced at this stage.

A high level summary of the MTFP is provided below.

	2019/20 £'000	2020/21 £'000	2021/22 £'000	2022/23 £'000
Annual Base Budget	391,471	419,914	426,472	433,260
Inflation	10,659	8,559	8,701	8,926
Productivity Savings	- 4,765	- 3,593	- 4,802	- 1,969
Committed Expenditure	13,347	1,277	619	- 65
Current Service	- 6,125	528	0	0
Improved Service	14,142	155	2,524	- 792
In Year Appropriations	1,185	- 368	- 254	924
Net Budget Requirement	419,914	426,472	433,260	440,284
Total External Funding	- 419,914	- 426,472	- 433,260	- 440,284

There are a number of significant risks to the MTFP and these are clearly explained in the 2019/20 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 2019/20 of £419.914 million, which required a 13.17% increase in council tax (or £24 for a Band D property), was approved by the Police and Crime Panel on 13th February 2019. Although it represents an annual cash increase of £28.443 million or 7.3% it still requires cash savings, identified through the Force's Productivity Strategy, of £4.765 million.

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.

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.

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 2018/19

The following table shows the net capital position compared to the active capital budget for 2018/19. The variance of £5.816 million comprises scheme underspends of £0.129 million and slippage of expenditure of £5.687 million

	Annual Budget £m	Actual Spend £m
Property schemes	6.081	5.712
Vehicles and equipment	6.415	4.975
ICT core schemes	2.911	2.046
Business change programmes	12.611	9.734
Schemes in preparation	0.543	0.280
Total	28.560	22.746

Medium Term Capital Plan

The PCC has approved a Medium Term Capital Plan (MTCP) costing £71 million over the next four years, which will provide the Force with appropriate infrastructure and assets to deliver innovative policing strategies with fewer resources.

NARRATIVE REPORT AND FINANCIAL REVIEW

	2019/20	2020/21	2021/22	2022/23	Total
	£m	£m	£m	£m	£m
Property	4.558	10.298	6.766	0.529	22.151
ICT / Business Change	15.428	4.248	2.736	3.574	25.986
Equipment & Radio	3.661	4.405	0.796	0.150	9.012
Vehicles	3.330	3.413	3.498	3.586	13.827
Totals	26.978	22.364	13.796	7.839	70.976

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, in car wifi 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. 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 2019 we had negative net assets of £4.444 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 (£4.354 billion) coupled with the net deficit of 0.368 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 £278 million, including £59 million in usable cash reserves.

Group Balance Sheet	At 31.3.18	At 31.3.19
	£m	£m
Non-current assets	263	266
Net current assets	51	54
Pension liabilities	- 4,294	- 4,722
Other long-term liabilities and provisions	- 33	- 42
Net Assets	- 4,013	- 4,444
Usable reserves	64	59
Unusable reserves	217	219
Pensions reserve	- 4,294	- 4,722
Total Equity	- 4,013	- 4,444

Pension Liabilities

The value of net pension liabilities in the Group Balance Sheet is £4.722 billion, comprising £4.354 billion for police officers and £368 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 2018/19 the Group paid an employer's contribution representing 13.8% of pensionable pay. The last valuation was in April 2016 which reported a funding level of 95%. This valuation will inform the employers' contribution rate in 2019/20. The PCC Group has a deficit recovery plan in place to make additional contributions to the Pension Fund over a 14 year period.

4. NON-FINANCIAL PERFORMANCE

Thames Valley Police

2018/19 has been a particularly notable year for the force as it represented the very best of British policing in the eyes of the world. In addition to a challenging year in terms of business as usual, Thames Valley Police ran the largest operations in its history: the Royal Wedding in Windsor in May 2018 and the visit by the US President to four locations within Thames Valley in July 2018. Throughout these operations the officers and staff of Thames Valley Police were exceptional ambassadors for the force and British policing.

Alongside the ongoing threat of international terrorism there has been an increase in the level of violent crime and knife crime at a national level. Thames Valley has not been immune to this. In 2018/19 the Thames Valley area saw an increase in violence against the person (excluding domestic offences) of 33%. The most significant increases are in offences where there was no injury. Offences involving more serious violence have decreased significantly with 35% fewer grievous bodily harm (GBH) offences than the same time last year (428 to 279). Offences which are classified as knife crimes (which include robbery, violence and sexual offences) increased by 12.1%; however, this may be partly attributed to better flagging of offences on the force's crime recording system.

For violence against the person offences, Thames Valley compared favourably to its Most Similar Group (2nd out of 8). In the sub-category of violence without injury, TVP has the lowest rate of crimes per 1000 residents compared with other forces in its most similar group.

Our major crime unit continues to operate at a highly effective level. Of the 11 murders in Thames Valley from April 2018 to March 2019 all 11 of the murder investigations have been concluded or are going through the court process. So far, eight people have been jailed for a total of 122 years. A further 10 people are remanded in custody awaiting trial with one person having pleaded guilty to murder and awaiting sentencing.

Across the Thames Valley volumes of residential burglary (excluding garages and sheds) have reduced compared with the 2017/18 by 2%. This represents 95 fewer offences and halts the recent trend of rising yearly burglary volumes. The Force continues to compare favourably in terms of burglary rates with other forces in its Most Similar Group (2nd position out of 8 Forces) and nationally the position of Thames Valley has improved to 13th out of 43 for residential burglary (including sheds and garages). There has been a small increase in the number of positive outcomes achieved by the force (positive outcome rate is currently 10.9%). This outcome rate compares healthily with national figures where Thames Valley lies 9th out of the 43 Forces and achieved the highest rate in its most similar group.

Domestic abuse related crime has risen substantially this year, observing a 53% increase against 2017/18. This was an area of concern in the HMICFRS Inspection of Crime Data Integrity, so the increase is believed to reflect an improvement in crime recording. Since January 2018 the force has introduced a daily check of domestic incident occurrences on its crime recording system to ensure crimes have been correctly recorded. Whilst the positive outcome rate has fallen to 12% from 21%

last year, this is partly as a result of the improved recording of offences. The satisfaction level for victims of domestic abuse remains high at over 80%.

In collaboration with Her Majesty's Courts and Tribunal Service we ran a pilot programme to fast track Domestic Abuse cases through the court process and help victims remain engaged. The assessment of the pilot, carried out by Huddersfield University demonstrated that the pilot programme resulted in a high number of guilty pleas.

During the national County Drugs Lines week in January 2019 the force arrested 106 people connected to County Lines drugs, 27 warrants were executed, 156 stop and searches were carried out, and officers took over 2,800 wraps of cocaine, heroin and cannabis off the streets of the Thames Valley. £133,000 was seized from criminals along with 147 phones and a number of weapons including machetes and flick knives. As a result of our activity we also safeguarded 43 children and 69 vulnerable adults.

Through our Hidden Harm campaign which ran from October 2017 to March 2019 we worked closely with partners and charities to highlight the issues of modern slavery, child abuse, honour based abuse and hate crime. Through the phases of the campaign we reached over four million people via social media and the force has seen an increase in recorded crimes in a number of the areas covered. The Modern Slavery Helpline, NSPCC and Karma Nirvana, three of the key agencies we partnered with, have also seen an increase in contacts during the campaign months.

Along with Hampshire Constabulary in July 2018 we launched our new website and now share the same platform as the Metropolitan Police. This is to be the single on-line home for all police forces and by May 2019 there were 10 forces sharing the platform. The ambition is to provide the communities we serve with the channels to contact the police for the service they require in the most timely and appropriate way. In the first four months following the new website being launched (July 2018) almost 20,000 on-line forms were received including 7,680 crime reports and 3,863 reports of road traffic incidents. Over 400 people told us that they would not have reported their crime in any other way.

In April 2018 we celebrated 50 years of Thames Valley Police. We took the opportunity to celebrate the event through our Force Open Day in August 2018 which was attended by 6,000 people at our training centre in Sulhamstead. Along with my chief officer team I walked 26 miles of the Thames Path which took us into the three counties of the force and raised over £5000 (including Gift Aid) for Mind, the mental health charity which has done so much to support the force and our Blue Light Champions.

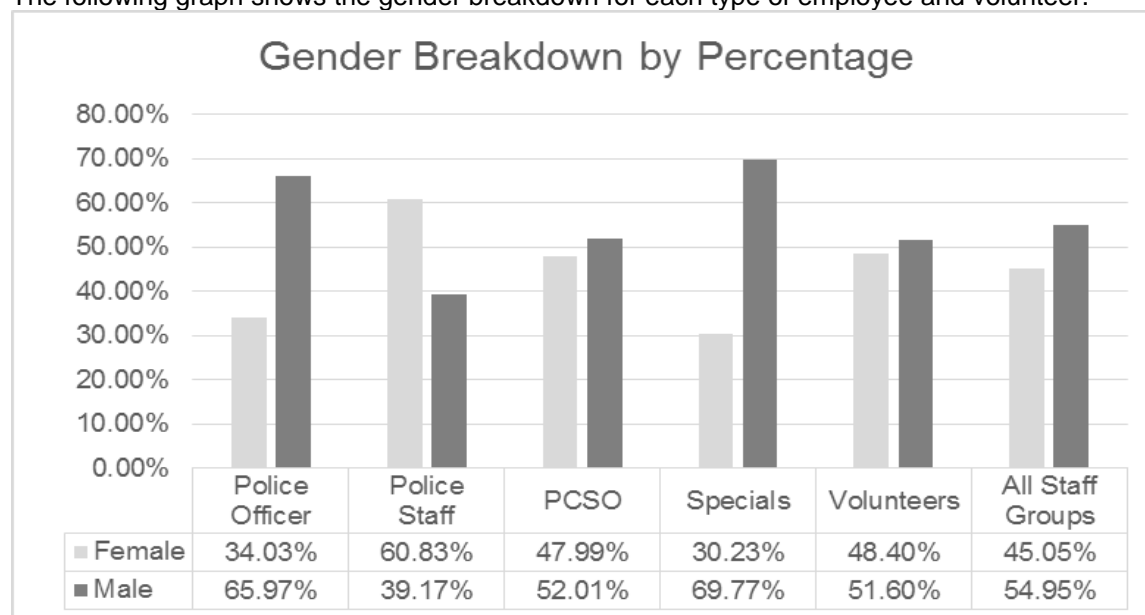
5. PEOPLE

At 31st March 2019 Thames Valley Police employed 7,771 people in full and part time contracts. We also had 397 unpaid members of the special constabulary and 779 volunteers giving a total workforce of 8,947.

