



**Police & Crime  
Commissioner**  
FOR HERTFORDSHIRE

# **Consolidated Statement of Accounts**

**2024/25**

**The Police and Crime  
Commissioner for  
Hertfordshire Group**

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## Narrative Report

### Organisational Overview and External Environment

Hertfordshire police area covers 634 square miles, 70% of the county is designated as rural, whilst four centres of population, Dacorum, St Albans, Watford and Stevenage have resident populations of 157,827, 148,755, 104,195 and 90,146 respectively (based on ONS mid- 2023 estimates). The standard of living is mostly high, with low unemployment and residents are generally healthy, well-educated and well paid, however there are areas of relative deprivation and social exclusion. The current estimated population of 1,215,387 persons, continues to increase, rising by approximately 16,587 (1.38%) since the 2021 census. According to the last (2021) Census, some 28.2% of Hertfordshire residents are from ethnic minority groups.

The Constabulary maintains a strong local policing focus through ten Community Safety Partnerships (CSPs) aligned to local authority areas. Each has dedicated neighbourhood, local response and crime teams, supported by inter-agency partnerships and centralised specialist support. There is significant collaboration, chiefly through its strategic alliance with Bedfordshire and Cambridgeshire police forces, which provides protective services and a range of other operational and support functions that increase effectiveness and efficiency. The Chief Constable and the Police and Crime Commissioner are also working closely with local partner organisations – the Hertfordshire Community NHS Trust, the East of England Ambulance Service, and the Hertfordshire County Council and the Fire and Rescue Service – to achieve greater efficiencies.

Hertfordshire's 2024/25 Net Revenue budget was £267.377m. The budgeted workforce comprises 2,342 police officers, 160 police community support officers, 1,588 police staff.

Collaboration through working with Bedfordshire Police and Cambridgeshire Constabulary (BCH) continues to play an important part in the delivery of policing services. Full details of Hertfordshire's financial transactions with Bedfordshire Police and Cambridgeshire Constabulary are set out in note 29 below.

### Governance

The current governance arrangements for policing were introduced by the Police Reform and Social Responsibility Act 2011. The act established two corporations sole, the Police and Crime Commissioner who replaced the police authority and the Chief Constable. The two corporations sole are both schedule 2 bodies under the Local Audit and Accountability Act 2014 and so are both required to publish accounts and are both subject to audit.

The relationship between the two corporations sole is reflected in accounting terms by the existence of a group relationship. Group relationships require the completion of a consolidated group Statement of Accounts in addition to those for the individual entities. This document is the Statement of Accounts for the Group as well as for the Police and Crime Commissioner for Hertfordshire (PCC). A statement of accounts for the Chief Constable of Hertfordshire is published as a separate document. Note 4 - Critical Judgements in Applying Accounting Policies, sets-out the allocation of expenses, income and balances between the two corporations' sole.

Further detail on governance arrangements will be contained within the Annual Governance Statement on page 106.

## **Operational Model, Strategy and Resource Allocation**

### **The Role of the PCC**

The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to both policing and crime reduction, including government grant, council tax precept. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or when relevant in accordance with any grant terms.

The PCC is responsible for setting the Police and Crime Plan and budget, monitoring financial outcomes and the approval of medium-term financial plans in consultation with the Chief Constable. The PCC is responsible for approving the overall framework of accountability and control, and monitoring compliance which includes the Police and Crime Plan, the Medium-Term Financial Strategy, the Annual Revenue Budget, the Capital Programme, Financial Regulations, the Treasury Management Strategy, the Estate Strategy and Asset Management plans, the Risk Management Strategy and the Governance policies.

In 2025, following public consultation, the PCC published his new Police and Crime Plan entitled 'Fighting Crime, Making Hertfordshire Safer'. The plan sets out five key priorities:

- Make Hertfordshire safer
- Strengthen local policing and build public confidence
- Tackle crime and anti-social behaviour
- Protect people from violence, abuse and exploitation
- Bring offenders to justice and support victims

### **The Role of the Chief Constable**

The Chief Constable is responsible for maintaining the King's Peace and has direction and control over the Constabulary's officers and staff. The Chief Constable holds office under the Crown but is appointed by the PCC. 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 Constabulary. At all times the Chief Constable, their constables and staff, remain operationally independent in the service of the public.

The Chief Constable has day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation and levels of authorisation issued by the PCC and must ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the Commissioner.

In addition to meeting the Strategic Policing Requirement, prioritising resourcing and investment for the Constabulary, the Chief Constable is responsible for delivery the Police & Crime Plan, which includes the five priority areas stated above.

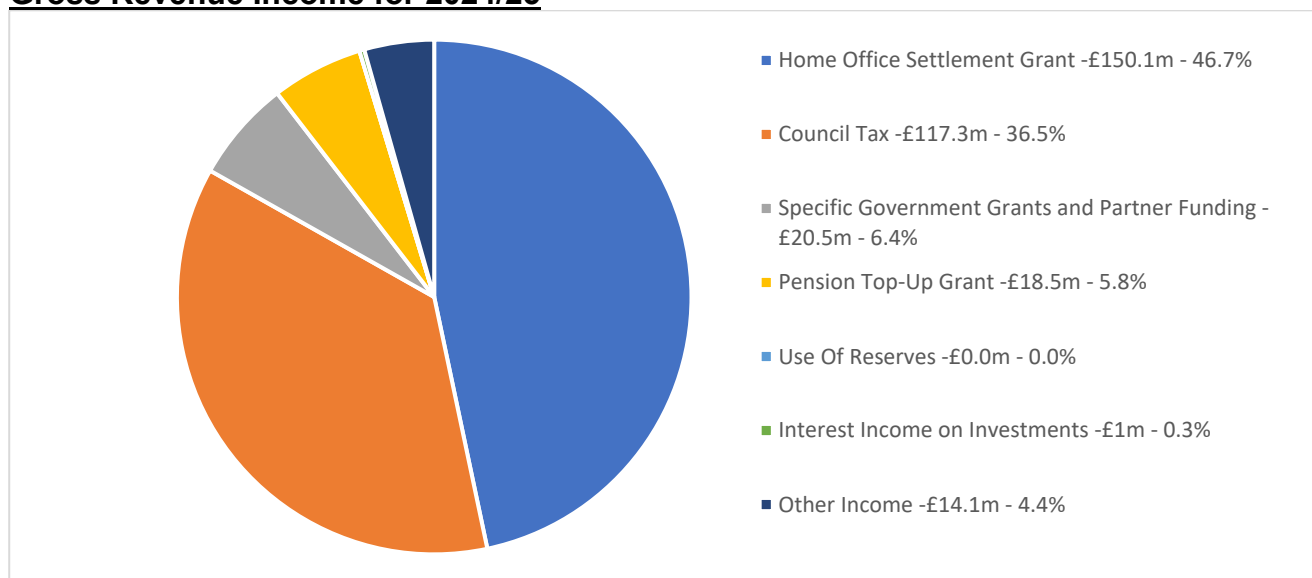
**Strategic Performance Objectives:**

- Improve crime recording
- Reduce crime and anti-social behaviour
- Solve more crime
- Keep people safe using protective powers

**Funding**

The chart below shows an analysis of the PCC’s key sources of gross revenue income during 2024/25 totalling £321.6m. Home Office Settlement grant paid to the PCC by central government accounted for 47% of all gross income. This central government grant plus income raised by Council Tax forms the PCC’s budget requirement / net revenue budget for 2024/25 of £267m.

**Gross Revenue Income for 2024/25**



## Revenue Spending 2024/25

The table below shows revenue expenditure against budget for 2024/25.

	Budget	Outturn	Variance	
	£m	£m	£m	%
Operational Delivery	149.526	149.304	-0.222	-0.1%
Strategy & Prevention	29.851	30.310	0.459	1.5%
Herts Custody & Criminal Justice	8.558	8.643	0.085	1.0%
Resources	18.256	18.931	0.675	3.7%
DCC Budgets	4.189	4.184	-0.005	-0.1%
Corporate Budgets	-9.529	-7.573	1.956	-20.5%
<b>Total Herts</b>	<b>200.851</b>	<b>203.799</b>	<b>2.948</b>	<b>1.5%</b>
Collaborated Operational Support	17.349	17.280	-0.069	-0.4%
Collaborated Organisation Support	15.259	15.171	-0.088	-0.6%
Collaborated Protective Services	29.443	30.305	0.862	2.9%
<b>Total Collaborated</b>	<b>62.051</b>	<b>62.756</b>	<b>0.705</b>	<b>1.1%</b>
Transfer from Reserves	0.053	0.115	0.062	117.0%
<b>Total Force</b>	<b>262.955</b>	<b>266.670</b>	<b>3.715</b>	<b>1.4%</b>
OPCC	4.422	3.698	-0.724	-16.4%
<b>Total Budget</b>	<b>267.377</b>	<b>270.368</b>	<b>2.991</b>	<b>1.1%</b>

\*Over / (Under) spend

The overall outturn position of a £3.0m (1.1%) overspend arose across several offsetting areas as follows:

- Police Officer Pay and Allowances overspent by £2.7m because of officer numbers being marginally above the budget throughout the year and as an increase in the average cost of officers following the 4.75% pay award.
- Police Staff Pay and Agency Staff Costs overspend by £0.9m – primarily driven by the need to maintain the level of Communications Operators within the Force Control Room.
- Police Office and Police Staff Overtime overspend of £1.6m occurred to cover vacancies and to maintain standards in line with national requirements, for example in the Force Communications Room, Armed Policing Unit, Roads Policing Unit and Custody.
- Constabulary Non-Pay Budgets underspent by -£1.5m with the most significant area of variance being increased investment income and a reduction in the Minimum Revenue Provision (MRP) following a review by the PCC's treasury management advisors.
- The Office of the Police and Crime Commissioner (OPCC) underspend of -£0.7m largely relates to higher levels on income received relating to a project aimed at rehabilitating the perpetrators of domestic abuse.

## Capital Spending 2024/25

The final capital programme for 2024/25 is set out in the Table below:

	Revised Budget	Outturn Spend	Outturn Variance	Slippage	Under / Over Spend
	£m	£m	£m	£m	£m
<b><u>Property – Estate Programme</u></b>					
HQ Redevelopment	23.418	28.490	5.072	0.000	5.072
HQ Dogs Building	1.183	1.242	0.059	0.000	0.059
George Street, Watford	0.012	0.008	-0.004	0.000	-0.004
SARC	0.650	0.384	-0.266	-0.266	0.000
Energy Efficiency & Sustainability	0.075	0.083	0.008	0.000	0.008
Minor Works Programme	0.674	0.521	-0.153	-0.043	-0.110
<b>Total Estates Programme</b>	<b>26.012</b>	<b>30.728</b>	<b>4.716</b>	<b>-0.309</b>	<b>5.025</b>
<b><u>ICT Investment Programme</u></b>	1.944	1.494	-0.450	-0.189	-0.261
<b><u>Other Capital Programmes</u></b>					
Chiltern Transport Consortium	2.963	2.848	-0.115	0.000	-0.115
Technical & Specialist Equipment	1.251	1.043	-0.208	-0.242	0.034
<b>TOTAL Capital Programme</b>	<b>32.170</b>	<b>36.113</b>	<b>3.943</b>	<b>-0.740</b>	<b>4.683</b>

Capital investment in 2024/25 totalled £36.1m and included expenditure on expanding, maintaining and enhancing the estate of totalling £30.7 (including £28.5m work on the HQ redevelopment, £1.2m on new police dog facilities, £0.4m on the Sexual Assault Referral Centre and £0.5m on minor works), ICT Schemes expenditure of £1.5m, £2.8m planned vehicle replacements and £1.0m on other specialist equipment.

## Performance and Value for Money

### OPCC

Performance against the Commissioner's plan is monitored regularly through the Quarterly Performance Meeting (QPM) between the Chief Constable and Commissioner. In addition, the statutory annual report (on performance) is presented to the Police and Crime Panel (PCP) each year before publication.

### His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

HMICFRS are commissioned by the Home Secretary to undertake inspections of police forces and fire and rescue services.

PEEL (Police Effectiveness, Efficiency and Legitimacy) is HMICFRS's annual assessment of police forces in England and Wales. Forces are assessed on their effectiveness, efficiency and legitimacy. Until 2018/19 each was inspected separately each year. HMICFRS has now adopted an integrated approach to inspections. Integrated PEEL Assessment (IPA) combines the forces into a single inspection on the areas of PEEL.

The latest PEEL inspection report was published in October 2024, with a 'good' assessment rating for preventing and deterring crime and antisocial behaviour. The report assessed four areas as 'requiring improvement'; these included: responding to the public, investigating crime, protecting vulnerable people, and leadership and force management. The Constabulary received an 'inadequate rating' for recording crime data; a Gold Group has been established, overseen by the Deputy Chief Constable, charged with addressing the areas of weakness highlighted in the PEEL report, with an emphasis on the recording of crime data.

### Victim Satisfaction

Since November 2020 the Constabulary has used echo as a way of gaining victim satisfaction. The current feedback provided below, which was obtained between April 2024 to March 2025, relates to Victims of Crime. We received results from 3,123 victims who scored the Constabulary as follows:

Q1 / Were they kept informed? 3.6 out of 5

Q2 / Did we meet their need? 3.4 out of 5

Q3 / Overall satisfaction? 3.5 out of 5

## Recorded Crime

Within the constabulary's Most Similar Group (MSG) of eight forces <sup>[1]</sup>, Leicestershire, Essex, TVP, Hampshire, Staffordshire, Sussex and Avon & Somerset, the level of recorded crime in Hertfordshire is the 2<sup>nd</sup> highest in the group. (MSG data 12 months to March 25).

For 2024/25 (compared to 2023/24):

- All recorded crime increased by **10.5%**, an increase of **7,858** crimes compared to the same period in the previous year. The total number of crimes being **82,508** as opposed to **74,650** the previous year.
- Residential Burglary-Home offences had decreased by **4.2%** to **1,846** offences (80 less than recorded in the previous year), the constabulary was 5<sup>th</sup> position in the MSG.
- Robbery had an increase of **35.6%** to **1,174** offences (**308** more crimes than recorded in the previous year), the constabulary was 7<sup>th</sup> position in its MSG.
- Vehicle Offences decreased by **6.4%** to **6,471** offences (**441** less offences than recorded in the previous year), the constabulary was 7<sup>th</sup> position in its MSG.
- Violence Against the Person offences increased by **19.8%** to **30,096** offences (**5,113** more offences than recorded in the previous year), the constabulary was 2<sup>nd</sup> in its MSG.
- Criminal Damage decreased by **2.6%** to **6,638** offences (**180** less offences than recorded in the previous year), the constabulary was 2<sup>nd</sup> position in its MSG.
- Thefts from Shops increased by **12.4%** to **9,913** (**1,092** more offences than recorded in the previous year), the constabulary was 6<sup>th</sup> in its MSG.
- Theft from Person increased by **3.5%** to **1,014** (**34** more offences than recorded in the previous year), the constabulary was 7<sup>th</sup> in its MSG.
- Possession of drugs was up **5.8%** (**104** more crimes) Trafficking was down **4.9%** (**18** less crimes). The Constabulary was 2<sup>nd</sup> in its MSG for Drug Offences (3<sup>rd</sup> for Possession, 1<sup>st</sup> for Trafficking) though in this case, 'worse' figures are more likely an indication of greater proactivity.
- Domestic Abuse offences had increased by **12.9%** to **12,916** (**1,477** more offences than recorded in the previous year).
- All Recorded Rape increased by **11.1%** over the same period in the previous year; 1<sup>st</sup> position within our MSG.
- Reported anti-social behaviour had decreased by **13.7%** (**3,473** less reports). ASB is broken down into three recorded types: Environmental, Nuisance and Personal. The decreases were noted across all 3 strands. There is no MSG position available.

The constabulary's all crime outcome rate concluded at **12.2%**. This represented a decrease of **0.5%** points against the previous year.

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<sup>[1]</sup> Most Similar Group forces are; Hertfordshire, Hampshire, Essex, Leicestershire, Sussex, Avon & Somerset, Staffordshire and Thames Valley.

## Outlook

In March 2025 the Net Revenue Budget for 2025/26 was set at £279.856m compared to £267.377m for 2024/25. This increase supports a rise in Standstill Costs of £16.0m, investment of £3.7m, offset by -£7.2m of savings. The increase in budget has been funded by a £14 rise in the Band D council tax and an additional £5.2m of core Home Office grant.

The table below sets-out the projected changes in available funding and resultant savings to close the budget gap over the next four years. The following assumptions have been used: A 3.5% increase in grant funding in 2025/26, then 1.7% to 2.0% per annum following this, £14 increase to council tax in 25/26, followed by £13 per annum increase following this, 2.5% p.a. increase in pay costs and non-pay inflation of 1.6% (25/26), 1.7% (26/27), 2.0% (27/28) and 2.0% (28/29).

MTFP	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Standstill costs	15.992	8.007	12.190	8.974	45.163
Core Grant	-5.173	-2.639	-3.158	-3.221	-14.191
Taxbase & Collection Fund	-0.737	-0.796	-0.969	-1.018	-3.520
Precept Increase	-6.570	-6.137	-6.180	-6.223	-25.110
Investment	3.681	2.479	2.266	1.350	9.776
Contribution to Reserves	-	-	-	2.300	2.300
<b>Budget Gap</b>	<b>7.193</b>	<b>0.914</b>	<b>4.149</b>	<b>2.162</b>	<b>14.418</b>

The table above shows the medium-term financial strategy based upon high level spending and income assumptions. This position will be reviewed in light of the upcoming government spending review announcement. The plan sets out a budget gap of £7.2m in 2025/26 and £14.4m in total by 2028/29.

As at 31<sup>st</sup> March 2025, the PCC has usable revenue reserves of £16.0m.

## Basis of Preparation

The PCC has a statutory duty to approve and publish a Statement of Accounts covering a 12-month reporting position. These accounts cover the period 1<sup>st</sup> April 2024 to 31<sup>st</sup> March 2025 and have been compiled in accordance with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The financial statements have been prepared on a going concern basis, meaning the accounts assume that the organisation's operations will continue for the foreseeable future. Even when services are transferred due to combinations of public sector bodies, such as local government reorganisations, the going concern assumption still applies.

These accounting standards set out the format of the Accounts and the concepts and principles that should be used in deciding on the appropriate treatment of transactions and balances within the Accounts. The financial relationship between the Chief Constable and the PCC is determined by the key elements of the legislative framework as well as local arrangements set out in the Scheme of Governance and the Financial Regulations.

The Scheme of Governance and the Financial Regulations clearly establish that strategic control, defined as the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for delivering an efficient and effective police force, and appointing or dismissing the Chief Constable is exercised by the PCC. Accordingly, the PCC's accounts include not only the direct costs of their office but also capital accounting transactions and balances associated with their strategic control over non-current assets, such as land and buildings, as well as all cash-backed reserves.

The Chief Constable has daily direction and control over all police officers and a great majority of police staff and so their Accounts contain the direct cost of employment and other related costs and balances associated with these staff.

Further details of this approach are set out below in Note 4 – 'Critical Judgements in Applying Accounting Policies'.

These accounts include an analysis of the Group and the PCC's financial affairs and the financial position as at 31<sup>st</sup> March 2025. The Group consists of the Police and Crime Commissioner for Hertfordshire and the Chief Constable of Hertfordshire Constabulary. The accounts comprise of:

- a) The **Statement of Responsibilities** for the Statement of Accounts, which sets out the responsibilities of both the PCC and the responsible Chief Finance Officer for the preparation of the Accounts.
- b) The **Comprehensive Income & Expenditure Statement (CIES)** is a summary of the income and expenditure received and used to provide services during the year and shows how the PCC has funded the cost of net expenditure incurred at the request of the Chief Constable by an intra-entity transfer.
- c) The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost

of providing the PCC's services, more details of which are shown in the Comprehensive Income & Expenditure Statement.

- d) The **Balance Sheet**, which shows the value as at the balance sheet date of the assets and liabilities recognised by the Group and the PCC.
- e) The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
- f) **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements. These also set out the accounting policies adopted by the Group and the PCC, which explain the basis on which the financial transactions are presented.
- g) The **Annual Governance Statement** – The statement sets out the results of the annual review of governance and internal controls within the Office of the PCC. The statement reports on any significant weaknesses and the actions undertaken to rectify these.
- h) **Police Officer Pension Fund Account** - This identifies the payments in and out of the Police Officers Pension Fund Account for the year.

Values in these accounts are rounded to the nearest thousand. Totals in supporting tables and notes may not exactly match due to rounding differences.

## Investments

The PCC's policy on investments is set out in the Annual Treasury Management Strategy (TMS). The primary consideration for the Strategy is security of the PCC's funds. The secondary consideration is liquidity, ensuring that sufficient funds are available to meet forecasted cash flow requirements. Only once both of these requirements have been considered will the yield be considered. The Strategy sets out the restrictions on the level of individual investments to spread the associated risks. In 2024/25 the PCC received £1.028m of investment interest. See note 21 for further details.

## Borrowing

The PCC can determine their own capital borrowing requirements in accordance with the CIPFA Code of Practice on Prudential Borrowing. In 2024/25 £34.429m of capital expenditure was funded from the Capital Financing Requirement. An increased reliance on the use of Capital Financing Requirement has been factored into the Medium-Term Plan.

At 31<sup>st</sup> March 2025, the PCC had outstanding long-term loans of £52m incurring an annual interest charge of £1.993m. The PCC uses short-term borrowing to help manage liquidity levels, of which there was £43m in short-term loans held as at 31<sup>st</sup> March 2025.

## Disclosed Pensions Assets or Liabilities

The Chief Constable's and the PCC's police staff employees can join the Local Government Pension Scheme (LGPS) administered by Hertfordshire County Council. The pension fund

pays the pensions of member employees upon retirement and receives contributions from employees together with an employer's contribution from the Chief Constable and PCC. Every three years the fund's appointed actuary assesses how much money is in the fund and whether this is sufficient to meet the potential call from staff as they retire at a future date.

Police Officers are eligible to join the national Police Pension Schemes which is an unfunded defined benefit final salary scheme administered by the Chief Constable. Unfunded means that there is no investment assets built up to meet the pension liabilities, and cash must be generated to meet actual pension payments as they eventually fall due.

The net amount charged to the Police Fund is that payable for the year in question in accordance with the statutory requirements governing the pension fund. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement any difference is transferred to the pension reserve on the balance sheet via the Movement in Reserves Statement in order that there is no impact on the Group's revenue expenditure funded from taxation. The Group's liability during 2024/25 was limited to employer contributions equivalent to 35.3% of police officer pensionable pay with the Home Office paying the balance of any deficit on the Police Pension fund. Further details are shown in the accounts of the Police Pension Fund on page 102.

There are many factors, including external economic factors that can affect the financial position of the fund. As a result, the Group's share of the Hertfordshire Local Government Pension Scheme Fund and Police Pension funds shows a net liability of -£1.417bn as at 31st March 2025 (-£1.569bn as at 31st March 2024). The liability is a notional amount as it would only fall due if all circumstances remained as they are now and neither the Chief Constable nor the Group sought to address the matter. The liability on the balance sheet is matched with an equivalent pension reserve. Note 38 gives further details.

## **Balance Sheet**

The balance sheet shows the net worth of the Group as at 31<sup>st</sup> March 2025 is -£1.329bn consisting of General Police Fund £12.600m, Earmarked Reserves £3.441m, Pension Reserves of -£1.417bn and Other Unusable Reserves £71.365m.

Further information on the financial statements presented in this document can be obtained from the Director of Finance at the Constabulary (email [mike.jarvis@herts.police.uk](mailto:mike.jarvis@herts.police.uk)).

*Ian Rooney - Chief Finance Officer to the Police and Crime Commissioner for Hertfordshire  
February 2026*

## **Statement of Responsibilities for the Statement of Accounts**

### **The PCC for Hertfordshire's Responsibilities**

The PCC is required to:

- make arrangements for the proper administration of the PCC's financial affairs and to secure that one of its officers has responsibility for the administration of those affairs. For Hertfordshire, that officer is the Police and Crime Commissioner's Chief Finance Officer.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts

I confirm that I approve these accounts following completion of the audit.

Signed: \*



Date: 27 February 2026

**Jonathan Ash-Edwards - Police and Crime Commissioner for Hertfordshire**

### **The PCC for Hertfordshire's Chief Finance Officer's Responsibilities**

The Chief Finance Officer is responsible for the preparation of the Police and Crime Commissioner's Statement of Accounts in accordance with proper practices as set out in the CIPFA / LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code)

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the Code.

The Chief Finance Officer has also:

- kept proper accounting records which were up to date.
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I confirm this Statement of Accounts gives a true and fair view of the financial position of the PCC for Hertfordshire at the accounting date and its income and expenditure for the year ended 31<sup>st</sup> March 2025.

Signed: \*



Date: 27 February 2026

**Ian Rooney - PCC's Chief Finance Officer**

\* Official signed version is held at Police HQ in Welwyn Garden City

# INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR HERTFORDSHIRE GROUP

## REPORT ON THE AUDIT OF THE POLICE AND CRIME COMMISSIONER'S FINANCIAL STATEMENTS

### Disclaimer of opinion

We were engaged to audit the financial statements of the Police and Crime Commissioner for Hertfordshire Group ("the OPCC") for the year ended 31 March 2025 on page 21 to 123 which comprise the Group and Police and Crime Commissioner Comprehensive Income and Expenditure Statements, the Group and Police Crime Commissioner Movement in Reserves Statements, the Group and Police Crime Commissioner Balance Sheets, the Group and Police and Crime Commissioner Cash Flow Statements and the related notes, including the Group and Police and Crime Commissioner Expenditure and Funding Analysis, the Police Pension Scheme Fund Accounts and the accounting policies in Notes 1 to 43.

We do not express an opinion on the financial statements. Due to the significance of the matter described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the OPCC to publish its financial statements and our opinion thereon for the year ended 31 March 2025 by 27 February 2026 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date.

- These areas were for both the Group and the Police and Crime Commissioner
- the Police Pension Scheme Fund Accounts and the disclosures of Senior Officers' Remuneration, Officers Emoluments, Exit Packages, and the balance of, and movements in, usable and unusable reserves for the years ended 31 March 2024 and 31 March 2025.
  - the employee benefit expenses, which are spread across a number of lines in the Comprehensive Income and Expenditure Statement for the year ended 31 March 2025.
  - Right of use assets, short-term and long-term lease liabilities as at 1 April 2024 and 31 March 2025 (due to adoption of IFRS 16 in the year).
  - the disclosed comparative figure for Provisions for Accumulated Absences for the year ended 31 March 2024.
  - the net assets as at 1 April 2023, and therefore whether there were any consequential effects on the disclosed comparative income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Group and OPCC's net assets and the split between usable reserves and unusable reserves as at 31 March 2025 and 31 March 2024, and on their income and expenditure and cash flows for the years then ended.

### Fraud and breaches of laws and regulations – ability to detect

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

### Other information

The Chief Finance Officer (the “Section 151 Officer”) is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

#### **Chief Finance Officer’s and Joint Audit Committee’s responsibilities**

As explained more fully in the statement set out on page 15, the Chief Finance Officer is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group’s and the OPCC’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 they have been informed by the government of the intention to either cease the services provided by the Group and the OPCC or dissolve the Group and the OPCC without the transfer of their services to another public sector entity.

The Joint Audit Committee of the OPCC is responsible for overseeing the OPCC’s financial reporting process.

#### **Auditor’s responsibilities**

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor’s report. However, due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard.

## **REPORT ON OTHER LEGAL AND REGULATORY MATTERS**

### **Report on the OPCC’s arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the “NAO Code of Audit Practice”), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the OPCC to secure economy, efficiency, and effectiveness in its use of resources.