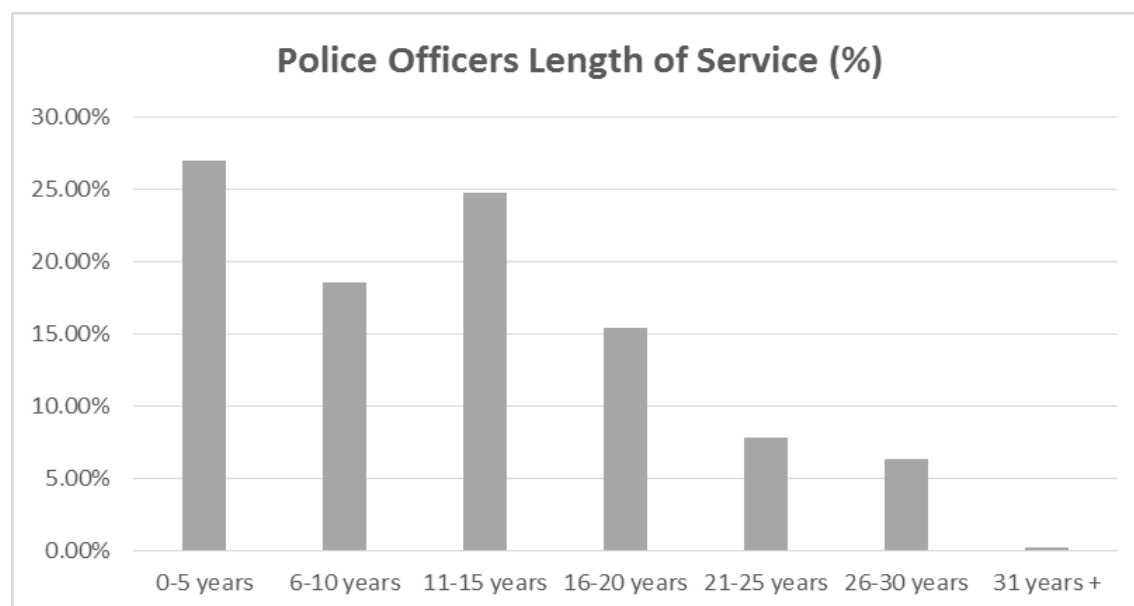
Below is the make-up of the Police workforce. This includes circa 600 police officers and police staff who work in regional collaborated units such as the Counter Terrorist Police South East (CT PSE), SE Regional Organised Crime Unit (SEROUC), regional specialist firearms and the Chiltern Transport Consortium (CTC).

	Workforce	Full Time Equivalent
Police Officers	4,261	3,825
Police Staff	3,112	2,465
PCSO	398	386
Paid employees	7,771	6,676
Special Constabulary	397	
Volunteers	779	
Total workforce	8,947	

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.



6. PRINCIPAL RISKS AND UNCERTAINTIES

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

The Chief Constable’s Management Team (CCMT) currently leads on 8 main strategic risks, which are reviewed and updated quarterly, and the Joint Independent Audit Committee has oversight of these reports.

In current priority, as defined by scoring based on expert stakeholders input and CCMT, the risks are:

- **The Force is below establishment, whilst demand and the complexity of policing has increased.** The main consequences of this risk are around public safety and the Force's ability to meet current targets and its' future strategic goals. The risk is managed by a programme board which is prioritising recruitment and how to improve retention, good progress has been made with reducing the level of vacancies and the risk is expected to be removed from the Strategic Risk register by the end of 2019.
- **Funding for 2020/21 may be inadequate to allow us to continue delivering all existing services to the same level of performance and may not accommodate additional demand whether through increasing numbers, complexity or scope. The savings required to mitigate any funding shortfalls may impact on service level provision.** The risk is currently managed through the ongoing budgeting process and organisational initiatives to ensure maximum effectiveness and efficiency. Our ability to manage the risk in the longer term is impacted by the current Government approach to funding
- **Gazetteers (Compass, Corporate and SIG) - Out of date mapping is being used by the organisation.** This is an ongoing issue, which could impact on public safety but is currently tolerated as a risk as resolution is dependent on the new CMP and reasonable work rounds are in place to mitigate the risk.
- **Investigation drift due to the introduction of Release Under investigation (RUI) resulting in a failure to get cases into court and obtain positive CJ outcomes.** The risk comes with concerns about public confidence and victim and witness wellbeing. As the introduction of RUI is recent it is difficult to assess the full impact at this stage. Management of the risk is being delivered via Criminal Justice.
- **Livelihood is required to remain functional until Sept 2019, increasing the likelihood of issues.** This ongoing issue is being managed through the Sharepoint programme board and is expected to be removed from the Strategic Risk Register by the end of 2019.
- **If there is delay to the delivery of the Contact Management Programme (CMP), then there are a number of on-going impacts operationally and financially, and reputational damage to the Force.** This risk is managed by the CMP programme board, and the scale of the risk continues to fall as we near the delivery stage of the programme.
- **The CMP System fails shortly after deployment or is deemed too unstable to be fit for purpose.** This risk is managed by the CMP programme board, and after successful initial testing of the new system, the risk continues to fall.
- **There is a strategic on-going risk related to the size, scale and complexity of implementing the Equip Programme** across the three forces of Surrey, Sussex and Thames Valley Police within the revised timescales and the significant resourcing commitment required to ensure full functionality is achieved. This risk is currently being more thoroughly investigated, and the Strategic Governance Unit are working with the programme board leads to ensure strong risk management is in place.

As 4 of these risks are linked to projects culminating in 2019 (Livelihood and CMP) we do not expect these risks to remain on the strategic risk register beyond Q4 of 2019.

Strategic risks are being actively managed by the Chief Constable's Management Team, supported by the Strategic Governance Unit who deliver quarterly updates to CCMT and the Joint Independent Audit Committee

7. SUMMARY AND CONCLUSION

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

Since 2010/11 cash savings of over £101 million have been identified and delivered.

The latest medium term financial plan, which covers the four year period 2019/20 to 2022/23, identifies further cash savings of at least £15 million, including £4.8 million in 2019/20 and provides for some reinvestment in priority areas.

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

Despite the 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

You can also find information about Thames Valley Police finances by looking at the TVP website at <http://www.thamesvalley.police.uk/aboutus/aboutus-fg.htm>

If you would like to receive further information about these accounts please do not hesitate to contact me by email Linda.waters@thamesvalley.pnn.police.uk or phone (01865 541479)

Acknowledgements

The production of the Statement of Accounts would not have been possible without the exceptionally hard work and dedication of staff in my office and colleagues in the OPCC. I would like to express my gratitude to all colleagues who have assisted in the preparation of this document. I would also like to thank them for all their support during the year.



Linda Waters
Director of Finance

EXPLANATION OF ACCOUNTING STATEMENTS

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

Statement of Accounts

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

Statement of Responsibilities sets out the respective responsibilities of the Chief Constable and the Director of Finance

The **Core Financial Statements** are:

The Movement in Reserves Statement shows the movement in the year on the reserves. The surplus or (deficit) on the Provision of Services line shows the economic [rather than cash] cost of providing policing services, more details of which are shown on the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

The **Comprehensive Income and Expenditure Statement (CIES)** summarises the resources generated and consumed in the year. This presentation of information is in line with CIPFA guidance and is commensurate with the in year internal reporting to management of income and expenditure. (See the outturn position table on pages 6 and 7 for more detail of the in year reporting)

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

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

The **Supplementary Financial Statements** are:

The **Annual Governance Statement** explains the governance processes and procedures in place to enable the PCC and Group to carry out their functions effectively. The AGS highlights the Group's internal control environment, comments on its effectiveness and identifies issues for future work.

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

The **Police Pension Fund Accounts** sets out the financial position of the Police Pension Fund as at 31st March 2019

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

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF THAMES VALLEY POLICE

Opinion

We have audited the financial statements of the Chief Constable of Thames Valley Police for the year ended 31 March 2019 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Chief Constable of Thames Valley Police Movement in Reserves Statement;
- Chief Constable of Thames Valley Police Comprehensive Income and Expenditure Statement;
- Chief Constable of Thames Valley Police Balance Sheet;
- Chief Constable of Thames Valley Police Cash Flow Statement;
- Related notes 1 to 25 and the Expenditure & Funding Analysis; and
- Chief Constable of Thames Valley Police Pension Fund Account

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 2018/19.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Chief Constable of Thames Valley Police as at 31 March 2019 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 2018/19.

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 Chief Constable for Thames Valley Police 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.

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 Director of Finance's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Director of Finance has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Authority'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 Director of Finance 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 November 2017, we are satisfied that, in all significant respects, the Chief Constable for Thames Valley Police put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

Matters on which we report by exception

We report 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

Responsibilities of the Director of Finance

As explained more fully in the Statement of Responsibilities for the Accounts set out on page 20, the Director of Finance is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19, and for being satisfied that they give a true and fair view.