We have nothing to report in this respect.

### **Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

The OPCC is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the OPCC has made 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 OPCC's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the OPCC has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the OPCC had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

### **Statutory reporting matters**

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the OPCC under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- 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; or
- 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 this respect.

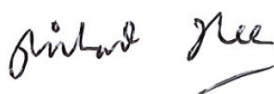
### **THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES**

This report is made solely to the members of the OPCC, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the OPCC, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the OPCC and the members of the OPCC, as a body, for our audit work, for this report, or for the opinions we have formed.

**DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT**

We are unable to certify that we have completed the audit of the Police and Crime Commissioner for Hertfordshire Group for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice for the following reasons:

- As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the NAO's audit of the Whole of Government Accounts is complete; and
- The certification of completion of the audit has not yet been issued in respect of the year ended 31 March 2024.



**Richard Lee**

**For and on behalf of KPMG LLP**

*Chartered Accountants*  
1 St Peter's Square,  
Manchester  
M2 3AE  
27<sup>th</sup> February 2026

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## Key Statements

### Comprehensive Income and Expenditure Statement 2024/25

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. The PCC raises taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement below.

2023/24			Note	Group Comprehensive Income and Expenditure Statement 2024/25	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
140,486	-1,387	139,099		Operational Delivery	144,736	-1,736	143,000
37,759	-813	36,946		Strategy And Prevention	39,271	-820	38,451
19,166	-541	18,625		Resources	19,365	-1,701	17,664
8,567	-14,561	-5,994		Corporate Budgets	10,599	-21,938	-11,339
7,820	-356	7,464		DCC Budgets	4,740	-372	4,368
32,686	-5,195	27,491		Protective Services	34,441	-5,704	28,737
17,830	-2,921	14,909		Operational Support	19,795	-3,361	16,434
15,421	-964	14,457		Organisational Support	15,384	-1,049	14,335
2,208	-13	2,195		Office of the PCC	2,444	-13	2,431
4,812	-3,608	1,204		PCC Commissioning	6,058	-4,846	1,212
<b>286,755</b>	<b>-30,359</b>	<b>256,396</b>		<b>Cost of Services</b>	<b>296,833</b>	<b>-41,540</b>	<b>255,293</b>
		-6,009	12	Other Operating Expenditure			-11,419
		69,637	13	Financing and investment income and expenditure			73,416
		-252,627	14	Taxation and Non-Specific Grants			-266,244
		<b>67,397</b>		<b>(Surplus)/Deficit on the Provision of Services</b>			<b>51,046</b>
		-2,860	27	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			519
		14,559		Re-measurement of the net defined benefit liability			-192,418
		<b>11,699</b>		<b>Other Comprehensive Income and Expenditure</b>			<b>-191,899</b>
		<b>79,096</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>-140,853</b>

2023/24			Note	PCC Comprehensive Income and Expenditure Statement 2024/25	2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000			Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
6,173	-	6,173		Operational Delivery	4,365	-	4,365
1,659	-	1,659		Strategy And Prevention	1,184	-	1,184
842	-	842		Resources	584	-	584
-	-	0		Corporate Budgets	-	-	0
344	-	344		DCC Budgets	143	-	143
1,436	-	1,436		Protective Services	1,039	-	1,039
783	-	783		Operational Support	597	-	597
678	-	678		Organisational Support	464	-	464
2,208	-13	2,195		Office of the PCC	2,444	-13	2,431
4,812	-3,608	1,204		PCC Commissioning	6,058	-4,846	1,212
<b>18,935</b>	<b>-3,621</b>	<b>15,314</b>		<b>Cost of Services</b>	<b>16,878</b>	<b>-4,859</b>	<b>12,019</b>
		-6,009	12	Other Operating Expenditure			-11,419
		16	13	Financing and investment income and expenditure			484
		-252,627	14	Taxation and Non-Specific Grants			-266,244
		268,706	15	Funding to the Chief Constable for financial resources consumed			275,179
		<b>25,400</b>		<b>(Surplus)/Deficit on the Provision of Services</b>			<b>10,019</b>
		-2,860	27	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			519
		-585	38	Re-measurement of the net defined benefit liability			37
		<b>-3,445</b>		<b>Other Comprehensive Income and Expenditure</b>			<b>556</b>
		<b>21,955</b>		<b>Total Comprehensive Income and Expenditure</b>			<b>10,575</b>

**Movement in Reserves Statement**

This statement shows the movement during the year on the different reserves, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and 'unusable reserves' such as unrealised gains on revaluation reserves. The Surplus or Deficit on the Provision of Services line shows the true economic cost of providing services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the Police Fund Balance for council tax setting purposes.

<b>Group Movement in Reserves 2024/25</b>	<b>General Fund £'000</b>	<b>Other Usable Reserves £'000</b>	<b>Total Usable Reserves £'000</b>	<b>Unusable Reserves £'000</b>	<b>Total Group Reserves £'000</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>24,697</b>	<b>88</b>	<b>24,785</b>	<b>-1,416,330</b>	<b>-1,391,545</b>
<b>Movement in reserves during 2023/24</b>					
Total Comprehensive Income and Expenditure	-67,397	-	-67,397	-11,699	<b>-79,096</b>
Adjustments between accounting basis and funding basis under regulations*	61,124	-	61,124	-61,124	<b>0</b>
<b>Net Increase / (Decrease) in Year</b>	<b>-6,273</b>	<b>-</b>	<b>-6,273</b>	<b>-72,823</b>	<b>-79,096</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>18,424</b>	<b>88</b>	<b>18,512</b>	<b>-1,489,153</b>	<b>-1,470,641</b>
<b>Movement in reserves during 2024/25</b>					
Total Comprehensive Income and Expenditure	-51,046	-	-51,046	191,899	<b>140,853</b>
Adjustments between accounting basis and funding basis under regulations*	48,127	448	48,575	-48,575	<b>0</b>
<b>Net Increase / (Decrease) in Year</b>	<b>-2,919</b>	<b>448</b>	<b>-2,471</b>	<b>143,324</b>	<b>140,853</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>15,505</b>	<b>536</b>	<b>16,041</b>	<b>-1,345,827</b>	<b>-1,329,786</b>

\* See Note 10

<b>PCC Movement in Reserves 2024/25</b>	<b>General Fund</b>	<b>Other Usable Reserves</b>	<b>Total Usable Reserves</b>	<b>Unusable Reserves</b>	<b>Total Group Reserves</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Balance at 31 March 2023 carried forward</b>	<b>24,697</b>	<b>88</b>	<b>24,785</b>	<b>102,907</b>	<b>127,692</b>
<b>Movement in reserves during 2023/24</b>					
Total Comprehensive Income and Expenditure	-25,400	-	-25,400	3,445	<b>-21,955</b>
Adjustments between accounting basis and funding basis under regulations*	19,127	-	19,127	-19,127	<b>0</b>
<b>Net Increase / (Decrease) in Year</b>	<b>-6,273</b>	<b>-</b>	<b>-6,273</b>	<b>-15,682</b>	<b>-21,955</b>
<b>Balance at 31 March 2024 carried forward</b>	<b>18,424</b>	<b>88</b>	<b>18,512</b>	<b>87,225</b>	<b>105,737</b>
<b>Movement in reserves during 2024/25</b>					
Total Comprehensive Income and Expenditure	-10,019	-	-10,019	-556	-10,575
Adjustments between accounting basis and funding basis under regulations*	7,100	448	7,548	-7,548	0
<b>Net Increase / (Decrease) in Year</b>	<b>-2,919</b>	<b>448</b>	<b>-2,471</b>	<b>-8,104</b>	<b>-10,575</b>
<b>Balance at 31 March 2025 carried forward</b>	<b>15,505</b>	<b>536</b>	<b>16,041</b>	<b>79,123</b>	<b>95,164</b>

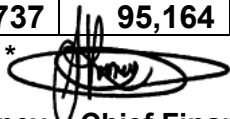
\* See Note 10

**Balance Sheet**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group and the PCC. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category is usable reserves, i.e. those reserves that may be used to provide services or reduce council tax, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves includes reserves that hold unrealised gains and losses (for example, the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

PCC		Note	Balance Sheet 2024/25	Group	
31 March 2024 £'000	31 March 2025 £'000			31 March 2024 £'000	31 March 2025 £'000
149,406	177,110	16	Property, Plant and Equipment	149,406	177,110
1,192	1,003	19	Intangible Assets	1,192	1,003
-	5,857	36	Right of Use Assets	-	5,857
2,500	2,500	25	Long-Term Investments	2,500	2,500
424	62		Long-Term Debtors	424	62
<b>153,522</b>	<b>186,532</b>		<b>Long-Term Assets</b>	<b>153,522</b>	<b>186,532</b>
3,260	9,000		Short-Term Investments	3,260	9,000
14,618	12,438	22	Short-Term Debtors	47,310	36,327
1,138	1,516	30	Cash and Cash Equivalents	1,138	1,516
4,698	-	24	Intra-Entity Debtor	-	-
<b>23,714</b>	<b>22,954</b>		<b>Current Assets</b>	<b>51,708</b>	<b>46,843</b>
-6,084	-7,112	23	Short-Term Creditors	-29,755	-34,543
-	-914	36	Short-Term Lease Liabilities	-	-914
-16,210	-42,210		Short-Term Borrowing	-16,210	-42,210
-	-	27	Provisions for Accumulated Absences	-8,048	-8,820
-	-6,891	24	Intra-Entity Creditor	-	-
<b>-22,294</b>	<b>-57,127</b>		<b>Current Liabilities</b>	<b>-54,013</b>	<b>-86,486</b>
-	-		Provisions	-4,323	-3,350
-48,687	-51,686	21	Long-Term Borrowing	-48,687	-51,686
-	-4,980	36	Long-Term Lease Liabilities	-	-4,980
-518	-529	38	Other Long-Term Liabilities	-1,568,848	-1,416,659
<b>-49,205</b>	<b>-57,195</b>		<b>Long-Term Liabilities</b>	<b>-1,621,858</b>	<b>-1,476,675</b>
<b>105,737</b>	<b>95,164</b>		<b>Net Assets / (Liabilities)</b>	<b>-1,470,641</b>	<b>-1,329,786</b>
18,512	16,041	26	Usable Reserves	18,512	16,041
87,225	79,123	27	Unusable Reserves	-1,489,153	-1,345,827
<b>105,737</b>	<b>95,164</b>		<b>Total Reserves</b>	<b>-1,470,641</b>	<b>-1,329,786</b>

Signed: \*



Date: \* 27 February 2026

Ian Rooney - Chief Finance Officer

\* Official signed version held at Police HQ in Welwyn Garden City

### Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows cash and cash equivalents is generated and used by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from the operating activities is a key indicator of the extent to which operations are funded by way of taxation and grant income. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing). Further details can be found in note 28, with Cash and Cash Equivalents outlined in note 30.

PCC		Cash Flow Statement 2024/25	Group	
2023/24 £'000	2024/25 £'000		2023/24 £'000	2024/25 £'000
-25,400	-10,019	Net Surplus or (Deficit) on the Provision of Services	-67,397	-51,046
14,097	24,209	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	56,094	65,235
20	-439	Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing and financing activities	20	-439
<b>-11,283</b>	<b>13,751</b>	<b>Net cash flows from Operating Activities</b>	<b>-11,283</b>	<b>13,751</b>
-23,368	-41,498	Investing Activities	-23,368	-41,498
31,192	28,125	Financing Activities	31,192	28,125
<b>-3,459</b>	<b>378</b>	<b>Net increase or (decrease) in cash and cash equivalents</b>	<b>-3,459</b>	<b>378</b>
4,597	1,138	Cash and cash equivalents at the beginning of the reporting period	4,597	1,138
<b>1,138</b>	<b>1,516</b>	<b>Cash and cash equivalents at the end of the reporting period</b>	<b>1,138</b>	<b>1,516</b>

## Notes to the Statements of Accounts 2024/25

### Note 1 - General Accounting Policies

Where possible accounting policies have been shown alongside relevant notes to the accounts, formatted in italic typeface to distinguish them from the main content of the notes. In addition, the basis of preparation has been outlined within the narrative report from page 12. There are however a number of overarching accounting policies that apply more broadly which are set out here:

#### **General Principles**

*The Statement of Accounts summarises the transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The PCC is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which those regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, published by the Chartered Institute of Public Finance and Accountancy, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21(2) of the Local Government Act 2003.*

*The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.*

#### **Accruals**

*Estimation techniques are the methods adopted by the Group / PCC to arrive at the estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. The policies are therefore set to specify the basis on which an item will be measured: where there is uncertainty over how to measure this, the amount has been arrived at using an estimation or accrual technique.*

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

- Revenue from the provision of goods or services is recognised in line with IFRS15.*
- Supplies and services (including services provided by employees) are recorded as expenditure when they are consumed or the services are received.*
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.*
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.*

*The actual cost of employees and police officers is recorded in the accounts. Accruals are made for the payment of police overtime, pension and tax liabilities based on the actual March payments and included as creditors on the Balance Sheet.*

### **Council Tax**

*The council tax and NDR income included in the Comprehensive Income and Expenditure Statement (CIES) is the PCC for Hertfordshire's share of accrued income for the year.*

*As regulations determine the amount of council tax and NDR that must be included in the PCC for Hertfordshire's General Fund, the difference between the income included in the CIES and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.*

*The Balance Sheet includes the PCC for Hertfordshire's share of the end of year balances in respect of council tax and NDR relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments and appeals.*

*Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made, the asset is written down and a charge made to the taxation and non-specific grant income and expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.*

### **Investments**

*Investments are shown in the balance sheet at cost. Where investments are fixed term deposits, the accrued interest owing at the balance sheet date of 31<sup>st</sup> March is added to the value of the investment.*

### **Revenue Recognition**

*The PCC accounts for revenue recognition in accordance with IFRS 15. This applies to the accounting for revenue arising from the sale of goods and services.*

*Any income received under contract is recognised in accordance with the performance obligations in the contract.*

*Revenue is recognised and measured at fair value of the consideration received or receivable except for financial assets otherwise measured as financial instruments. Revenue is recognised when performance obligations have been met. Where there are doubts as to the collectability of an amount already included in revenue an impairment expense is recognised rather than an adjustment made to the revenue already recognised in the Comprehensive Income and Expenditure Statement.*

### **VAT**

*VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.*

**Note 2 - Changes in Accounting Policies**

Since the 2023/24 accounts, the requirements from IFRS16 (Leases) have been implemented. More information on this can be found in Note 36.

**Note 3 - Accounting Standards That Have Been Issued but Not Yet Adopted**

The following sets out amendments to accounting standards or new accounting standards that have been issued but will not be adopted by the Code until 2025/26.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- IFRS 17 Insurance Contracts issued in May 2017 (replacing IFRS 4)
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

These amendments are not expected to have any material impact on the accounts.

**Note 4 - Critical Judgements in Applying Accounting Policies**

In applying the accounting policies, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events. Critical judgements made in the Statement of Accounts for 2024/25 are:

- a) Allocation of transactions, benefits and liabilities between the Accounts of the Chief Constable and PCC

There is a degree of uncertainty about future levels of funding for Police and Crime Commissioners, and consequently Chief Constables. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.

A key critical judgement is the allocation of transactions and balances between the accounts of the PCC and those of the Chief Constable. The adopted allocation of expense, income and balances is set out in the following table:

<b>Group CI&amp;E</b>	
<b>Chief Constable's CI&amp;E</b>	<b>PCC's CI&amp;E</b>
<b>Cost of Service</b>	<b>Cost of Service</b>
- Employee Cost of Officers & Staff under the direction & control of the Chief Constable	- OPCC Domestic Budget - Commissioning Spend - Support from Chief Constable Staff
- Policing Service Non-Pay Expenditure	- IAS19 Current Cost Pension Charges
- IAS19 Current Cost Pension Charges - Accumulated Absences Accruals	- Capital Charges Depreciation & Impairment
- Pension Fund Top-Up Payment	- Specific Grants relating to the PCC
- Income from Fees and Charges	
- Specific Grants relating to policing services	
- Expenditure relating to IFRS16 not brought onto the balance sheet	
<b>Other Operating Expenditure</b>	<b>Other Operating Expenditure</b>
	- Surplus/Deficit on disposal of non-current assets - Pension Top-Up Grant Income
<b>Financing &amp; Investment</b>	<b>Financing &amp; Investment</b>
- IAS19 Pension Net Interest	- IAS19 Pension Net Interest - Capital Financing and Interest on Balances

<b>Taxation and Non-Specific Grants</b>	<b>Taxation and Non-Specific Grants</b>
	- Settlement Funding
	- Accounting for Council tax
<b>Intra Entity Transfer</b>	<b>Intra Entity Transfer</b>
- Transfer of funding from the PCC	- Transfer of funding to the CC

<b>Movement in Reserves Statement</b>	<b>Movement in Reserves Statement</b>
	- Revenue Contributions to Capital
	- Minimum Revenue Provision

<b>Group Balance Sheet</b>	
<b>Chief Constable's Balance Sheet</b>	<b>PCC's Balance Sheet</b>
<b>Net Assets</b>	<b>Net Assets</b>
- Working Capital (CC Share)	- Non-Current Assets
- Provisions	- Working Capital (PCC Share)
- Accumulated Absences Liability	- Investments
- IAS19 Pensions Liability	- Cash & Cash Equivalents
	- IAS19 Pensions Liability
	- Lease Liabilities
	- Provisions
	- Long Term Borrowing
<b>Reserves</b>	<b>Reserves</b>
- Accumulated Absences Reserve	- Revaluation Reserve
- IAS19 Pensions Reserve	- IAS19 Pensions Reserve
	- Capital Adjustments Reserve
	- Useable Capital Receipts Reserve
	- Specific Reserves
	- Police Fund

All income, including that from grants, is received and controlled by the Police and Crime Commissioner. As a result, no income is included within the Accounts of the Chief Constable. It has been judged that all property, plant, and equipment is owned and controlled by the PCC and as such is not included in the Chief Constable's Accounts.

The Scheme of Governance sets out that strategic control; ultimately the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for the delivery of an efficient and effective police force and the responsibility for the appointment and dismissal of the Chief Constable, is exercised by the PCC. As such the Accounts of the PCC contain not only the direct costs of their Office but also the cost of funding the activities of the Chief Constable and the capital accounting transactions and balances associated with their control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

In accordance with the principles of IFRS 15 – Revenue Recognition and supported by: the Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013, confirming the legal status of the Chief Constable to apply Sections 21 and 22 of the Local Government Act 2003; and the LAAP bulletin 98A published by CIPFA in March 2014 established the view that the Chief Constable’s accounts should contain transactions and balances relating to officers and staff under their direction and control; The Chief Constable has daily direction and control over all police officers and a great majority of police staff and so their Accounts contain the direct cost of employment as well as associated IAS19 transactions and balances associated with their staff.

- b) Collaborative Activities - The Chief Constable participates in a wide range of joint arrangements with other forces. During 2024/25 these were primarily with Bedfordshire Police and Cambridgeshire Constabulary, to a lesser extent with Eastern Region forces and Kent. Details of these arrangements as set out in note 29 below. The Chief Constable deems these arrangements to be joint operations in accordance with the Code of Practice Local Authority Accounting in the United Kingdom and consequently the Statement of Accounts and the accounting statements only reflect Hertfordshire’s share of the associated financial transactions and balances.
- c) IAS19 Estimation of Pension Liabilities – In response to the outcome of the McCloud and Sargeant cases and the subsequent proposed remedial solution Government, an estimate of additional pension liabilities has been reflected in the IAS19 calculation. IAS19 requires an entity to measure its defined benefit obligations on a basis that reflects: the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period. This approach of including an adjustment for McCloud and Sargeant has been applied to ensure that the accounts show a true and fair view of the pension liability as at 31 March 2025. Further details can be found in note 38.
- d) In allocating balances between the PCC and Chief Constable accounts, the Home Office debtor for pension top-up grant due of £0.532m has been included in full in the PCC’s accounts.
- e) Guaranteed Minimum Pension (“GMP”) equalisation and indexation. A past service cost was recognised in 2017/18 reflecting a previous extension of the interim solution regarding GMP indexation, which was announced by His Majesty’s Treasury (HMT) in January 2018. Members of public service pension schemes with GMP entitlements who reach State Pension age on or after 6 December 2018 and before 6 April 2021 are covered by this previous extension of the interim solution.

#### **Note 5 - Assumptions Made About the Future & Other Estimation Uncertainty Sources**

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 the 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 are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	<p>Estimation of the net liability to pay pensions depends on several complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the PCC with expert advice about the assumptions to be applied.</p>	<p>Note 38 sets out the sensitivity of the defined pension benefit obligation to significant actuarial assumptions including the impact of adjusting results for the McCloud and Sargeant pension challenges.</p>
Property, Plant and Equipment	<p>The PCC's Land and Building non-current assets are valued on a five-year basis and so the potential exists for variations in value and changes in useful life. A full valuation was undertaken in 2024-25, with the previous full valuation having been carried out in 2019-20.</p> <p>Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the PCC will be able to sustain its current level of spending on repairs and maintenance, bringing into doubt the estimated useful lives of the assets concerned.</p>	<p>A 5% variation in the value of the PCC's Land and Building would result in an approximate £6.8m change to the value shown on the PCC's balance sheet.</p> <p>If useful lives are reduced the depreciation costs will increase and the carrying value of the assets will fall.</p> <p>It is estimated that the annual depreciation charge for buildings would increase by £0.2m for every year that useful lives had to be reduced.</p>

**Note 6 - Events after the Balance Sheet Date**

Accounting Policy

*Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:*

- *Those that provide evidence of conditions that existed at the end of the reporting period. The Statement of Accounts is adjusted to reflect such events.*
- *Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.*

As outline in Note 43, the specialist training facility at Monks Wood has ceased early in the 2025/26 financial year. This asset was disclosed within the PCC for Cambridgeshire's accounts and therefore has not been disclosed in this set of accounts.

There are no other such events for 2024/25. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. This is the date at which the CFO signs the audited statement of accounts.

### Note 7 - Expenditure and Income Analysed by Nature

Expenditure and income are analysed as follows:

	<b>PCC 2023/24 £'000</b>	<b>PCC 2024/25 £'000</b>	<b>Group 2023/24 £'000</b>	<b>Group 2024/25 £'000</b>
Fees Charges and Other Service Income	-	-584	-10,885	-14,267
Interest and Investment Income	-792	-1,028	-792	-1,028
Income from Council Tax	-110,381	-116,163	-110,381	-116,163
Government Grants and Contributions	-159,718	-166,024	-175,574	-189,022
Employee Benefit Expenses	2,467	2,824	225,289	238,579
Other Service Expenses	4,552	5,678	49,554	49,880
Depreciation, Amortisation and Impairment	11,915	8,375	11,915	8,375
Interest Payments	808	1,511	70,429	74,443
Gains and Losses on Disposal of Non-Current Assets	7,842	248	7,842	248
PCC funding To CC for financial resources consumed	268,706	275,179	-	-
<b>(Surplus) or Deficit on the Provision of Services</b>	<b>25,400</b>	<b>10,019</b>	<b>67,397</b>	<b>51,046</b>

### Note 8 - Group Expenditure and Funding Analysis

The PCC provides a segmental report in the notes to the financial statements together with supporting details and a reconciliation to the Comprehensive Income and Expenditure Statement. The segments mirror the PCC's internal reporting arrangements for reporting at a service level on its budget requirements and monitoring against the approved budget.

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Group 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 across the Group's reporting structure. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

## Group Expenditure and Funding Analysis – Adjustment Between Accounting and Funding Basis

2023/24				2024/25		
Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000		Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000
139,099	667	<b>139,766</b>	Operational Delivery	143,000	6,181	149,181
36,946	8	<b>36,954</b>	Strategy And Prevention	38,451	1,678	40,129
18,625	131	<b>18,756</b>	Resources	17,664	826	18,490
-5,994	1,573	<b>-4,421</b>	Corporate Budgets	-11,339	2,702	-8,637
7,464	53	<b>7,517</b>	DCC Budgets	4,368	203	4,571
27,491	224	<b>27,715</b>	Protective Services	28,737	1,470	30,207
14,909	123	<b>15,032</b>	Operational Support	16,434	846	17,280
14,457	106	<b>14,563</b>	Organisational Support	14,335	657	14,992
2,195	-54	<b>2,141</b>	Office of the PCC	2,431	-8	2,423
1,204	63	<b>1,267</b>	PCC Commissioning	1,212	-	1,212
<b>256,396</b>	<b>2,894</b>	<b>259,290</b>	<b>Cost of Services</b>	<b>255,293</b>	<b>14,555</b>	<b>269,848</b>
-188,999	-64,018	<b>-253,017</b>	Other Operating Expenditure	-204,247	-62,683	-266,930
<b>67,397</b>	<b>-61,124</b>	<b>6,273</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>51,046</b>	<b>-48,127</b>	<b>2,919</b>
		<b>-24,697</b>	<b>Opening General Fund</b>			<b>-18,424</b>
		<b>6,273</b>	Less Surplus / Plus Deficit on the General Fund for the Year			<b>2,919</b>
		<b>-18,424</b>	<b>Closing General Fund</b>			<b>-15,505</b>

## Group Note to the Expenditure and Funding Analysis - Adjustment Between Accounting and Funding Basis

2023/24					2024/25			
Adjustment for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000		Adjustment for Capital Purposes £'000	Net Change for Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
-6,173	7,294	-454	667	Operational Delivery	-4,365	10,948	-402	6,181
-1,659	1,960	-293	8	Strategy And Prevention	-1,184	2,971	-109	1,678
-842	995	-22	131	Resources	-584	1,464	-54	826
1,558	0	15	1,573	Corporate Budgets	2,633	-	69	2,702
-344	406	-9	53	DCC Budgets	-143	359	-13	203
-1,436	1,697	-37	224	Protective Services	-1,039	2,605	-96	1,470
-783	926	-20	123	Operational Support	-597	1,498	-55	846
-678	801	-17	106	Organisational Support	-464	1,164	-43	657
0	-5	-49	-54	Office of the PCC	-	41	-49	-8
0	0	63	63	PCC Commissioning	-	-	-	-
<b>-10,357</b>	<b>14,074</b>	<b>-823</b>	<b>2,894</b>	<b>Cost of Services</b>	<b>-5,743</b>	<b>21,050</b>	<b>-752</b>	<b>14,555</b>
-7,822	-55,820	-376	-64,018	Other Operating Expenditure	-241	-61,280	-1,162	-62,683
<b>-18,179</b>	<b>-41,746</b>	<b>-1,199</b>	<b>-61,124</b>	<b>(Surplus)/Deficit on the Provision of Services</b>	<b>-5,984</b>	<b>-40,230</b>	<b>-1,914</b>	<b>-48,127</b>

## Note 9 - PCC Expenditure &amp; Funding Analysis

2023/24				2024/25		
Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000		Net Expenditure in the CIES £'000	Adjustments between the Accounting and Funding basis £'000	Net Expenditure Chargeable to the General Fund £'000
6,173	-6,173	0	Operational Delivery	4,365	-4,365	0
1,659	-1,659	0	Strategy And Prevention	1,184	-1,184	0
842	-842	0	Resources	584	-584	0
0	1,558	1,558	Corporate Budgets	-	2,633	2,633
344	-344	0	DCC Budgets	143	-143	0
1,436	-1,436	0	Protective Services	1,039	-1,039	0
783	-783	0	Operational Support	597	-597	0
678	-678	0	Organisational Support	464	-464	0
2,195	-54	2,141	Office of the PCC	2,431	-8	2,423
1,204	64	1,268	PCC Commissioning	1,212	-	1,212
<b>15,314</b>	<b>-10,347</b>	<b>4,967</b>	<b>Cost of Services</b>	<b>12,019</b>	<b>-5,751</b>	<b>6,268</b>
10,086	-8,780	1,306	Other Operating Expenditure	-2,000	-1,349	-3,349
<b>25,400</b>	<b>-19,127</b>	<b>6,273</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>10,019</b>	<b>-7,100</b>	<b>2,919</b>
		<b>-24,697</b>	<b>Opening General Fund</b>			<b>-18,424</b>
		6,273	Less Surplus / Plus Deficit on the General Fund for the Year			2,919
		<b>-18,424</b>	<b>Closing General Fund</b>			<b>-15,505</b>