In preparing the financial statements, the Director of Finance is responsible for assessing the Chief Constable'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 Chief Constable either intends to cease operations, or have no realistic alternative but to do so.

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

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 November 2017, as to whether the Chief Constable 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 Chief Constable put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2019.

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable of Thames Valley Police 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 Chief Constable has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

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 Chief Constable'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 the Chief Constable of Thames Valley Police, 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 Chief Constable of Thames Valley Police, for our audit work, for this report, or for the opinions we have formed.

Suresh Patel (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
London
July 2019

The maintenance and integrity of the Chief Constable of Thames Valley Police web site is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site.

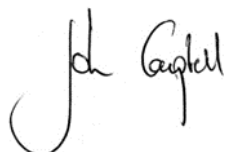
Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Chief Constable's Responsibilities

The Chief Constable is required to:

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

I approve these accounts on behalf of Thames Valley Police



John Campbell QPM
Chief Constable
29th July 2019

Director of Finance

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

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

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

In my opinion, the Statement of Accounts gives a true and fair view of the financial position of the Thames Valley Police Authority as at 31st March 2019 and its income and expenditure for the year then ended.



Linda Waters, MBA ACA
Director of Finance
29th July 2019

MOVEMENT IN RESERVES STATEMENT

Movement in Reserves Statement for the years ended 31st March 2018 and 2019

	Note	General Fund £000	Earmarked Reserves £000	Capital Receipts Reserve £000	Capital grant unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
Note							15	
Balance at 31st March 2017		0	0	0	0	0	-4,350,808	-4,350,808
Movement in reserves during 2017/18								
Total comprehensive Expenditure and Income		-158,416	0	0	0	-158,416	201,849	43,433
Adjustments between accounting basis & funding basis under regulations	6	158,415		0	0	158,415	-158,415	0
Net increase/Decrease before transfers to Earmarked Reserves		0	0	0	0	-0	43,434	43,433
Prior year adjustment to fixed asset register (additions)							6	6
Transfers to/from earmarked reserves		0	0			0	0	0
Increase/Decrease in Year		0	0	0	0	-0	43,440	43,439
Balance at 31st March 2018 carried forward		0	0	0	0	0	-4,307,368	-4,307,369
Movement in reserves during 2018/19								
Total comprehensive Expenditure and Income		-338,706	0	0	0	-338,706	-93,980	-432,686
Adjustments between accounting basis & funding basis under regulations	6	338,706		0	0	338,706	-338,706	0
Net increase/Decrease before transfers to Earmarked Reserves		0	0	0	0	0	-432,686	-432,686
Transfers to/from earmarked reserves		0	0					0
Increase/Decrease in Year		0	0	0	0	0	-432,686	-432,686
Balance at 31st March 2019 carried forward		0	0	0	0	0	-4,740,054	-4,740,055

EXPENDITURE AND FUNDING ANALYSIS

Expenditure and Funding Analysis Disclosure Note

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

	2017/18			2018/19		
	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES	Net expenditure charged to general fund	Adjustments between Accounting basis & Funding basis	Net expenditure in the CIES
	£000	£000	£000	£000	£000	£000
<i>TVP operational budgets under the direction & control of the Chief Constable</i>						
Employees	285,624	155,865	441,489	309,391	333,620	643,011
Premises	16,676		16,676	17,106		17,106
Transport	19,767		19,767	21,369		21,369
Supplies & Services	53,833		53,833	61,947		61,947
Third Party Payments	8,197		8,197	12,963		12,963
Capital Charges	6,916	2,247	9,163	8,140	4,991	13,131
Non specific Income	-93,287		-93,287	-107,847		-107,847
Cost of Services	297,726	158,112	455,838	323,069	338,611	661,681
Other income & expenditure	-297,726	304	-297,422	-323,069	94	-322,974
Surplus or Deficit	0	158,416	158,416	-1	338,706	338,706
Opening General Fund Balance	0			0		
Add surplus or Deficit	0			-1		
Transfers to/from reserves & General Balances	0			0		
Closing General Fund Balance	0			-1		

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

Comprehensive Income and Expenditure Statement 2018/19

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

			2017/18			2018/19		
			Gross expenditure	Gross Income	Net Expenditure	Gross Expenditure	Gross Income	Net Expenditure
			£000	£000	£000	£000	£000	£000
<i>TVP operational budgets under the direction & control of the Chief Constable</i>								
Employees			441,489	0	441,489	643,011	0	643,011
Premises			16,676	0	16,676	17,106	0	17,106
Transport			19,767	0	19,767	21,369	0	21,369
Supplies & Services			53,833	0	53,833	61,947	0	61,947
Third Party Payments			8,197	0	8,197	12,963	0	12,963
Capital Charges			9,163	0	9,163	13,131	0	13,131
Specific Income			0	-93,287	-93,287	0	-107,847	-107,847
Financial resources of the PCC consumed at the request of the Chief Constable			549,126	-93,287	455,838	769,528	-107,847	661,681
Intra group funding					-413,026			-432,417
Cost of Services			549,126	-93,287	42,812	769,528	-107,847	229,264
Other operating Expenditure:								
Gain/loss on disposal of fixed asset	8c				304			110
Levies to national police service					0			0
Financing & investment income & expenditure:								
Interest payable					0			0
Impairment loss allowance	8a				0	6		6
Pensions interest cost	8a	115,300	0	115,300		109,342	0	109,342
Interest & investment income					0			0
Taxation & non specific grant income			0	0	0	0	-16	-16
Surplus/deficit on provision of service					158,416			338,706
Surplus/deficit on revaluation of fixed assets					0			0
Remeasurement of net defined liability					-201,849			93,980
Other gain/loss					0			0
Total other comprehensive Income and Expenditure					-201,849			93,980
Total comprehensive Income & Expenditure					-43,433			432,686

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

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

31.3.17	31.3.18		Note	31.3.19
£000	£000			£000
		Long Term Assets		
27,282	26,854	Property, Plant and Equipment	13	25,001
0	0	Investment Property		0
3,048	13,394	Intangible assets	15	18,142
0	0	Long term investments		0
674	725	Long term debtors	17	1,215
31,004	40,973	Total Long Term Assets		44,358
		Current Assets		
0	0	Short term investments		0
750	1,008	Inventories	16	1,167
27,993	34,542	Short term debtors	17	40,234
0	0	Cash and cash equivalents		0
0	0	Assets held for sale		0
28,743	35,550	Total Current Assets		41,401
		Current Liabilities		
0	0	Short term borrow ing		0
-31,677	-39,064	Short term creditors	18	-39,171
-598	-2,181	Provisions	19	-2,398
-6,282	-6,030	Accumulated absences		-5,821
-28,416	-39,278	Intra group balance	4	-52,960
-66,974	-86,553	Total Current Liabilities		-100,351
		Long Term Liabilities		
0	0	Long term creditors		0
-6,408	-5,897	Provisions	19	-6,228
0	0	Long term borrow ing		0
-4,337,158	-4,291,427	Liability related to defined benefit pension schemes	24	-4,719,236
-16	-16	Donated assets account	20	0
0	0	Capital grants received in advance		0
-4,343,582	-4,297,340	Total Long Term Liabilities		-4,725,464
-4,350,808	-4,307,369	Net Assets / (Liabilities)		-4,740,056
		Reserves		
0	0	Usable reserves		0
-4,350,809	-4,307,370	Unusable reserves	22	-4,740,056
-4,350,809	-4,307,370	Total Reserves		-4,740,056

CASH FLOW STATEMENT

The Cash Flow Statement

This statement does not show any cash flows for the year ending 31st March 2019 as all payments were made from the police fund which is held by the PCC and similarly all income and funding is received by the PCC during the year.

	Note	31.3.18	31.3.19
		£000	£000
Net (surplus)/deficit on the provision of services		158,416	338,706
Adjust net surplus/deficit for non cash movements	25	-174,372	-358,957
Adjust for items included in surplus/deficit that are investing and financing activities		496	628
Net cash flows from Operating Activities		-15,461	-19,622
Investing Activities	25	15,461	19,622
Financing Activities		0	0
Net increase (-) or decrease in cash and cash equivalents		-0	0
Cash and cash equivalents at the beginning of the reporting period		0	0
Cash and cash equivalents at the end of the reporting period		0	0

GENERAL ACCOUNTING POLICIES**a. General principles**

These financial statements have been prepared in accordance with the Code of Practice (the code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS)

The accounts have been prepared on a going concern basis principally using an historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial assets and liabilities. Management has concluded that the financial statements present a true and fair view of the financial position, performance and cash flows. The accounts have been compiled in accordance with the code, except that it has departed from the code in respect of the treatment of certain types of inventories in order to achieve a true and fair presentation. (See note 16 for more details)

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

The Financial Statements included here represent the accounts for the Chief Constable. The financial statements cover the 12 months to the 31 March 2019. The term 'Group' is used to indicate individual transactions and policies of the PCC and Chief Constable for the year ended 31 March 2019.

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

b. Accruals of expenditure

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

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

c. Jointly Controlled Operations and Jointly Controlled Assets

Jointly controlled operations are activities undertaken by the Chief Constable 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 Chief Constable recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation.

Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Chief Constable and other 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 Chief Constable accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

d. Overheads and support services

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

e. VAT

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

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

- Amendments to IAS 40 Investment Property: Transfers of Investment Property
- Annual Improvements to IFRS Standards 2014-2016 cycle
- IFRIC 22 Foreign Currency Transactions and Advance Consideration
- IFRIC 23 Uncertainty over Income Tax Treatments
- Amendments to IFRS9 Financial Instruments: Prepayment Features with negative Compensation

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

2. SIGNIFICANT ESTIMATES AND JUDGEMENTS IN APPLYING THE ACCOUNTING POLICIES

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

- a. A judgment has been made of the expenditure allocated between the PCC and Chief Constable to reflect the financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the standard set of activities for each corporate body identified in CIPFA's published guidance at the time (SeRCOP). In arriving at this approach various interested parties were consulted including senior management in both corporate bodies and careful consideration given to the PRSR Act and Home Office guidance.
- b. The costs of a pension arrangement require estimates regarding future cash flows that will arise under the scheme liabilities. The assumptions underlying the valuation used for IAS 19 reporting are the responsibility of the PCC as advised by their actuaries. The financial assumptions are largely prescribed at any point and reflect market expectations at the reporting date. Assumptions are also made around the life expectancy of the UK population.
- c. Changes to IFRS 11 (Joint Arrangements) required the Chief Constable to classify their collaborative arrangements. Senior Management within both Thames Valley Police and their collaboration partners have considered the nature of the arrangements and most importantly, whether joint control exists within each arrangement, and in each case, a judgement has been made that the arrangement is outside the scope of the new collaboration standard. The Chief Constable will continue to account for its own share of income and expenditure of each arrangement. Details of these values are shown in note 11 (related party transactions)

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

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year involves the pension liability 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. There is a high level of uncertainty surrounding the impact of the exit of Britain from the European Union (Brexit). It is therefore not possible to predict how the financial markets (and therefore the asset values and discount rates) will change as a consequence of the outcome of Brexit. The assumption has therefore been made that this will not significantly impact on the value of the pension schemes in operation. See Note 24 for more details of the impact of discount rate changes. .

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 2018/19 and 2017/18. 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 2017/18	PCC £000	CC £000	Group £000
Opening balance as at 1 st April 2017	0	0	0
Balance sheet intra group adjustment	- 39,278	39,278	0
PCC resources consumed at the request of the Chief Constable	- 413,026	413,026	0
PCC Intra group adjustment	452,304	- 452,304	0
Closing balance as at 31st March 2018	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

		2017/18				2018/19			
Adjustments from General Fund to arrive at the CIES amounts		Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments	Adjustments for capital purposes	Net change for the pensions Adjustments	Other differences	Total Adjustments
<i>TVP operational budgets under the direction & control of the Chief Constable</i>									
Employees			156,118	-253	155,865		333,829	-209	333,620
Premises					0				0
Transport					0				0
Supplies & Services					0				0
Third Party Payments					0				0
Capital Charges		2,247			2,247	4,991			4,991
Non specific Income					0				0
					0				0
net cost of services		2,247	156,118	-253	158,112	4,991	333,829	-209	338,611
					0				0
other income & expenditure from the expenditure & funding analysis		304			304	94			94
Difference between General Fund & surplus or deficit and CIES statement surplus or deficit on the provision of services		2,551	156,118	-253	158,416	5,086	333,829	-209	338,706

6. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Chief Constable in the year in accordance with proper accounting practice. All items are adjustments between the general fund balance and the unusable reserves shown below.

2018/19

	General Fund Balance	Capital Receipts Reserve	Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to or from the pensions reserve)	333,829		-333,829
Financial instruments (transferred to the financial instruments adjustment account)	0		0
Council tax (transfers to or from the collection fund adjustment account)	0		0
Holiday Pay (transferred to the accumulated absences account)	-209		209
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	13,116		-13,116
Non current assets written off on disposal (charged to capital adjustment account)	738		-738
Total Adjustments to the Revenue Resources	347,474		-347,474
Adjustments between revenue and capital Resources			
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-628	628	
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	0	0	0
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-8,140		8,140
Total Adjustments between revenue and Capital Resources	-8,768	628	8,140
Adjustments to capital resources			
Use of capital receipts reserve to finance capital expenditure	0	-628	628
Application of capital grants to finance capital expenditure	0		0
Total Adjustments to capital resources	0	-628	628
Total Adjustments	338,706	0	-338,706

NOTES TO THE ACCOUNTS

2017/18

	General Fund Balance	Capital Receipts Reserve	Unusable Reserves
	£000	£000	£000
Adjustments to the Revenue Resources			
Amounts by which income and expenditure included in the CIES are difference from revenue for the year calculated in accordance with statutory requirements:			
Pensions costs (transferred to or from the pensions reserve)	156,118		-156,118
Financial instruments (transferred to the financial instruments adjustment account)	0		0
Council tax (transfers to or from the collection fund adjustment account)	0		0
Holiday Pay (transferred to the accumulated absences account)	-253		253
reversal of entries in relation to capital expenditure (charged to the capital adjustment account)	9,163		-9,163
Non current assets written off on disposal (charged to capital adjustment account)	799		-799
Total Adjustments to the Revenue Resources	165,827		-165,827
Adjustments between revenue and capital Resources			
Transfer of non current asset sale proceeds from revenue to capital receipts reserve	-496	496	
Statutory provision for the repayment of debt (transfer from the capital adjustment account)	0	0	0
Capital expenditure financed from revenue balances (transfer to the capital adjustment account)	-6,916		6,916
Total Adjustments between revenue and Capital Resources	-7,412	496	6,916
Adjustments to capital resources			
Use of capital receipts reserve to finance capital expenditure	0	-496	496
Application of capital grants to finance capital expenditure	0		0
Total Adjustments to capital resources	0	-496	496
Total Adjustments	158,415	0	-158,415

7. EVENTS AFTER THE BALANCE SHEET DATE

Accounting Policy

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

The Statement of Accounts was authorised for issue by the Director of Finance on 12th July 2019. 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 2019, the figures in the financial statements and notes have been adjusted in all material respects to reflect this information. There are no material non-adjusting events to report.

8. ANALYSIS OF ITEMS IN COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

a) Financing and Investment income and expenditure

	2017/18	2018/19
	£000	£000
Interest payable	0	0
Impairment loss allowance	0	6
Pensions interest cost on net defined benefit liability	115,300	109,342
Subtotal Financing and Investment expenditure	115,300	109,348
Interest and investment income	0	0
Total Operating Expenditure	115,300	109,348

b) Specific grant income

	2017/18	2018/19
	£000	£000
PFI grant	- 1,032	- 1,032
Counter terrorism grant (including dedicated security posts)	- 34,295	- 32,348
SEROCU grant	- 5,241	- 5,074
Disclosure Bureau Services	- 1,147	- 1,255
Loan charges grant	- 175	- 58
Use of the apprenticeship levy	- 5	- 288
Home Office special grants (Ops Maple, Manifold, Lyceum and Luminance)	0	-11,269
Other small grants	- 476	- 1,536
Total specific grant income	- 42,371	- 52,860

c) Other operating expenditure

	2017/18	2018/19
	£000	£000
Gain (-)/loss on disposal of fixed asset	304	110
Levies to national police service	0	0
Total Operating Expenditure	304	110

9. OFFICERS' REMUNERATION

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

		Note	Salary, fees & allowances	Bonuses	Expense allowances	Benefits in Kind	Total remuneration excluding pension	pension contribution	Total
			£	£	£	£	£	£	£
Police Force									
Francis Habgood	17/18	¹	173,200	0	0	3,828	177,028	0	177,028
(Chief Constable)	18/19		177,900	0	0	4,519	182,419	0	182,419
John Campbell	17/18		143,841	0	0	7,741	151,582	33,495	185,077
(Deputy Chief Constable)	18/19		146,037	0	0	7,027	153,064	34,027	187,090
Tim De Meyer	17/18	²	92,553	0	986	1,532	95,071	21,617	116,688
(Assistant Chief Constable)	18/19		103,725	0	24	7,789	111,538	24,617	136,155
Laura Nicholson	17/18	³	79,523	0	0	3,604	83,127	18,344	101,471
(Assistant Chief Constable)									
Nicola Ross	17/18		115,089	0	0	4,610	119,699	26,722	146,421
(Assistant Chief Constable)	18/19		117,214	0	0	3,777	120,991	27,236	148,227
Chris Shead	17/18	⁴	129,603	0	0	0	129,603	26,811	156,415
(Assistant Chief Constable)	18/19		139,010	0		0	139,010	16,023	155,033
David Hardcastle	17/18		0	0	0	0	0	0	0
(Assistant Chief Constable)	18/19	⁵	0	0	0	0	0	0	0
Jason Hogg	17/18		107,270	0	1,247	0	108,518	25,475	133,993
(Assistant Chief Constable)	18/19		114,548	0	419	0	114,966	27,236	142,203
Amanda Cooper	17/18	⁶	117,682	0	0	0	117,682	16,240	133,922
(Director of Information)	18/19		121,943	0	0		121,943	16,462	138,406
Steven Chase	17/18		109,582	0	0	0	109,582	15,122	124,705
(Director of People)	18/19		111,773	0	0	0	111,773	15,089	126,863
Linda Waters	17/18		109,757	0	0	0	109,757	15,146	124,903
(Director of Finance)	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

Note 2: Tim De Meyer was promoted to ACC on 08.12.17

Note 3: Laura Nicholson carried out the role of ACC (SEROUC & CTPSE). Her post was funded by the Home Office, TVP and four other police forces (Hampshire, Sussex, Surrey and Kent) She retired on 07.12.17

Note 4: 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 March 2019

Note 5: 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 2018/19.