## PCC Note to the Expenditure and Funding Analysis - Adjustment Between Accounting and Funding Basis

2023/24					2024/25			
Adjustment for Capital Purposes £'000	Net Change for The Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000		Adjustment for Capital Purposes £'000	Net Change for The Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
-6,173	-	-	<b>-6,173</b>	Operational Delivery	-4,365	-	-	-4,365
-1,659	-	-	<b>-1,659</b>	Strategy And Prevention	-1,184	-	-	-1,184
-842	-	-	<b>-842</b>	Resources	-584	-	-	-584
1,558	-	-	<b>1,558</b>	Corporate Budgets	2,633	-	-	2,633
-344	-	-	<b>-344</b>	DCC Budgets	-143	-	-	-143
-1,436	-	-	<b>-1,436</b>	Protective Services	-1,039	-	-	-1,039
-783	-	-	<b>-783</b>	Operational Support	-597	-	-	-597
-678	-	-	<b>-678</b>	Organisational Support	-464	-	-	-464
-	-5	-49	<b>-54</b>	Office of the PCC	-	41	-49	-8
-	-	64	<b>64</b>	PCC Commissioning	-	-	-	-
<b>-10,357</b>	<b>-5</b>	<b>15</b>	<b>-10,347</b>	<b>Cost of Services</b>	<b>-5,743</b>	<b>41</b>	<b>-49</b>	<b>-5,751</b>
-7,822	-50	-908	<b>-8,780</b>	Other Operating Expenditure	-241	-15	-1,093	-1,349
<b>-18,179</b>	<b>-55</b>	<b>-893</b>	<b>-19,127</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>-5,984</b>	<b>26</b>	<b>-1,142</b>	<b>-7,100</b>

### Note 10 - Adjustments between Accounting Basis & Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the PCC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the PCC to meet future capital and revenue expenditure.

2023/24	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
Charges for depreciation and impairment of non-current assets not charged to the Revaluation Reserve	11,127	-	-	-11,127
Amortisation of intangible assets	788	-	-	-788
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	8,092	-	-	-8,092
Statutory provision for the repayment of debt – Minimum Revenue Provision	-1,558	-	-	1,558
Capital expenditure charged against the Police Fund	-	-	-	-
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital Grants Unapplied to CGU Reserve	-			
Capital grants and contributions unapplied credited to the CIES	-20		20	-
Application of grants to capital financing transferred to the Capital Adjustment Account			-20	20
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	-250	250	-	-
Costs of disposal of non-current assets funded from capital receipts	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-250	-	250
<b>Adjustment primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-

2023/24 Continued	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	894	-	-	-894
<b>Adjustments primarily involving the Pensions Reserve (PCC):</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	405	-	-	-405
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-350	-	-	350
<b>Total PCC Adjustment</b>	<b>19,127</b>	<b>-</b>	<b>-</b>	<b>-19,127</b>
<b>Adjustments primarily involving the Pensions Reserve (CC):</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	95,922	-	-	-95,922
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-54,230	-	-	54,230
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	305	-	-	-305
<b>Total Group Adjustments</b>	<b>61,124</b>	<b>-</b>	<b>-</b>	<b>-61,124</b>

2024/25	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
Charges for depreciation and impairment of non-current assets not charged to the Revaluation Reserve	7,983	-	-	-7,983
Amortisation of intangible assets	393	-	-	-393
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	698	-	-	-698
Statutory provision for the repayment of debt – Minimum Revenue Provision	-2,535	-	-	2,535
Capital expenditure charged against the Police Fund	-98	-	-	98
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital Grants Unapplied to CGU Reserve	-	-	-	-
Capital grants and contributions unapplied credited to the CIES	-9	-	9	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-9	9
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	-448	448	-	-
Costs of disposal of non-current assets funded from capital receipts				
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-
<b>Adjustment primarily involving the Deferred Capital Receipts Reserve:</b>				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-

2024/25 Continued	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,142	-	-	-1,142
<b>Adjustments primarily involving the Pensions Reserve (PCC):</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	368	-	-	-368
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-394	-	-	394
<b>Total PCC Adjustment</b>	<b>7,100</b>	<b>448</b>	<b>-</b>	<b>-7,548</b>
<b>Adjustments primarily involving the Pensions Reserve (CC):</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	98,706	-	-	-98,706
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-58,451	-	-	58,451
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	772	-	-	-772
<b>Total Group Adjustments</b>	<b>48,127</b>	<b>448</b>	<b>-</b>	<b>-48,575</b>

**Note 11 - Transfers To/From Earmarked Reserves**

The PCC holds all the Group's reserves. This note sets out the amounts set aside from the Police Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet Police Fund expenditure in 2024/25.

	Balance 1 April 2023	2023/24 Transfers		Balance 31 March 2024	2024/25 Transfers		Balance 31 March 2025
		Out	In		Out	In	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Budget Support Reserve	7,394	-4,582	954	3,766	-2,991	89	864
Road Safety Fund	1,723	-184	-	1,539	-22	-	1,517
Police Property Act Fund	0	-	34	34	-	35	69
Unconditional Funding Reserve	349	-74	210	485	-200	170	455
Sexual Assault Referral	674	-674	-	0	-	-	0
Covid Related Funding	0	-	-	0	-	-	0
ESMCP Reserve	244	-244	-	0	-	-	0
Self-Insurance Claim Reserve	1,713	-1,713	-	0	-	-	0
<b>Total Specific Reserves Group</b>	<b>12,097</b>	<b>-7,471</b>	<b>1,198</b>	<b>5,824</b>	<b>-3,213</b>	<b>294</b>	<b>2,905</b>
Police Fund	12,600	-	-	12,600	-	-	12,600
<b>Total Specific and General Reserves Group</b>	<b>24,697</b>	<b>-7,471</b>	<b>1,198</b>	<b>18,424</b>	<b>-3,213</b>	<b>294</b>	<b>15,505</b>

### Accounting Policy

*The PCC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by ring-fencing amounts out of the Police Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the Police Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.*

*Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the PCC - these reserves are explained in the relevant policies.*

The purpose of each reserve carried forward is laid out below;

#### **Base Budget Support Reserve**

The use of reserves to support the base budget is an important part of the Medium-Term Financial Plan. Reserves provide the PCC with the flexibility to manage the bridging of the budget gap alongside the generation of savings, thereby offsetting the impact of higher standstill costs and significant reductions in grant funding.

#### **Road Safety Fund**

This fund holds the balance of income generated in excess of the running costs of the Camera Tickets and Collisions and reflects the ring-fencing of this income for re-investment in Road Safety related activity. In 2024/25, expenditure of £0.022m was funded from this Road Safety Fund.

#### **Police Property Act Fund**

The PCC operates a fund for seized monies and the sale proceeds of seized and unclaimed property under the Police (Disposal of Property) Act 1997. Each year one half of the fund monies are available to be donated to charity with the balance being held to meet any administrative costs and future claims.

#### **Unconditional Funding Reserve**

This fund was created because of the introduction of International Financial Reporting Standards (IFRS). The standards require the recognition of unconditional grant income within the PCC's Comprehensive Income and Expenditure Statement in the year of receipt. The reserve represents the level of unconditional grant received but not spent at year end and is ring fenced.

#### **Sexual Assault Referral Centre (SARC)**

This balance represents funding previously set aside by the PCC for the refurbishment of the existing SARC. As this reserve is no longer required, the balance has been transferred to the Base Budget Support Reserve.

#### **Covid Related Fund**

Following the outbreak of the Covid-19 pandemic in 2020, Central Government provided several grants and funding to support Police Forces because of increased demand on the force's services and to reimburse lost income. The last tranche of 2020/21 funding was received in late March with the understanding that Police Forces could use balance in future Financial Years.

**Emergency Services Mobile Communication Programme (ESMCP) Reserve**

Home Office grants were provided for 2020/21 in relation to ESMCP. As the balance of this reserve had not been utilised up to 2023/24 and wasn't anticipated to be required going forward, the balance was transferred to the Base Budget Support Reserve.

**Self-insurance claims reserve**

A reserve based on actuary's central estimate of the 10-year accumulated fund level and payments arising in-year for Employer's Liability, Public Liability, Motor (3rd party liability) and Property claims. Due to an increase in the number of claims in 2023/24, the balance of this reserve was transferred to meet the provisions required in 2023/24. The level of this fund will be reviewed annually and increased/decreased accordingly.

**Note 12 - Other Operating Expenditure**

	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>
Gains / Loss on Disposal of Non-Current Assets	7,842	248
Police Pensions Top-Up Grant	-13,851	-11,667
<b>Total Group &amp; PCC</b>	<b>-6,009</b>	<b>-11,419</b>

**Note 13 - Financing and Investment Income and Expenditure**

	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>
Interest payable and similar charges	758	1,497
Interest receivable and similar income	-792	-1,028
Net interest on the net defined liability (PCC)	50	15
<b>Total PCC</b>	<b>16</b>	<b>484</b>
Net interest on the net defined liability (CC)	69,621	72,932
Provision for Doubtful Debt	-	-
<b>Total Group</b>	<b>69,637</b>	<b>73,416</b>

**Note 14 - Taxation and Non-Specific Grant Income**

	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>
Home Office Settlement Grant	-142,226	-150,072
Council Tax Income	-111,275	-117,304
Capital grants applied	-20	-9
Council Tax – Movement on Collection Fund Adjustment Account	894	1,142
<b>Total Group</b>	<b>-252,627</b>	<b>-266,243</b>

**Note 15 - PCC Funding for Financial Resources Consumed**

The Comprehensive Income and Expenditure Statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day-to-day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The PCC provided funding to the Chief Constable for financial resources consumed. The funding provided covers the day to expenses on an accruals basis as well as charges for operational assets consumed in the year. These transactions are reflected in the intra-group accounts of both entities.

The funding does not cover pension (IAS 19) charges and charges for compensated absences as these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement (MIRS) and charged to the Pensions Reserve and Accumulated Absences Account.

	<b>2023/24</b> <b>£'000</b>	<b>2024/25</b> <b>£'000</b>
Chief Constable's Cost of Service	241,082	243,273
Pensions interest cost	69,621	72,932
Re-measurement of the net defined benefit liability	15,144	-192,455
<b>CI&amp;E Statement (Surplus) Deficit Pre-PCC Funding</b>	<b>325,848</b>	<b>123,750</b>
<b>Items Removed through MIRS</b>		
<b>Pensions</b>		
Opening Balance	1,511,494	1,568,330
Less Closing Balance	-1,568,330	-1,416,130
	<b>-56,836</b>	<b>152,200</b>
<b>Accumulated Absences</b>		
Opening Balance	7,743	8,048
Less Closing Balance	-8,048	-8,820
	<b>-305</b>	<b>-772</b>
<b>PCC Funding for Resources Consumed</b>	<b>268,706</b>	<b>275,179</b>

**Note 16 - Property, Plant and Equipment**Accounting Policy

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

a) *Recognition*

*All expenditure above £5,000 on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the PCC and the cost of the item can be measured reliably. Expenditure below £5,000 on the acquisition of individual assets is treated as being de minimis and is charged directly against the relevant service account in revenue. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.*

b) *Measurement*

*Assets are initially measured at cost, comprising:*

- *the purchase price,*
- *any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management,*
- *where appropriate, the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.*

*Assets are then carried in the Balance Sheet using the fair value measurement bases, determined as the amount that would be paid for the asset in its existing use (Existing Use Value - EUV).*

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

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

*Assets included in the Balance Sheet at fair value are reviewed annually to ensure that their carrying amount is not materially different from their fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. The Group values its non-current assets carried at fair value on a five-year full valuation cycle, with intervening valuations undertaken when necessary to comply with the requirements of the Code.*

*Where decreases in value are identified, they are accounted for as follows:*

- *Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)*

- *Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.*

*The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.*

c) *Impairment*

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

*Where impairment losses are identified, they are accounted for as follows:*

- *where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)*
- *where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Comprehensive Income and Expenditure Statement.*

*Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.*

d) *Component Accounting*

*Component parts of the PCC's property assets are separately identified and accounted for in the capital accounts and the PCC's asset register in accordance with the Code of Practice. Recognition of components takes place at the time of the initial capital expenditure on the asset and thereafter at the times of the revaluations of the assets concerned. This includes retrospective adjustments where necessary, however retrospective adjustments can only relate to the period from 1<sup>st</sup> April 2010. No individual asset has more than three components these being Structure, Fit Out and Plant & Machinery.*

e) *Charges to Revenue for Non-Current Assets*

*The PCC's Comprehensive Income and Expenditure Statement is debited with the following charges to record the cost of holding non-current assets during the year:*

- *depreciation attributable to the assets used in providing a police service*
- *revaluation and impairment losses on assets where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off*
- *amortisation of intangible fixed assets attributable to the service.*

*The PCC is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, the PCC is required to make an annual contribution known as the Minimum Revenue Provision (MRP), from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the PCC in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the MRP contribution in the Police Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.*

2023/24	Operational			Non-Operational		Total
	Land and Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	Assets Under Construction £'000	Surplus Assets £'000	Property, Plant and Equipment £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2023</b>	<b>111,759</b>	<b>24,643</b>	<b>12,670</b>	<b>11,995</b>	<b>8,885</b>	<b>169,952</b>
Additions	4,790	3,277	2,704	8,751	117	<b>19,639</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	3,905	-	-	-	-1,171	<b>2,734</b>
Revaluations recognised in the Surplus/Deficit on Provision of Services	-3,205	-	-	-	-	<b>-3,205</b>
De-recognition	-7,267	-5,211	-1,050	-	-	<b>-13,528</b>
Reclassified	332	-	-	-7,221	6,889	-
Other movements in cost or valuation	-2,929	-	-	-	-	<b>-2,929</b>
<b>At 31 March 2024</b>	<b>107,385</b>	<b>22,709</b>	<b>14,324</b>	<b>13,525</b>	<b>14,720</b>	<b>172,663</b>
<b>Depreciation and Impairments</b>						
<b>As at 1 April 2023</b>	-	15,394	8,434	-	-	<b>23,828</b>
In Year Depreciation Charge	2,929	3,079	1,787	-	-	<b>7,795</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,929	-	-	-	-	<b>-2,929</b>
De-recognition	-	-4,530	-907	-	-	<b>-5,437</b>
<b>At 31 March 2024</b>	<b>0</b>	<b>13,943</b>	<b>9,314</b>	<b>0</b>	<b>0</b>	<b>23,257</b>
<b>Net book value</b>						
At 1 April 2023	<b>111,759</b>	9,249	4,236	11,995	8,885	<b>146,124</b>
At 31 March 2024	<b>107,385</b>	<b>8,766</b>	<b>5,010</b>	<b>13,525</b>	<b>14,720</b>	<b>149,406</b>

2024/25	Operational			Non-Operational		Total
	Land and Buildings £'000	Furniture & Equipment £'000	Vehicles £'000	Assets Under Construction £'000	Surplus Assets £'000	Property, Plant and Equipment £'000
<b>Cost or Valuation</b>						
<b>At 1 April 2024</b>	<b>107,385</b>	<b>22,709</b>	<b>14,324</b>	<b>13,525</b>	<b>14,720</b>	<b>172,663</b>
Additions	2,238	2,333	2,935	28,488	-	<b>35,994</b>
Revaluation increases/(decreases) recognised in the Revaluation Reserve	-189	-	-	-	-330	<b>-519</b>
Revaluations recognised in the Surplus/Deficit on Provision of Services	-1,095	-	-	-	-	<b>-1,095</b>
De-recognition	-460	-803	-1,362	-	-	<b>-2,625</b>
Reclassified	530	-	-	-530	-	<b>0</b>
Other movements in cost or valuation	-3,133	-	-	-	-	<b>-3,133</b>
<b>At 31 March 2025</b>	<b>105,276</b>	<b>24,239</b>	<b>15,897</b>	<b>41,483</b>	<b>14,390</b>	<b>201,285</b>
<b>Depreciation and Impairments</b>						
<b>As at 1 April 2024</b>	<b>0</b>	<b>13,943</b>	<b>9,314</b>	<b>0</b>	<b>0</b>	<b>23,257</b>
In Year Depreciation Charge	3,133	843	2,001	-	-	<b>5,977</b>
Depreciation written out to the Surplus/Deficit on the Provision of Services	-3,133	-	-	-	-	<b>-3,133</b>
De-recognition	-	-803	-1,124	-	-	<b>-1,927</b>
<b>At 31 March 2025</b>	<b>-</b>	<b>13,983</b>	<b>10,191</b>	<b>-</b>	<b>-</b>	<b>24,174</b>
<b>Net book value</b>						
At 1 April 2024	<b>107,385</b>	<b>8,766</b>	<b>5,010</b>	<b>13,525</b>	<b>14,720</b>	<b>149,406</b>
At 31 March 2025	<b>105,276</b>	<b>10,256</b>	<b>5,706</b>	<b>41,483</b>	<b>14,390</b>	<b>177,111</b>

The additions shown in the above tables comprise of all capital expenditure on property plant and equipment in the financial year on an accruals basis. Capital expenditure that is considered to not add to the value of fixed assets is written off to the Comprehensive Income and Expenditure Statement as an impairment or revaluation loss in the same year in which the expenditure was incurred and is reversed out to the Balance Sheet in the Movement in Reserves Statement. Individual assets are also assessed in the year for any impairments or revaluation losses in line with the Code of Practice.

The Commissioner's approach to the use or disposal of surplus assets is set out in the Estates Strategy 2017-2022. This includes a commitment to explore options to generate long term income from estates assets which can be used to fund policing. The primary way this can be achieved is through a retained interest in the redevelopment of surplus sites, however, opportunities to lease operational space to our public sector partners will also be explored where there is an operational rationale and identifiable service benefits to the public. The options for each site will be evaluated on a case-by-case basis.

### Fair value hierarchy

Details of the PCC's surplus assets and information about the fair value hierarchy as at 31 March 2024 and 2025 are as follows:

	(Level 1) Quoted prices in active markets for identical assets £'000s	(Level 2) Other significant observable inputs £'000s	(Level 3) Significant unobservable inputs £'000s	Total Fair value as at 31 March £'000s
<b>31<sup>st</sup> March 2024</b>				
- Borehamwood ex Police Station	-	-	5,890	<b>5,890</b>
- Watford ex Court Site	-	-	3,310	<b>3,310</b>
- Watford Shady Lane	-	-	5,520	<b>5,520</b>
	0	0	14,720	<b>14,720</b>
<b>31<sup>st</sup> March 2025</b>				
- Borehamwood ex Police Station	-	-	5,560	5,560
- Watford ex Court Site	-	-	3,310	3,310
- Watford Shady Lane	-	-	5,520	5,520
	<b>0</b>	<b>0</b>	<b>14,390</b>	<b>14,390</b>

### Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value

Carrying values are shown in the table below, split by their level in the fair value hierarchy.

- Level 1 - derived only from quoted prices in active markets for identical assets or liabilities, e.g. bond prices
- Level 2 - calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments
- Level 3 - determined using unobservable inputs, e.g. non-market data such as cash flow forecasts or estimated creditworthiness

**Significant unobservable inputs – Level 3**

The ex-police stations and court site were held as Surplus Assets at the reporting dates. As such, they have been valued using the residual method, which reflects an apportionment of the value of the whole site subject to an assumed redevelopment scheme which has been discounted to reflect lack of planning. As this valuation method uses significant unobservable inputs, these properties have been categorised at Level 3.

**Note 17 - Depreciation**

Depreciation is provided for on all operational fixed assets other than land. Depreciation is calculated using the straight-line method over the following periods:

<b>Asset Class</b>	<b>Estimated Life (Years)</b>
Vehicles	6
Furniture & Equipment	5
Buildings	5 – 90

A full year's depreciation is charged to the Income and Expenditure Account in the year of acquisition or entry into service for all classes of asset used in the provision of services.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are separately depreciated.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

**Note 18 - Revaluations**

The freehold and leasehold properties that comprise the PCC's non-residential estate were valued in full as at 31st March 2025 by Newmark Gerald Eve LLP. The valuation was previously last undertaken in full as at 31st March 2020 and was applied in the accounts from 31st March 2020. The valuation was carried out in accordance with the methodologies and bases of value set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS) and the CIPFA Code, specifically with specialised properties valued by means of the Depreciated Replacement Cost (DRC) method, other operational properties valued to Existing Use Value and non-operational properties valued on a Market Value basis.

Specialist properties are valued using the DRC method, and represent the majority of Land and Buildings, totalling £90.312m (75%).

For non-specialised properties, in order to derive Current Value (equated to either Existing Use Value or Market Value), Newmark Gerald Eve have had regard to the available evidence derived from transactions of comparable properties in their respective locations or other valuation approaches. The carrying value of non-specialist properties as at 31st March 2025 is £29.355m (25%) of which £14.390m are carried at market value.

**Note 19 - Intangible Assets**

Expenditure on non-monetary assets that do not have physical substance but are controlled by the PCC as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the PCC.

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the PCC can be determined by reference to an active market. In practice, no intangible asset held by the PCC meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life in the Comprehensive Income and Expenditure Statement.

In order to be classed an intangible asset, the item must be identifiable, lacking in physical substance, controlled by the PCC as a result of past events and future benefits or service potential will flow to the PCC. All intangible assets held on the PCC's balance sheet have been purchased from external suppliers. There are no internally generated intangible assets.

The PCC accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. All software classed as an intangible asset is given a finite useful life of 5 years based on an assessment of the average period that the software is expected to be of use to the PCC.

The amortisation of £0.393m charged to revenue in 2024/25 (2023/24 £0.788m) was charged to the Cost of Services in the Comprehensive Income and Expenditure Statement. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading, therefore has been charged proportionately to each service heading based expenditure incurred.

The movement on Intangible Assets balances during the year is as follows:

	2023/24 £'000	2024/25 £'000
<b>Opening balances:</b>		
Gross carrying amounts	10,589	10,555
Accumulated amortisation	-9,058	-9,363
<b>Net opening carrying value</b>	<b>1,531</b>	<b>1,192</b>
Purchases	449	204
Disposals (Cost)	-483	-
Disposals (Accumulated Amortisation)	483	-
Amortisation for the period charged to the Cost of Services in the Comprehensive Income and Expenditure Statement	-788	-393
<b>Net closing carrying value</b>	<b>1,192</b>	<b>1,003</b>
Comprising of:		
Gross carrying amounts	10,555	10,759
Accumulated amortisation	-9,363	-9,756
<b>Net closing carrying value</b>	<b>1,192</b>	<b>1,003</b>

Intangible Assets are identified in the following table:

Asset description	Carrying Value 2023/24 £'000	Carrying Value 2024/25 £'000	Remaining Amortisation period
Athena	147	84	1 to 4 years
Support Services software	147	-	-
Tuserv	203	325	1 to 5 years
CIS decommissioning	136	102	1 year
All other software	559	491	1 to 5 years
<b>Total</b>	<b>1,192</b>	<b>1,003</b>	

## Note 20 - Capital Commitments

At 31<sup>st</sup> March 2025, the PCC has entered into a number of contracts related to capital expenditure on Property, Plant and Equipment assets in 2025/26 and future years budgeted to cost £26.385m. Similar commitments at 31<sup>st</sup> March 2024 were £53.884m. The commitments at 31<sup>st</sup> March 2025 relate to the HQ & SARC Centre redevelopments.

## Note 21 – Financial Instruments

### **Financial Liabilities**

*Financial liabilities are recognised on the Balance Sheet when the PCC for Hertfordshire becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.*

*An assessment is made annually as to what level of debts are outstanding at the end of the financial year and an impairment allowance for expected credit losses is calculated and charged to the Financing & Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This has the impact of reducing the debtors balance shown within the balance sheet.*

*Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised. Therefore the amount shown in the Balance Sheet is the outstanding principal repayable and interest is charged to the Comprehensive Income and Expenditure Statement.*

*The PCC for Hertfordshire fully complies with the CIPFA Code of Practice 'Treasury Notes to the Accounts 50 Management in the Public Services'. A Treasury Management Strategy has been approved by the PCC for Hertfordshire.*

### **Financial Assets**

*Investments are limited to approved investments as specified in the Local Authority (Capital Finance) (Approved Investment) Regulations 1990 and are contained within the PCC for Hertfordshire's Treasury Management Strategy. These Investments are recognised on the Balance Sheet when the PCC for Hertfordshire becomes a party to the contractual provisions of a financial instrument and initially measured at fair value and*

carried at their amortised cost. Therefore the amount shown in the Balance Sheet is the outstanding principal receivable and interest receivable is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The fair value as at year end is also disclosed in the notes to the accounts.

Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited /debited to the Financing and Investment Income and Expenditure line.

As the PCC currently holds no re-classifiable available for sale financial assets no separation of amounts in the Other Comprehensive Income and Expenditure is required under IAS1.

### Categories of Financial Instruments

The borrowings and investments disclosed in the balance sheet are made up of the following categories of financial instruments.

Group	Non-Current		Current	
	31 March 2024 £'000	31 March 2025 £'000	31 March 2024 £'000	31 March 2025 £'000
<b>Financial Assets</b>				
Fair value through profit and loss	2,500	2,500	-	-
Amortised cost other	424	62	26,984	23,597
<b>Total Financial Assets (group)</b>	<b>2,924</b>	<b>2,562</b>	<b>26,984</b>	<b>23,597</b>
<b>Financial Liabilities:</b>				
Amortised cost	-48,687	-51,686	-33,085	-62,337
<b>Total Financial Liabilities (group)</b>	<b>-48,687</b>	<b>-51,686</b>	<b>-33,085</b>	<b>-62,337</b>

## Income &amp; Expense from Financial Instruments

Group	Financial Liabilities	Financial Assets		Total £'000
	At amortised cost £'000	Fair value through profit and loss £'000	At amortised cost £'000	
<b>2023/24</b>				
Interest Payable and similar charges	758	-	-	<b>758</b>
Interest and investment income	-	-675	-117	<b>-792</b>
<b>Net (income)/expense for the year</b>	<b>758</b>	<b>-675</b>	<b>-117</b>	<b>-34</b>
<b>2024/25</b>				
Interest Payable and similar charges	1,496	-	-	<b>1,496</b>
Interest and investment income	-	-914	-114	<b>-1,028</b>
<b>Net (income)/expense for the year</b>	<b>1,496</b>	<b>-914</b>	<b>-114</b>	<b>468</b>

## Fair Values of Assets and Liabilities

Some of the PCC's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

	Input level in Fair Value Hierarchy	Valuation Technique used to measure fair value	31 March 2024 £'000	31 March 2025 £'000
<b>Financial Assets</b>				
<b>Fair value through profit and loss</b>				
- Local Authorities Property Fund	Level 1 - derived from quoted prices in active markets	Bid Value	2,225	2,268

### Fair Values of Assets and Liabilities that are not carried at Fair Value but for which Fair Value disclosures are required

Except for the financial assets carried at fair value, all other financial liabilities and financial assets held by the authority are carried in the balance sheet at amortised cost. The fair values calculated are as follows;

Financial Liabilities	31 March 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	-39,077	-33,613	-42,082	-31,642
Non-PWLB debt	-26,221	-25,541	-52,840	-50,311
<b>Total debt (group)</b>	<b>-65,297</b>	<b>-59,154</b>	<b>-94,922</b>	<b>-81,953</b>
Trade creditors & bank overdraft				
- PCC	-571	-571	-457	-457
- Chief Constable	-16,304	-16,304	-19,670	-19,670
<b>Total Financial Liabilities (group)</b>	<b>-82,173</b>	<b>-76,029</b>	<b>-115,049</b>	<b>-102,080</b>

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

The fair values for Financial Assets have been determined using the published bid value for the fund plus accrued interest. The comparator market rates prevailing have been taken from indicative investment rates at each balance sheet date. In practice rates will be determined by the size of the transaction and the counterparty, but it is impractical to use these figures, and the difference is likely to be immaterial.