Note 6: Amanda Cooper is employed by Thames Valley Police, but part of her remuneration is recharged to Hampshire Police

The following table shows the number of police officers and staff employed and paid directly by TVP whose total remuneration package exceeded £50,000. In this respect, total remuneration comprises gross pay as recorded on employee's P60 tax returns, together with taxable benefits in kind as disclosed to the HM Revenue and Customs on Form P11D. This table excludes those senior officers whose salaries etc. are disclosed separately above, as well police officers and staff who, as at 31st March 2019, are seconded to national bodies such as the College of Policing

NOTES TO THE ACCOUNTS

Total Remuneration £	2017/18	2018/19
100,000 - 104,999	0	1
95,000 – 99,999	0	2
90,000 – 94,999	5	11
85,000 – 89,999	4	18
80,000 – 84,999	18	15
75,000 – 79,999	9	14
70,000 – 74,999	15	18
65,000 – 69,999	34	32
60,000 – 64,999	96	123
55,000 - 59,999	204	276
50,000 – 54,999	343	433

10. FEES PAYABLE TO EXTERNAL AUDITORS

The audit fee payable to the external auditors during the year totalled £0.046m for the group of which the portion relating to the Chief Constable was £0.015m

11. RELATED PARTY TRANSACTIONS

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

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

	£000
TVP	6,699
Bedfordshire Police	2,723
Civil Nuclear Constabulary	743
Hertfordshire Police	3,317
Cambridgeshire Constabulary	2,890
External Income	1,330
Total Gross Cost	17,702

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	3,629
Hampshire Police	3,007
Kent Police	26
Surrey Police	1,896
Sussex Police	2,501
External Income	5,653
Total Gross Cost	16,712

TVP host the regional CTSFO (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 (NCTPHQ) and distributes to the regional partners.

NOTES TO THE ACCOUNTS

	£000
TVP	2,428
Hampshire Police	- 476
Surrey / Sussex / Kent Police	- 1,057
External Income	3,730
Total Gross Cost	4,625

TVP now 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 cost do not show in TVP ledger.

	£000
TVP	1,429
Hampshire Police	251
Surrey / Sussex / Kent Police	69
Total Gross Cost	1,749

We collaborate with Hampshire Police in terms of ICT, Information Management and Operations. Two of these (ICT and Information Management) are led by TVP whilst Hampshire Police leads on operations. The following table provides a high level split of gross costs for 2018/19.

	£000
TVP	47,144
Hampshire Police	37,065
Total Gross Cost	84,209

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 transactions to disclose in 2018/19:

From 1st October 2018 to 31st March 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.

12. TERMINATION BENEFITS

Accounting Policy

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

During 2018/19, the Chief Constable terminated the contracts of 9 police staff (with service in excess of 2 years and thus entitled to redundancy payment) incurring total liabilities of £0.068m of redundancy payments and £0.088m of pension strain costs.

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

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

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

2017/18

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	12	4	16	106
£20,001 - £40,000	1	1	2	47
£40,001 - £60,000	1	0	1	56
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,000 - £150,000	1	0	1	125
Total	15	5	20	334

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

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

13. PROPERTY, PLANT AND EQUIPMENT

Accounting Policy

Property, Plant and Equipment are assets that have physical substance and are held for use in the provision of services or for administrative purposes on a continuing basis. The de-minimis level policy is to capitalise all expenditure over £25,000 on an individual asset basis; Schemes with strategic importance (e.g. vehicles, force wide ICT projects, desktop PCs etc) are also capitalised

Recognition

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

Measurement

Assets are initially measured at cost, comprising all expenditure that is directly attributable to bringing the asset into working condition for its intended use. Assets are carried in the balance sheet at the lower of net current replacement cost or net realisable value in existing use.

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

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

Disposals

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

Depreciation

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

- 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

Grants and contributions

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

Movement on Fixed Assets

2018/19 movements

	Vehicles Plant and Equipment £000	Total £000
Cost or Valuation		
At 1st April 2018	59,235	59,235
Additions	6,971	6,971
Donations	0	0
Assets under construction - brought into use	0	0
Revaluation increases /(decreases) to RR	0	0
Revaluation increases /(decreases) to SDPS	0	0
Disposals	-3,211	-3,211
Reclassifications	0	0
Assets reclassified to/from Held for sale	0	0
Write out expenditure not adding value	0	0
Write out fully depreciated assets	-3,606	-3,606
Depreciation written out on revaluation	0	0
At 31st March 2019	59,389	59,389
		0
Depreciation and Impairment		0
At 1st April 2018	32,381	32,381
Depreciation charge	8,085	8,085
Depreciation written out on revaluation	0	0
Impairment losses / (reversals) to RR	0	0
Impairment losses / (reversals) to SDPS	0	0
Disposal	-2,472	-2,472
Write out fully depreciated assets	-3,606	-3,606
Reclassifications		0
At 31st March 2019	34,388	34,388
		0
Net Book Value		0
At 31st March 2019	25,001	25,001

RR = Revaluation Reserve

SDPS = Surplus or Deficit in Provision of Services

GBV = Gross Book Value

2017/18 movements

	Vehicles Plant and Equipment £000	Total £000
Cost or Valuation		
At 1st April 2017	57,976	57,976
Additions	8,554	8,554
Prior year additions adjustment	7	7
Donations	0	0
Assets under construction - brought into use	0	0
Revaluation increases /(decreases) to RR	0	0
Revaluation increases /(decreases) to SDPS	0	0
Disposals	-3,242	-3,242
Reclassifications	0	0
Assets reclassified to/from Held for sale	0	0
Write out expenditure not adding value	0	0
Write out fully depreciated assets	-4,059	-4,059
Depreciation written out on revaluation	0	0
At 31st March 2018	59,235	59,235
		0
Depreciation and Impairment		0
At 1st April 2017	30,694	30,694
Depreciation charge	8,189	8,189
Depreciation written out on revaluation	0	0
Impairment losses / (reversals) to RR	0	0
Impairment losses / (reversals) to SDPS	0	0
Disposal	-2,443	-2,443
Write out fully depreciated assets	-4,059	-4,059
Reclassifications		0
At 31st March 2018	32,381	32,381
		0
Net Book Value		0
At 31st March 2018	26,854	26,854

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

Capital Commitments

The following significant amounts are outstanding on capital contracts which have been entered into by the Chief Constable as at 31 March 2019. 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
Contract Management Platform (Total Commitment £0.975m)	534
Managed Mobility Service (Total Commitment £0.220m)	126
Equip (Enterprise Resource Planning) System - (Total Commitment £3.470m)	1,836

14. CAPITAL EXPENDITURE AND FINANCING

The Chief Constable spent £16.764m on the acquisition and enhancement of long term assets in 2018/19. Financing of the total capital programme can be found in the Group accounts

NOTES TO THE ACCOUNTS

	£000
Land and buildings	0
Vehicles, plant and other equipment	4,975
Information, communications and technology	1,995
Total tangible fixed asset expenditure	6,970
Intangible assets (i.e. computer software licences)	9,794
Total Capital Expenditure	16,764

15. INTANGIBLE ASSETS

Accounting Policy

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

	2017/18			2018/19		
	Internally Generated Assets	Other Assets	Total	Internally Generated Assets	Other Assets	Total
	£000	£000	£000	£000	£000	£000
Gross Book Value						
Opening balance	0	4,804	4,804	5,816	10,233	16,049
Additions (purchased and internally generated)	5,840	5,480	11,320	4,490	5,305	9,794
Write out capital expenditure not adding value	-24	0	-24	0	0	0
Donated intangible assets	0	0	0	0	0	0
Write out fully depreciated items	0	-51	-51	0	-613	-613
Closing balance	5,816	10,233	16,049	10,305	14,925	25,230
Depreciation						
Opening balance	0	-1,756	-1,756	0	-2,655	-2,655
Amortisation charged to income and expenditure	0	-951	-951	-2,061	-2,985	-5,046
Write out fully depreciated items	0	51	51	0	613	613
Closing balance	0	-2,655	-2,655	-2,061	-5,027	-7,088
Net Book Value	5,816	7,578	13,394	8,244	9,898	18,142

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. This is a prospective change and does not require a prior year restatement of values.

16. INVENTORIES

Accounting Policy

The Chief Constable 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 Chief Constable of the assets held.

NOTES TO THE ACCOUNTS

The value of inventories held by the Chief Constable as at 31st March 2019 is £1.167m. This is categorised as follows:

	31.3.18	31.3.19
	£000	£000
Uniforms	317	453
Transport – parts and equipment	185	150
Other operational equipment	507	564
Total	1,009	1,167

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

	2017-18	2018-19
	£000	£000
Uniforms	950	1,165
Transport – parts, livery and equipment	2,173	2,206
Other operational equipment	577	520
Total	3,700	3,891

There were no inventory write downs during 2018-19.

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 2019 from £1.167m to £0.714m, as per the table below.

	31.3.18	31.3.19
	£000	£000
Uniforms	0	0
Transport – parts and equipment	185	150
Other operational equipment	507	564
Total	692	714

17. DEBTORS

	31.3.18	31.3.19
	£000	£000
<i>Amounts falling due after more than one year</i>		
Trade receivables	712	550
Prepayments	0	646
Other receivable amounts	13	19
Total long term debtors	725	1,215
<i>Amounts falling due within one year</i>		
Trade receivables	10,189	9,881
Prepayments	2,880	1,747
Other receivable amounts	21,479	28,614
	34,548	40,242
Less provision for doubtful debts	- 6	- 9
Total current debtors	34,542	40,233
Total debtors	35,267	41,449

The code requirements for the classification of debtors and creditors changed in 2018/19. Prior year comparators have been restated to aid the reader of the accounts.

18. CREDITORS

	31.3.18 £000	31.3.19 £000
Trade payables	20,124	22,039
Other payables	18,940	17,133
	39,064	39,172

The code requirements for the classification of debtors and creditors changed in 2018/19. Prior year comparators have been restated to aid the reader of the accounts.

19. INSURANCE PROVISION

Accounting Policy

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

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

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

Comparative figures for provisions are not required.