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

Financial Assets	31 March 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Call Accounts < 1 Year	125	125	1,082	1,082
Money market loans < 1 Year	1,000	1,000	1,440	1,440
Fixed Loans < 1 Year	3,260	3,282	8,000	8,111
Long Term Debtors	424	424	62	62
Trade Debtors	3,517	3,517	3,089	3,089
Other Receivables & Advances	19,082	19,082	9,987	9,987
<b>Total Financial Assets (group)</b>	<b>27,408</b>	<b>27,430</b>	<b>23,659</b>	<b>23,770</b>

<b>2023/24 (GROUP)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial Liabilities carried at amortised cost</b>				
Loans & Borrowings				
- PWLB loans	-	-33,613	-	<b>-33,613</b>
Non-PWLB loans	-	-25,541	-	<b>-25,541</b>
<b>Financial Liabilities 31<sup>st</sup> March 2024</b>	<b>0</b>	<b>-59,154</b>	<b>0</b>	<b>-59,154</b>
<b>2024/25 (GROUP)</b>	<b>Level 1 £'000</b>	<b>Level 2 £'000</b>	<b>Level 3 £'000</b>	<b>Total £'000</b>
<b>Financial Liabilities carried at amortised cost</b>				
Loans & Borrowings				
- PWLB loans	-	-31,642	-	<b>-31,642</b>
- Non-PWLB loans	-	-50,311	-	<b>-50,311</b>
<b>Financial Liabilities 31<sup>st</sup> March 2025</b>	<b>0</b>	<b>-81,953</b>	<b>0</b>	<b>-81,953</b>

The fair value for financial liabilities and financial assets that are not measured at fair value included in Level 2 in the table above have been arrived at using a discounted cash flow analysis, with the most significant inputs being the discount rate.

The fair value for financial liabilities and financial assets that are not measured at fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- The fair values for financial liabilities have been determined by reference to the Public Works Loans Board (PWLB) redemption rules and prevailing PWLB redemption rates as at the balance sheet date and include accrued interest. The fair values for non-PWLB debt have also been calculated using the same procedures and interest rates and this provides a sound approximation of fair value for these instruments.
- No early repayment or impairment is recognised.
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the principal outstanding or the billed amount.

**Note 22 - Short-Term Debtors**

The following table provides an analysis of money owed by debtors:

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
Net Trade Debtors	3,122	3,047
Year End Accruals	19,165	9,472
Grant & Partner Contributions Due	-	-
VAT Refund	2,735	2,846
Payments in Advance	7,635	8,483
Payroll Debtor	35	41
<b>Total (Chief Constable)</b>	<b>32,692</b>	<b>23,889</b>
Year End Accruals	180	490
Police Pension Fund Debtor	7,322	4,838
Grant & Partner Contributions Due	-	-
Payments in Advance	7	-
Net Council Tax Debtors	7,109	7,110
<b>Total (PCC)</b>	<b>14,618</b>	<b>12,438</b>
<b>Total (Group)</b>	<b>47,310</b>	<b>36,327</b>

All outstanding debts are reviewed throughout the year and a bad debt provision made in respect of those debts for which payment is considered doubtful. At 31<sup>st</sup> March 2025 the bad debt provision was £0.068m (31<sup>st</sup> March 2024 was £0.083m).

**Note 23 - Short-Term Creditors**

The following table provides an analysis of money owed to creditors:

	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
Net Trade Creditors	-157	-2,078
Conditional Grant	-4	-276
Year End Accruals and Grant Held at Year End	-16,851	-18,308
Payroll Deductions	-6,658	-6,768
<b>Total (Chief Constable)</b>	<b>-23,671</b>	<b>-27,430</b>
Year End Accruals and Grant Held at Year End	-571	-457
Net Council Tax	-5,513	-6,655
<b>Total (PCC)</b>	<b>-6,084</b>	<b>-7,112</b>
<b>Total (Group)</b>	<b>-29,755</b>	<b>-34,542</b>

**Note 24 - Intra-Entity Creditor / Debtor**

<b>Balances Held by the Chief Constable</b>	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
- Short Term Debtors	32,692	23,889
- Short Term Creditors	-23,671	-27,430
- Provisions	-4,323	-3,350
<b>Intra-Entity Debtor/(Creditor) PCC</b>	<b>4,698</b>	<b>-6,891</b>

**Note 25 - Short-Term and Long-Term Investments**

The PCC invests its surplus cash balances in banks and similar financial institutions in order to generate income by earning interest. Short term investments are those where the investment period was greater than three months but less than one year. Long term investments are where the investment term exceeds one year. The annual Treasury Management Strategy approved by the PCC lists the classes of approved organisations and the maximum proportion of monies available for investment that can be invested short-term or long term with any one party. The interest earned on the investments has been credited to the Comprehensive Income and Expenditure Statement.

The analysis of investments is shown in the following table:

<b>Investments</b>	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
<b>Short Term</b>		
Other Bodies	3,260	9,000
<b>Long Term</b>		
Local Authority Property Fund	2,500	2,500
<b>Total (Group)</b>	<b>5,760</b>	<b>11,500</b>

**Note 26 - Usable Reserves**

Capital receipts from the disposal of property, plant and equipment assets are accounted for on an accrual basis. The receipts arising from the disposal of Police assets are 100% usable by the PCC. Costs associated with the disposal of property, plant and equipment assets are charged against the appropriate capital receipts from the disposals.

Capital receipts below £10,000 are treated as de-minimus and are taken directly to the Comprehensive Income and Expenditure Statement. Capital receipts of £10,000 and above are considered to be material and can only be used to finance new capital investment and such receipts are appropriated to the Usable Capital Receipts Reserve on the balance sheet via the Movement in Reserves Statement.

All of the Usable Reserves are revenue reserves. The Police Fund is a statutory usable reserve. All other earmarked reserves are discretionary and have been set up voluntarily to earmark resources to finance future spending plans. Movements in the PCC's usable reserves are detailed in the Movement in Reserves Statement and note 11.

	<b>31 March 2024</b> <b>£'000</b>	<b>31 March 2025</b> <b>£'000</b>
Earmarked Reserves	5,824	2,905
Police Fund	12,600	12,600
Unapplied Capital Receipts	-	448
Capital Grants Unapplied	88	88
<b>Total (Group)</b>	<b>18,512</b>	<b>16,041</b>

**Note 27 - Unusable Reserves**

	<b>31 March 2024</b> <b>£'000</b>	<b>31 March 2025</b> <b>£'000</b>
Revaluation Reserve	56,108	53,605
Capital Adjustment Account	29,776	25,328
Collection Fund Adjustment Account	1,596	454
Deferred Capital Receipts Reserve	263	263
Pensions Reserve (PCC)	-518	-529
<b>Total Unusable Reserves (PCC)</b>	<b>87,225</b>	<b>79,121</b>
Pensions Reserve (Chief Constable)	-1,568,330	-1,416,130
Accumulated Absences Account	-8,048	-8,820
<b>Total Group Unusable Reserves (Group)</b>	<b>-1,489,153</b>	<b>-1,345,829</b>

**a) Revaluation Reserve**

The Revaluation Reserve contains the gains made by the PCC arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>57,437</b>	<b>56,108</b>
Historic Adjustment	5	59
Upward revaluation of assets	6,227	2,154
Downward revaluation of assets and impairment losses not posted to the Surplus or Deficit on the Provision of Services.	-3,367	-2,673
<b>(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services</b>	<b>2,865</b>	<b>-460</b>
Difference between fair value depreciation and historical cost depreciation	-1,646	-1,756
Accumulated gains on assets sold or scrapped	-2,548	-287
<b>Amount written off to the Capital Adjustment Account</b>	<b>-4,194</b>	<b>-2,043</b>
<b>Balance at 31 March</b>	<b>56,108</b>	<b>53,605</b>

**b) Capital Adjustment Account**

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

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

Note 10 gives details of the source of all the transactions posted to the Account, apart from those involving the Revaluation Reserve.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>43,765</b>	<b>29,776</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:</b>		
Charges for depreciation and impairment of non-current assets	-11,132	-7,983
Amortisation of intangible assets	-788	-393
Current Value versus Historic Cost Depreciation Adjustment	1,646	1,756
Revaluation Gains outstanding on disposal	2,549	287
Amounts of non-current assets written off on disposal or sale as part of the Gain / loss on disposal to the Comprehensive Income and Expenditure Statement	-8,092	-698
<b>Net written out amount of the cost of non-current assets consumed in the year:</b>		
Use of the Capital Receipts Reserve to finance new capital expenditure	250	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	20	9
Statutory provision for the financing of capital investment charged against the Police Fund and HRA balances	1,558	2,535
Capital expenditure charged against the Police Fund	-	98
Historic Adjustment	-	-59
<b>Balance at 31<sup>st</sup> March</b>	<b>29,776</b>	<b>25,328</b>

### c) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The PCC accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the PCC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the PCC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April (PCC)</b>	<b>-1,048</b>	<b>-518</b>
Actuarial gains or losses on pensions assets and liabilities	585	1,242
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-405	-368
Employer's pensions contributions and direct payments to pensioners payable in the year	350	394
Effect of Asset Ceiling	-	-1,279
<b>Balance at 31 March (PCC)</b>	<b>-518</b>	<b>-529</b>
<b>Balance at 1 April (Chief Constable)</b>	<b>-1,511,494</b>	<b>-1,568,330</b>
Actuarial gains or losses on pensions assets and liabilities	45,952	251,494
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-95,922	-98,706
Employer's pensions contributions and direct payments to pensioners payable in the year	54,230	58,451
Effect of Asset Ceiling	-61,096	-59,039
<b>Balance at 31 March (Chief Constable)</b>	<b>-1,568,330</b>	<b>-1,416,130</b>
<b>Balance at 1 April (Group)</b>	<b>-1,512,542</b>	<b>-1,568,848</b>
<b>Balance at 31 March (Group)</b>	<b>-1,568,848</b>	<b>-1,416,659</b>

#### d) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the Police Fund from the Collection Fund.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>2,490</b>	<b>1,596</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	-894	-1,142
<b>Balance at 31 March</b>	<b>1,596</b>	<b>454</b>

**e) Accumulated Absences Account**Accounting Policy**Benefits Payable During Employment**

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 and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Group / PCC. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rate applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account which absorbs the differences that would otherwise arise on the Police Fund Balance, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. All transactions and balances relating to the above are disclosed within the accounts of the Chief Constable and the Group on the basis of materiality.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>-7,743</b>	<b>-8,048</b>
Settlement or cancellation of accrual made at the end of the preceding year	7,743	8,048
Amounts accrued at the end of the current year	-8,048	-8,820
<b>Balance at 31 March</b>	<b>-8,048</b>	<b>-8,820</b>
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-305	-772

**f) Deferred Capital Receipts Reserve**

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the PCC does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement is made, paid amounts are transferred to the Capital Receipts Reserve.

	2023/24 £'000	2024/25 £'000
<b>Balance at 1 April</b>	<b>263</b>	<b>263</b>
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
<b>Balance at 31 March</b>	<b>263</b>	<b>263</b>

**Note 28 - Cash Flow Statement Notes****Adjustment to Net Surplus or Deficit on the Provision of Services for Non-Cash Movements**

The following adjustments were made to remove non-cash items from the surplus or deficit on the provision of services:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Adjustment for non-cash movements (PCC):</b>		
Depreciation of Non-Current Assets	7,796	6,888
Impairment and downward valuation of Non-Current Assets	3,331	1,095
Amortisation of Intangible Assets	788	393
Revenue Contribution to Capital Outlay	231	-
Carrying Amount of Sold Non-Current Assets	7,842	698
Deferred Capital Receipts	52	-
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	405	368
Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Police Pension Fund Account)	-350	-394
Notional Interest	-	-
Transfer To/From the Collection Fund Adjustment Account	894	1,142
Additional Non-cash movement	-	-
<b>Adjust for accruals (PCC):</b>		
Increase (-)/Decrease in Revenue Debtors	-1,258	2,542
Increase/Decrease (-) in Revenue Creditors	-384	-114
Increase/Decrease (-) in Intra-Entity Creditor/Debtor	-5,250	11,588
<b>Total Non-Cash Movements (PCC)</b>	<b>14,097</b>	<b>24,206</b>
<b>Adjustment for non-cash movements (Chief Constable):</b>		
Transfer To/From the Accumulated Absences Account	306	772
Chief Constable's Provision	3,023	-974
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	95,922	98,706
Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Police Pension Fund Account)	-54,230	-58,451
<b>Adjust for accruals (Chief Constable):</b>		
Increase (-)/Decrease in Revenue Debtors	-10,136	8,805
Increase/Decrease (-) in Revenue Creditors	1,862	3,759
Increase (-)/Decrease in Intra-Entity Debtor/Creditor	5,250	-11,588
<b>Total Non-Cash Movements (Group)</b>	<b>56,094</b>	<b>65,235</b>

**Adjustment for Items Included in the Net Surplus or Deficit on the Provision of Services that are Investing and Financing Activities**

<b>Group</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Sale Proceeds from disposal of non-current assets	-	-448
Capital Grants	20	9
<b>Total</b>	<b>20</b>	<b>-439</b>

**Investing Activities**

<b>Group</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Purchase of property, plant and equipment, and intangible assets	-20,088	-36,197
Sale / (Purchase) of investments	-3,260	-5,740
Disposal Proceeds Applied to Fund Capital	250	-
Disposal Proceeds Held to Fund Capital	-250	448
Capital Grants	-20	-9
<b>Net cash flows from investing activities</b>	<b>-23,368</b>	<b>-41,498</b>

**Financing Activities**

<b>Group</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Cash receipts of short and long-term borrowing	31,192	-
Repayments of short and long-term borrowing	-	28,999
Payments for the reduction of the outstanding liabilities relating to leases	-	-874
<b>Net cash flows from financing activities</b>	<b>31,192</b>	<b>28,125</b>

**Note 29 - Joint Arrangements**Accounting Policy

*A joint arrangement is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. To be a joint operation, the arrangement must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control.*

*The Group in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other parties, with the assets being used to obtain benefits for all the parties. The joint operations do not involve the establishment of a separate entity. The Group accounts for only its share of 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.*

**Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Units**

Bedfordshire Police, Cambridgeshire Constabulary and the Chief Constable operate a number of collaborative units. The units are jointly funded by the Forces in accordance with agreements approved by the Policing Bodies under Section 22 of the Police reform and Social Responsibility Act 2001. The collaborated units are jointly staffed and funded by the two or three forces as appropriate. The material benefits from working together include improved efficiency, effectiveness and resilience for each of the forces. The table below sets out the aggregate income and expenditure on all collaborative units. Each force's contribution reflects its share of the units and its contribution towards support and accommodation costs.