	2018/19 £000
Opening balance at 1 April 2018	8,078
Transactions during the year:	
Additional provisions made in the period	2,438
Amounts used (incurred and charged against the provision) in the period	- 2,303
Amounts transferred from earmarked insurance reserve	414
Closing balance at 31 March 2019	8,627

20. DONATED ASSETS

This account holds the value of donated assets which have been received with conditions attached to them.

	31.3.18 £000	31.3.19 £000
Opening balance	16	16
Amounts received in year	0	0
Amounts recognised in comprehensive income and expenditure account once conditions met	0	- 16
Closing balance	16	0

21. CONTINGENT ASSETS AND LIABILITIES

Accounting Policy

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

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

22. UNUSABLE RESERVES

The Chief Constable keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. This category of reserves includes those which hold timing differences shown in the Movement in Reserves Statement line "adjustments between accounting basis and funding basis under regulations"

	31.3.18 £000	31.3.19 £000
Accumulated Absences Account	- 6,030	- 5,821
Capital Adjustment Account	- 9,913	- 14,998
IAS 19 negative Pensions Reserve	- 4,291,427	- 4,719,236
Total	- 4,307,370	- 4,740,055

Accumulated Absences Account

Accounting Policy

Short term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, TOIL (time off in lieu) paid sick leave, bonuses and non monetary benefits for current employees and these benefits are recognised as an expense in the year in which the employee renders service to the Chief Constable.

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

	31.3.18 £000	31.3.19 £000
Opening balance	6,282	6,030
Reversal of prior year accrual	-6,282	-6,030
Accrual for accumulated absences at year end	6,030	5,821
Closing balance	6,030	5,821

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,

NOTES TO THE ACCOUNTS

construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Chief Constable as finance for the costs of acquisition, construction and enhancement.

	31.3.18	31.3.19
	£000	£000
Opening Balance	- 7,368	- 9,913
Direct Revenue Financing	6,916	8,140
Receipts on disposal of fixed assets	495	628
Carrying value of disposed assets	- 799	- 738
Prior year adjustment to fixed asset register (addition of vehicles)	7	0
Credit for donated asset	0	16
Less:		
Annual depreciation and impairment	- 9,163	- 13,131
Closing balance	-9,913	- 14,998

IAS 19 Pension Reserve

See Note 24 on page 45.

23. NATURE AND EXTENT OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

The Chief Constable's activities expose it to the following financial risks:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Chief Constable

Credit risk

Credit risk arises from credit exposures to the Chief Constable's customers.

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

	Amount at 31 March 2019 £000 (a)	Historical experience of default % (b)	Adjustment for market conditions at 31 March 2019 % (c)	Estimated maximum exposure to default and write-off £000 (a * c)
Customers	2,666	0.35	0.25	7

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

The Chief Constable does not generally allow credit for customers, such that £0.417m of the £2.666m balance on the Accounts Receivable ledger at 31 March 2019 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 March 2018 £000	31 March 2019 £000
Less than three months	745	368
Three to six months	19	14
Six months to one year	28	7
More than one year	8	28
Total	800	417

24. PENSIONS

Accounting Policy

Post employment benefits

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

Police Officers

The Police Pension Scheme (PPS) is a contributory occupational pension, governed by the Police Pension Regulations 1987 (as amended) and related regulations that are made under the Police Pensions Act 1976. The 2006 Police Pension Scheme (NPPS) which started on 1 April 2006, is a contributory occupational pension scheme governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2007). The Police Pension Scheme 2015 which started on 1st April 2015 is also a contributory occupational pension governed by the Police Pension Act 1976 (as amended by the Police Pension Regulations 2015). Officers make a contribution from their pensionable pay, based on salary bandings. The employee's contribution is set nationally by the Home Office and is subject to triennial revaluation. A Pension Fund was set up on 1 April 2006 to administer all three schemes.

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

The PPS, NPPS and the 2015 scheme are defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS 19 Employee Benefits, the net liability and a pensions reserve for both Pension schemes has been recognised on the balance sheet, as have entries in the CIES for movements in the asset / liability relating to the defined benefit scheme. Transfers into and out of the scheme representing joining and leaving police officers, are recorded on a cash basis in the pension fund, because of the length of time taken to finalise the sums involved.

Following the code's requirements, IAS 19 has been fully recognised in the Chief Constable and Group accounts. Scheme liabilities as shown on the balance sheet are calculated by determining future liabilities for pension payments and applying a discount rate equal to the yield on an index of long dated AA rated corporate bonds as at 31 March 2019. The pension liabilities in these accounts have been calculated accordingly at a discount rate of 2.45%. (2.55% 2017/18).

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 2017/18 the Chief Constable paid an employer's contribution representing 13.5% of pensionable pay and a cash lump sum of £1.622 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 Chief Constable is responsible for all pension payments relating to any added years' benefits, together with the related increases.

The values for each scheme are shown separately in the notes. Assets are measured at fair value which is assessed on the basis of bid price. Liabilities are measured using the projected unit method. Liabilities are discounted at 2.45% (2.6% in 2017/18)

Transactions relating to retirement benefits

The Chief Constable pays employer contributions at a rate of 24.2% of pensionable salary into the police pension fund and 13.8% into the LGPS fund. To reflect the financial consequences of utilising the services of police officers and staff during the year, an amount for pensions is reflected in the chief constables Comprehensive Income and Expenditure Statement (CIES). The cost is determined independently of the funding of the scheme. It measures the full liability estimated to be generated in year (at today's prices) as valued by actuaries

	Police Pension Scheme		LGPS	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Comprehensive Income and Expenditure Statement				
<i>Cost of Services</i>				
• current service costs	95,680	97,620	35,700	35,055
• past service costs	2,450	183,520	220	9,202
• curtailment and settlements	0	0	3	0
• Administration expenses	0	0	420	394
<i>Financing and Investment Income and Expenditure</i>	105,420	100,680	9,880	8,662
• Net interest on defined liability				
Total Post Employment Benefit Charged to the Surplus or deficit on the Provision of Services	203,550	381,820	46,223	53,313
<i>Other Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</i>				
• actuarial gains and losses and return on plan assets	- 132,850	124,120	- 39,028	-1,787
Total Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	70,700	505,940	7,195	51,526
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	203,550	381,820	46,223	53,313
<i>Actual amount charged against council tax for pensions in the year:</i>				
• employers' contribution payable to scheme	80,048	87,031	13,607	14,273
• retirement benefits payable to pensioners				

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to the 31st March 2019 is a loss of £1.726 billion.

NOTES TO THE ACCOUNTS

Assets and liabilities in relation to retirement benefits

Reconciliation of present value of scheme liabilities:

	Unfunded liabilities: Police Pension Scheme		Funded liabilities: LGPS	
	2017/18 £000	2018/19 £000	2017/18 £000	2018/19 £000
Opening balance at 1 April	3,977,830	3,951,050	795,377	806,219
Current service cost	76,260	78,130	35,700	35,055
Interest cost	105,420	100,680	22,093	20,806
Contributions by scheme participants	19,420	19,490	5,978	6,238
Actuarial gains (-) and losses	-132,850	124,120	-39,028	-1,787
Losses on curtailments			3	0
Benefits paid (net of transfers in)	-97,480	-102,670	-13,850	-13,373
Past service costs	2,450	183,520	220	9,202
Unfunded pension payments			-274	-262
Closing balance at 31 March	3,951,050	4,354,320	806,219	862,098

Reconciliation of fair value of the scheme assets:

	LGPS	
	2017/18 £000	2018/19 £000
Opening balance on 1 April	436,049	465,842
Interest on assets	12,213	12,144
Actuarial gains and losses (-)	12,874	12,305
Employer contributions, including unfunded benefits	13,272	14,682
Contributions by scheme participants	5,978	6,238
Benefits paid	-14,124	-13,635
Administration expenses	-420	-394
Closing balance on 31 March	465,842	497,182
Net liability on the LGPS	-340,377	- 364,916

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 £24.449m (£25.087m in 2017/18)

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 2016.

NOTES TO THE ACCOUNTS

The principal assumptions used by the actuary have been:

	Police Pension Scheme		LGPS	
	2017/18	2018/19	2017/18	2018/19
Long-term expected rate of return on assets in the scheme:	N/A	N/A	6%	5%
Mortality assumptions				
• Longevity at 65 for current pensioners (years)				
Men	22.6	22.7	24.0	22.9
Women	24.2	24.3	26.1	24.8
• Longevity at 65 for future pensioners (years)				
Men	24.5	24.6	26.2	24.6
Women	26.1	26.2	28.4	26.6
Rate of inflation - CPI	2.30%	2.35%	2.3%	2.4%
Rate of increase in salaries	4.30%	4.35%	3.8%	3.9%
Rate of increase in pensions	2.30%	2.35%	2.3%	2.4%
Rate of discounting scheme liabilities	2.55%	2.45%	2.6%	2.45%
Take-up of option to convert annual pension into retirement lump sum			50%	50%

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

	Impacted on the Defined Benefit Obligation			
	Police Pension Scheme		LGPS	
	Increase in assumption £ million	Decrease in assumption £ million	Increase in assumption £ million	Decrease in assumption £ million
Longevity (increase or decrease by 1 year)	106.000	106.000	30.330	(29.293)
Rate of increase in salaries				
• LGPS (increase or decrease by 0.1%)			2.522	(2.497)
• Police Pension (increase or decrease by 0.5%)	78.000	78.000		
Rate of increase in pensions				
• LGPS (increase or decrease by 0.1%)			17.956	(17.520)
• Police Pension (increase or decrease by 0.5%)	374.000	374.000		
Rate for discounting schemes				
• LGPS (increase or decrease by 0.1%)			(19.989)	20.487
• Police Pension (increase or decrease by 0.5%)	(456.000)	(456.000)		

NOTES TO THE ACCOUNTS

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

	31 March 2018	31 March 2019
	%	%
Equities –	10	5
Equities - Overseas	41	41
Gilts	9	12
Bonds	13	15
Property	7	8
Cash	4	3
Alternative assets	1	1
Private Equity	5	5
Absolute return portfolio	5	5
Hedge funds	5	5
Total	100	100

McCloud / Sargeant judgement

The Chief Constable of Thames Valley, along with other Chief Constables and the Home Office, currently has 119 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June the Supreme Court refused leave to appeal on the McCloud case. In light of this it is envisaged that the Court will require changes to arrangements for employees who were transferred to the new schemes potentially including Police Pension Scheme members. This would lead to an increase in Police Pension Scheme liabilities and our actuaries (The Government Actuary Department) using specific assumptions and applying these across the Police scheme as a whole have estimated the potential increase in scheme liabilities for Thames Valley Police to be approximately 4.4% or £183.52m of pension scheme liabilities. This increase is reflected in the IAS19 Disclosure as a Past Service Cost. The actuaries have highlighted that this estimate is based on one potential remedy, the potential impact of any difference in the profile of the force's membership compared with the scheme as a whole and that the figures are highly sensitive to assumptions around short term earnings growth.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to take place in 2020 with implementation of the results planned for 2023/24 and forces will need to plan for the impact of this on employer contribution rates alongside other changes identified through the valuation process.

The impact of an increase in annual pension payments arising from McCloud / Sargeant is determined through The Police Pension Fund Regulations 2007. These require a police authority to maintain a 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 enough 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.

With regard to the LGPS a similar adjustment to past service costs within the IAS19 Disclosure has been made for the McCloud judgment. This corresponds to a 1.07% or £9.075m increase in liabilities. The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgment will be measured through the pension valuation process, which determines employer and employee contribution rates.

25. NOTES TO THE CASHFLOW STATEMENT

As stated in the explanatory foreward on page 15, the Chief Constable does not operate a bank account and therefore the total cash movements are £nil

Analysis of non-cash adjustments:

	2017/18	2018/19
	£000	£000
IAS 19 pension liability	-156,117	-333,829
Depreciation, impairment and amortisation	-9,163	-13,131
Carrying amount of non current assets sold	-799	-738
Premium/discount on restructuring of debt	0	0
Other non cash items charged to deficit	253	224
(Increase)/decrease in provisions	-1,072	-549
Increase/(decrease) in stock	259	159
Increase/(decrease) in debtors	9,267	4,653
(Increase)/decrease in creditors	-16,998	-15,745
Total adjustment for non cash items	-174,372	-358,957

Analysis of operating, investing and financing activities:

	2017/18	2018/19
	£000	£000
<u>Operating activities</u>		
Taxation	0	0
Grants	0	0
Sales of goods and rendering of services	0	0
Interest received	0	0
Cash inflows generated from operating activities	0	0
Cash paid to and on behalf of employees	0	0
Cash paid to suppliers of goods and services	0	0
Interest paid	0	0
Other payments for operating activities	0	0
Cash outflows generated from operating activities	0	0
Net cash flows from operating activities	0	0
<u>Investing activities</u>		
Purchase of property, plant and equipment and intangible assets	15,957	20,251
Purchase of short and long term investments	0	0
Proceeds from the sale of property, plant and equipment	-496	-628
Proceeds from short and long term investments	0	0
Other receipts from investing activities	0	0
Net cash flows from investing activities	15,461	19,622
<u>Financing activities</u>		
Cash receipts of short and long term borrow ing		
Cash payments for the reduction of the outstanding liabilities relating to finance leases and PFI	0	0
Repayments of short and long term borrow ing		0
Net cash flows from financing activities	0	0

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

	2017/18 £000	2018/19 £000
Contributions Receivable		
From employer		
- normal	- 34,779	- 34,992
- early retirements	- 840	- 1,022
From members	- 19,413	- 19,486
Transfers in		
- individual transfers in from other schemes	- 249	- 189
Benefits Payable		
- pensions	76,783	80,903
- commutations and lump sum retirement benefits	19,454	22,001
- lump sum death benefits	311	398
Payments to and on account of leavers		
- refund of contributions	40	50
- individual transfers out to other schemes	0	112
Sub-total for the year before transfer from the Group of an amount equal to the deficit	41,307	47,775
Additional funding payable by the Group to fund the deficit for the year¹	- 41,307	- 47,775
Net amount	0	0

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

Pension Fund Net Asset Statement

	2017/18 £000	2018/19 £000
Unpaid pension benefits	0	0
Amount owing from the general fund	0	0
Net Current Assets and Liabilities	0	0

Annual Governance Statement 2018/19

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 2019, including plans for the financial year 2019/20.

A glossary of terms is provided at the end of this document.

SCOPE OF RESPONSIBILITY

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.

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 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 Code of Ethics sets and defines the exemplary standards of behaviour for everyone who works in policing, placing an absolute duty on 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 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 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 a Code of Conduct

that is consistent with the Nolan principles. The Chief Executive of the OPCC is also the designated statutory Monitoring Officer, and the OPCC Governance Manager 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 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 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 priorities and key aims, and how these will be delivered. His Plan is supported by the Force Commitment, Force Annual Delivery 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 PCP 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 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 2017/18 Annual Report last June (2018). This explained his main achievements during that financial year and also provided information on operational and

financial performance during 2017/18. His 2018/19 Annual Report is due to be published in June 2019.

The Chief Constable has prepared and published the Force Commitment and the annual Delivery Plan. Quarterly Delivery Plan updates are provided to the PCC Level 1 public meeting, and published on the PCC's website, culminating in an end-of-year report of Force progress against stated objectives.

The Code of Ethics, the Force Commitment and the Force Delivery Plan are 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 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 in their local areas as well as at a national level. In addition, the PCP acts as a two-way mechanism to enable Panel representatives to inform the PCC of local policing and crime matters of importance to their respective local 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 objectives, 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 PCC was Chairman of the Board for the period January 2016 to January 2018. The Deputy PCC has assumed chairmanship of the Board with effect from January 2019.

The Force has appropriate mechanisms for engaging with a variety of institutional stakeholders. The Chief Constable holds regular meetings to which the chief executives of all statutory partners are invited. This is a strategic information sharing and briefing forum for key partners, including local authorities, blue light services and health providers. 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, 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 PCP.

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 priorities and key aims, and how these will be delivered.

The Chief Constable has published the Force Commitment and annual Delivery 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 is assessed through Delivery Plan Priority Outcomes, 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 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 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 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 strategic assessment, financial plans, workforce plans and the Police and Crime Plan to inform the annual Delivery Plan. Force Management Statements were introduced nationally by Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) in 2018 and their required completion by forces at a local level will also inform Force operational planning. 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, change proposals are governed through Force Change Review Part 1, now called 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.

In-flight programmes are managed by a Programme Board, chaired by a Senior Responsible Officer. Updates inform the Force Change Review Part 2, now called 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 Commitment. The PCC approves the MTFP and the MTCP as well as the annual budgets. The PCP 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, £2.6m of cash savings were identified and removed from the revenue budget during 2018/19.

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 Delivery 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 Delivery 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 to develop the workforce and move towards being increasingly reflective of the communities it serves. 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 appointed 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 work in providing support for victims of crime. The PCC reviews the workload and capacity of his office via the internal OPCC Strategic Delivery Plan, which allows him to identify workload priorities and staffing needs in accordance with the delivery of his strategic objectives.

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 GSI, 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 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 Delivery Plan. Similarly, the PCC meets monthly with the Chief Constable on a private 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 Delivery 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 Delivery 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) has been established in accordance with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and the Financial Management Code of Practice. The JIAC's main role is to provide assurance to the PCC and Chief Constable that the 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 PSD. 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 Regulations, 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 Director of Information. 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 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. £2.6m of cash savings were identified and removed from the revenue budget during 2018/19. 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).

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 understand.

The PCC's decisions and actions are scrutinised by the PCP, 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 and efficiency of police forces and fire & 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 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

Chief Constable Francis Habgood retired on 31st March 2019. He was replaced by John Campbell with effect from 1st April.

The PCC and Chief Constable are responsible for reviewing the 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 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 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 2018/19 and demonstrate how the PCC has discharged these powers and duties during that year:

- The updated framework for corporate governance was approved on 29 March 2018;
- The PCC allocated £3.0m from his Community Safety Fund in 2018/19 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 2017/18 Annual Report in June 2018 to highlight major achievements during his fifth full financial year in office and to report on operational and financial performance during 2017/18;
- In March 2018 the OPCC published its Strategic Delivery Plan for 2018/19. 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;
- In April 2018 the PCC opened his Victims First hub which provides free emotional and practical support to all victims and witnesses of crime, as well as family members of victims. It is available across Berkshire, Buckinghamshire and Oxfordshire and can provide help regardless of whether or not the crime has been reported to the police.
- During the autumn of 2018 the PCC worked closely with the Chief Constable to update the MTFP (2019/20 to 2022/23). He submitted his 2019/20 budget and council tax proposals for 2019/20 to the Police and Crime Panel on 13th February 2019. The Panel endorsed his £24 (or 13%) increase in Band D council tax ;
- Following an open and transparent recruitment process the PCC appointed John Campbell as his new Chief Constable, with effect from 1 April 2019. This appointment was ratified by the Police and Crime Panel confirmation hearing held on 13th February 2019.
- 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 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 represents the South East region and Eastern region PCC colleagues on the National Police Air Service Board;
- Four PCC public Level 1 meetings were held in 2018/19, supplemented by monthly private liaison and Performance Development Review meetings between the PCC and Chief Constable, to enable the PCC to hold the Chief Constable to account;
- In 2018/19 the OPCC again received an 'OPCC Transparency Quality Mark' awarded by CoPaCC, an organisation that compares OPCCs on 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 5 occasions during 2018/19 to determine and monitor Force strategy, policies and performance.

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 2018/19 by the PCC at his Level 1 meeting on 22nd January 2019. 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. 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 Force Change programmes, performance and HMICFRS activity on a regular basis. Strategic Risks and Business Continuity, and Delivery Plan monitoring reports are included quarterly. Other significant areas of note discussed in 2018/19 include demand management and resource modelling, training prioritisation, crime data integrity, recruitment and retention, and the Internal Audit plan.

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, 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. 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 Chief Constable launched the Force Commitment in April 2016. The overarching commitment of working together to make communities safer is supported by four pillars that include sections for what it means for the public, partners and people working or volunteering for TVP. It remains in place with the same four strategic aims.

In 2017/18 the HMICFRS rated Thames Valley as 'Good' in the PEEL inspection areas of Legitimacy and Effectiveness, and 'Outstanding' for Efficiency. Following the 'inadequate' grading in relation to Crime Data Integrity, a Gold Group was established to address identified process issues and deliver against the action plan put in place. The Force was notified in February of HMICFRS re-inspection in this area, which will take place during April and May 2019

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.

c) The Joint Independent Audit Committee

During 2018/19 the JIAC met four times to consider the external audit and internal audit plans for 2018/19, 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 business transformation projects. JIAC members also attend Force working groups (including the Force Transformation Board, ICT 2020, TVP/HC Bilateral Governance Board and Performance Group) and other panel meetings (including the Complaints, Integrity and Ethics 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 2018 was presented to the PCC and Chief Constable at their JIAC meeting on 7 December 2018. 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 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 2018/19 was approved by the PCC and Chief Constable at the PCC's Level 1 meeting on 29 March 2018. Further updates for 2019/20 were approved by the PCC and Chief Constable at the Level 1 meeting on 26th March 2019

The Governance Advisory Group also developed this joint Annual Governance Statement for 2018/19.

e) Internal audit

The annual report of the Chief Internal Auditor for 2018/19 was presented to the JIAC on 12 July 2019. It contained the following assurance statement on the overall adequacy and effectiveness of the internal control environment:

*"On the basis of the work completed by the Joint Internal Audit Team during 2018/19, the opinion on 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.*

At a statistical level, the opinion represents a slight reduction in the level of control being applied across the organisations. However, as the Joint Internal Audit Plan does not include the same audits year on year, this cannot be taken as a direct comparison.

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.

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 generally provided a positive view of the organisation's arrangements. .

Overall, the opinion demonstrates a good awareness and application of effective risk management, control and governance to facilitate the achievement of organisation objectives and outcomes".

[NB The assurance statement for 2018/19 will be subject to the actual annual assurance statement to be produced by the CIA]

f) External audit

On 13 July 2018 Ernst and Young issued unqualified audit opinions in respect of the 2017/18 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 2018/19 HMICFRS published a number of reports which were considered by the Force and PCC. All reports are available on the HMICFRS website:

Date published by HMICFRS	National / Force Report	Report Types	Report Title	Date CC Reported to PCC	PCC Response to HMICFRS: Y/N
12/06/2018	National	Non-inspecting	State of Policing: The Annual Assessment of Policing in England and Wales 2017	26/11/2018	Y
20/06/2018	Force	Thematic	TVP: Unannounced Inspection Visit to Police Custody	26/11/2018	Y
06/07/2018	National	JTAI	Growing up neglected: a multi-agency response to older children	26/11/2018	Y
19/07/2018	National	Thematic	Understanding the difference – the Initial police response to hate crime	26/11/2018	Y
09/10/2018	National	JTAI	Joint Inspection of the Handling of Cases Involving Disability Hate Crime	26/11/2018	Y
27/11/2018	National	Effectiveness	Policing & Mental Health – Picking Up the Pieces	26/03/2019	N ¹
10/01/2019	National	Data - PEEL	Public Perceptions of Policing in England & Wales	26/03/2019	
26/02/2019	National	Effectiveness	The Police Response to Domestic Abuse – An Update Report	Anticipated 25/07/2019	N ¹

¹ response prepared but pending guidance on HMICFRS recommendations register

The HMICFRS national 'State of Policing – The Annual Assessment of Policing in England and Wales' report for 2017 was published on 12th June 2018. 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 debrief 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.

h) Risk management and business continuity

The Force Risk Management Group met four times during 2018/19 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 2019 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. The majority were related to ICT. The JIAC also received information on exercises to test business continuity plans.

Internal Audit were commissioned to undertake a review of the Risk and Business Continuity processes to assist with their development under the new Strategic Governance model. This led to the production of an audit report, the recommendations of which informed the Strategic Governance review of existing risk & business continuity processes, products and exercising. The new Risk and Business Continuity frameworks and supporting policy, guidance and documentation were approved by CCMT in November, JIAC in December and were introduced in January. 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.

i) Health and Safety and Environmental Management

An annual report on HS&E was presented to the July 2018 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 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.

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 Complaints, Integrity and Ethics Panel meets every two months and reports jointly to the PCC and Chief Constable. The Panel provides an assessment of how the Force deals with complaints and 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 has challenged the Force on included BAME (black and minority ethnic) staff under representation as a proportion of the workforce within TVP, use of force by officers, treatment of detainees in custody with mental health issues and relative prioritisation of historic child sexual exploitation (CSE) cases. .

The Panel presented its Annual Assurance Report for 2018 to the PCC and Chief Constable on 26th March 2019. This 2018 Report highlighted that the Panel had scrutinised complaint files covering the following themes:

- Honesty, integrity and ethics
- Discreditable conduct
- BAME representation

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 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 'Force Commitment' that was launched to the public, partners and staff from April 2016. The four key strategic priorities have remained the same, and reflect the importance and requirements of 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 2018/19 the PSD received and processed 1,226 complaints and 105 conduct matters and held 50 misconduct meetings and hearings in accordance with the statutory scheme. In addition, the OPCC itself handled 7 complaints made against the Chief Constable in accordance with the statutory police complaints scheme.

k) Thames Valley Police and Crime Panel

During 2018/19 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 2017/18 year; scrutiny and consideration of the PCC's 2019/20 budget and council tax precept proposals, and scrutiny of the PCC's recommended appointment of a new Chief Constable with effect from 1 April 2019. 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 2018/19 the OPCC referred 4 complaints against the PCC to the PCP for consideration by them under the statutory scheme.

The Panel itself published its own 2017/18 Annual Report in June 2018.

l) Collaboration and partnership working

The joint TVP and HC Bi-lateral Collaboration Governance Board formally met four times during 2018/19. 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 five times during 2018/19.

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 2018/19. 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. A regional 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 2018/19, has informed the latest review of the Framework which was approved in March 2019. 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 2017/18 which were due to be monitored during 2018/19.

There are currently no significant actual or potential governance issues identified in respect of 2018/19 activities. Accordingly, the Governance Advisory Group are satisfied to the best of their knowledge that no material breaches of the governance arrangements occurred in 2018/19 and there are no significant weaknesses in the internal control and governance environment.

In any event the governance arrangements of the PCC and the Chief Constable will remain under constant review in the forthcoming financial year.



John Campbell
Chief Constable



Linda Waters
Director of Finance

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.

Amortisation

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

Appropriations

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

Bonds

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

Budget

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC before the start of each financial year and is used to monitor actual expenditure throughout the year.

Capital Charge

A charge to the revenue account to reflect the cost of using fixed assets.

Capital Expenditure

As defined in the Local Government and Housing Act 1989, but broadly expenditure on the acquisition of a fixed asset or expenditure which extends the life or value of an existing fixed asset.

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

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

Creditors

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

CTPSE

Counter Terrorism Police South East (Formally 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.

Debtors

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

De minimis

An amount so small that it will not have a significant impact on the accounts

Depreciation

A charge calculated either on a straight line or reducing balance basis, to reflect the diminishing value of an asset over its useful economic life.

Direct Revenue Financing

The amount of capital expenditure to be financed by a contribution from the revenue account in a single year.

Emoluments

Money or other compensation for work that has been done

Equities

Shares in UK and overseas companies.

Expected return on assets

The expected return on assets is a measure of the return (income from dividends, interest etc, and gains on invested sums) on the investment assets held by the pension scheme for the year. It is not intended to reflect the actual realised rate by the scheme, but a longer-term measure, based on the value of assets at the start of the year (taking into account movements in assets during the year) and an expected return factor.

Fair Value

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

Fixed Assets

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

Gilts

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

Hedge Funds

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

ICT

Information, Communications & Technology

IFRS

International Financial Reporting Standards

Impairment

This only relates to fixed assets, including cash investments. Impairment is caused either by a consumption of economic benefits or by a general fall in prices.

Intangible Fixed Assets

Assets that do not have a physical substance, but provide a benefit over a period of time, e.g. computer software.

Leasing

A method of financing expenditure over a period of time. There are two main types of lease:

- a) Finance lease - where the risks of ownership are transferred to the lessee and where the assets are recorded in the Group's balance sheet at a current valuation.
- b) Operating Lease - where the risks of ownership stay with the leasing company and the annual rental charges are made via the Revenue Account.

LGPS

Local Government Pension Scheme

Liability

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

Loans Outstanding

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

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

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.

NCALT

National Centre for Applied Learning Technologies

Net Present Value (NPV)

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

NPAS

National Police Air Service

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.

PBB

Priority Based Budgeting

PCC

Police and Crime Commissioner

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 Grant

Police grant is allocated by the Home Office using a highly complex needs based formula.

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.

RPI

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

SEROCU

South East Regional Organised Crime Unit

Specific Grants

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

TVP

Thames Valley Police

Usable Capital Receipts

Capital receipts available to finance capital expenditure in future years.

VFM

Value for Money