<b>Beds 2023/24 £'000</b>	<b>Cambs 2023/24 £'000</b>	<b>Herts 2023/24 £'000</b>	<b>Total 2023/24 £'000</b>		<b>Beds 2024/25 £'000</b>	<b>Cambs 2024/25 £'000</b>	<b>Herts 2024/25 £'000</b>	<b>Total 2024/25 £'000</b>
				<b>Joint Protective Services</b>				
3,812	3,412	4,038	<b>11,261</b>	Armed Policing Unit	3,853	3,336	3,849	<b>11,038</b>
-	-	-	-	Taser training	318	401	569	<b>1,288</b>
938	1,156	1,568	<b>3,662</b>	Dogs	1,122	1,377	1,863	<b>4,362</b>
2,609	3,122	3,868	<b>9,599</b>	Major Crime Unit	2,879	3,433	4,240	<b>10,552</b>
309	392	560	<b>1,261</b>	Operational Planning & Public Order	346	437	621	<b>1,404</b>
453	575	820	<b>1,847</b>	Protective Services Command Team	426	537	764	<b>1,727</b>
95	120	172	<b>386</b>	Resilience	100	126	180	<b>406</b>
2,843	4,076	5,487	<b>12,406</b>	Roads Policing Unit	3,128	4,464	5,993	<b>13,585</b>
3,386	4,057	5,420	<b>12,863</b>	Scientific Services Unit	3,736	4,197	5,664	<b>13,597</b>
<b>14,444</b>	<b>16,909</b>	<b>21,933</b>	<b>53,284</b>	<b>Total Joint Protective Services</b>	<b>15,908</b>	<b>18,308</b>	<b>23,743</b>	<b>57,959</b>
				<b>Operational Support</b>				
55	69	92	<b>217</b>	Camera, Tickets, Collisions	18	22	29	<b>69</b>
319	196	575	<b>1,090</b>	Criminal Justice & Custody Management Team	347	228	622	<b>1,197</b>
461	585	1,003	<b>2,049</b>	Criminal Justice	490	619	980	<b>2,089</b>
170	329	268	<b>767</b>	Firearms & Explosives Licensing	216	417	340	<b>973</b>
6,925	8,699	12,481	<b>28,105</b>	ICT	8,479	10,333	14,548	<b>33,360</b>
337	428	612	<b>1,377</b>	Joint Strategy & Transformation*	424	535	761	<b>1,720</b>
<b>8,267</b>	<b>10,306</b>	<b>15,031</b>	<b>33,605</b>	<b>Total Operational Support Expenditure</b>	<b>9,974</b>	<b>12,154</b>	<b>17,280</b>	<b>39,408</b>

<b>Beds 2023/24 £'000 (restated)</b>	<b>Cambs 2023/24 £'000 (restated)</b>	<b>Herts 2023/24 £'000 (restated)</b>	<b>Total 2023/24 £'000 (restated)</b>		<b>Beds 2024/25 £'000</b>	<b>Cambs 2024/25 £'000</b>	<b>Herts 2024/25 £'000</b>	<b>Total 2024/25 £'000</b>
				<b>Organisational Support</b>				
62	78	112	<b>252</b>	Corporate Communications	64	81	116	<b>261</b>
4,786	6,362	9,025	<b>20,173</b>	HR / L&D	5,039	6,445	8,859	<b>20,343</b>
980	1,244	1,775	<b>3,999</b>	Information Management Department	1,066	1,344	1,910	<b>4,320</b>
1,946	2,118	2,910	<b>6,974</b>	Professional Standards Unit	2,193	2,248	3,258	<b>7,699</b>
77	98	140	<b>315</b>	Uniform Stores Team	91	115	164	<b>370</b>
31	171	56	<b>258</b>	Finance **	36	46	64	<b>146</b>
152	193	276	<b>621</b>	BCH Payroll **	153	192	273	<b>618</b>
42	53	75	<b>170</b>	CARM **	57	73	103	<b>233</b>
8	10	15	<b>33</b>	Police Transformation Fund **	4	6	7	<b>17</b>
26	33	-	<b>59</b>	BCH Implementation**	-	-	-	<b>-</b>
<b>8,110</b>	<b>10,360</b>	<b>14,384</b>	<b>32,854</b>	<b>Total Organisational Support Expenditure **</b>	<b>8,703</b>	<b>10,550</b>	<b>14,754</b>	<b>34,007</b>
<b>30,821</b>	<b>37,576</b>	<b>51,348</b>	<b>119,743</b>	<b>Total BCH Net Operating Costs **</b>	<b>34,585</b>	<b>41,012</b>	<b>55,777</b>	<b>131,374</b>
255	238	471	<b>963</b>	Regional Procurement	208	280	418	<b>906</b>
191	-	-	<b>191</b>	Pension Dep**	-	-	-	<b>-</b>
<b>31,267</b>	<b>37,814</b>	<b>51,818</b>	<b>120,897</b>	<b>Total Net Operating Costs **</b>	<b>34,793</b>	<b>41,292</b>	<b>56,195</b>	<b>132,280</b>

\* The Delivery Management Office was renamed to Joint Strategy and Transformation in 2023/24.

\*\* Finance, BCH Payroll, CARM, Police Transformation Fund, BCH Implementation and Pension Dep were inadvertently missed from the 2023/24 Statement of Accounts. As such, these balances have been restated.

**Eastern Region Special Operations Unit (ERSOU)**

The Eastern Region Special Operations Unit (ERSOU) was established in 2010/11 and is a joint unit consisting of the seven eastern region police forces: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk. The unit provides a single serious and organised crime unit as well as Counter Terrorism capability across the region.

Bedfordshire Police have lead force responsibility for ERSOU. Police Officers from each member force are seconded to the unit broadly in line with funding shares. Legal title to all vehicles, equipment and premises owned and used by the unit transferred sit with Bedfordshire and the assets are recorded in its capital accounts and asset register.

All revenue costs and capital expenditure are shared between the six forces in accordance with the percentages defined in the Section 22 agreement. All capital expenditure is fully funded in the year of expenditure and there is therefore no capital financing charge to the six participating forces.

ERSOU is a joint operation with no separate entity and is therefore not able to hold reserves in respect of any cumulative surplus or deficit at year end. Each participating Local Policing Body shows its share of the carried forward surplus in its accounts. The ERSOU operating account is shown in the following table. The expenditure figures do not include depreciation charges.

The Home Office grants were paid to Bedfordshire as agent for the participating forces.

**ERSOU Income and Expenditure Statement 2024/25**

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Operating costs	33,077	37,667
Specific HO grant	-8,547	-9,743
<b>Net expenditure</b>	<b>24,531</b>	<b>27,924</b>
<b>Contributions</b>		
Bedfordshire	-2,581	-2,911
Cambridgeshire	-3,276	-3,672
Essex	-3,501	-4,185
Hertfordshire	-4,676	-5,218
Kent	-3,961	-4,632
Norfolk	-3,685	-4,125
Suffolk	-2,850	-3,181
<b>Total Contributions</b>	<b>-24,531</b>	<b>-27,924</b>
<b>(Surplus) / Deficit for the year</b>	<b>0</b>	<b>0</b>

The capital assets for ERSOU at 31<sup>st</sup> March are analysed as follows:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Net book value brought forward 1<sup>st</sup> April</b>	<b>3,734</b>	<b>3,943</b>
Expenditure for the year:		
- Vehicles	818	477
- Land and Buildings	-	-
- Equipment	72	-
Depreciation for the year	-681	-1,034
<b>Net book value carried forward 31<sup>st</sup> March</b>	<b>3,943</b>	<b>3,386</b>

Hertfordshire's share of the total Net Book Value of ERSOU capital assets as at 31<sup>st</sup> March 2025 was £0.711m (£0.852m as at 31<sup>st</sup> March 2024). Two additional properties are jointly owned by the 7 forces and are held on individual forces' balance sheets. Hertfordshire share of these properties as at 31<sup>st</sup> March 2025 was £1.482m.

The capital expenditure for 2024/25 was funded in accordance with the formulae agreed by the forces. Details are shown in the following table:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Bedfordshire	-98	-55
Cambridgeshire	-124	-69
Essex	-80	-60
Hertfordshire	-177	-98
Kent	-85	-57
Norfolk	-139	-78
Suffolk	-108	-60
Grant Funding	-80	-
<b>Total</b>	<b>-890</b>	<b>-477</b>

**Note 30 - Cash & Cash Equivalents**

*Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in periods of three months or less from the date of acquisition that are readily convertible to known amounts of cash with insignificant risk of change in value.*

*In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the PCC's cash management.*

<b>PCC &amp; Group</b>	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
Cash in Hand	22	24
Cash in Bank	116	52
Cash Equivalents	1,000	1,440
<b>Total cash and cash equivalents</b>	<b>1,138</b>	<b>1,516</b>

**Note 31 - Senior Officers' Remuneration**

The remuneration paid to the PCC's senior police officers and employees is as follows:

<b>2023/24 Post Holder Information (Job Title) (1) (2)</b>	<b>Salary (3) £</b>	<b>Bonuses £</b>	<b>Benefits in Kind (4) £</b>	<b>Total exc. pension £</b>	<b>Pension Contributions (5) £</b>	<b>Total inc. pension £</b>
Police and Crime Commissioner	78,400	-	-	<b>78,400</b>	16,229	<b>94,629</b>
Deputy Police and Crime Commissioner	34,230	-	-	<b>34,230</b>	7,086	<b>41,316</b>
Assistant Police and Crime Commissioner (6)	11,809	-	-	<b>11,809</b>	-	<b>11,809</b>
Chief Executive 1 (7)	95,959	-	-	<b>95,959</b>	19,304	<b>115,263</b>
Chief Finance Officer	105,441	-	-	<b>105,441</b>	21,167	<b>126,608</b>
Deputy Chief Executive for Governance (8)	42,176	-	-	<b>42,176</b>	8,467	<b>50,643</b>
Deputy Chief Executive	100,891	-	-	<b>100,891</b>	20,536	<b>121,427</b>
<b>Total (PCC)</b>	<b>468,906</b>	<b>0</b>	<b>0</b>	<b>468,906</b>	<b>92,789</b>	<b>561,695</b>
Chief Constable – C. Hall	185,664	-	5,855	<b>191,519</b>	24,111	<b>215,630</b>
Deputy Chief Constable	139,523	-	21,943	<b>161,466</b>	-	<b>161,466</b>
Assistant Chief Constable (Op Support) (9)	125,927	-	-	<b>125,927</b>	38,131	<b>164,058</b>
Assistant Chief Constable (Local Policing) 1 (10)	26,345	-	-	<b>26,345</b>	2,334	<b>28,679</b>
Assistant Chief Constable (Local Policing) 2 (10)	128,116	-	905	<b>129,021</b>	39,081	<b>168,102</b>
Director of Resources	135,309	-	5,502	<b>140,811</b>	23,679	<b>164,490</b>
Assistant Chief Officer	129,520	-	-	<b>129,520</b>	20,789	<b>150,309</b>
<b>Total (Chief Constable) (20)</b>	<b>870,404</b>	<b>0</b>	<b>34,205</b>	<b>904,609</b>	<b>148,125</b>	<b>1,052,734</b>
<b>Total (Group)</b>	<b>1,339,310</b>	<b>0</b>	<b>34,205</b>	<b>1,373,515</b>	<b>240,914</b>	<b>1,614,429</b>

<b>2024/25 Post Holder Information (Job Title) (1) (2)</b>	<b>Salary (3) £</b>	<b>Bonuses £</b>	<b>Benefits in Kind (4) £</b>	<b>Total exc. pension £</b>	<b>Pension Contributions (5) £</b>	<b>Total inc. pension £</b>
Police and Crime Commissioner 1 (11)	8,219	-	-	<b>8,219</b>	1,702	<b>9,921</b>
Police and Crime Commissioner 2 (12)	70,181	-	-	<b>70,181</b>	14,527	<b>84,708</b>
Deputy Police and Crime Commissioner (13)	10,258	-	-	<b>10,258</b>	2,123	<b>12,381</b>
Assistant Police and Crime Commissioner (6)	1,062	-	-	<b>1,062</b>	-	<b>1,062</b>
Chief Executive 1 (7)	104,850	-	-	<b>104,850</b>	9,428	<b>114,278</b>
Chief Executive 2 (14)	43,645	-	-	<b>43,645</b>	8,556	<b>52,201</b>
Chief Finance Officer	118,853	-	-	<b>118,853</b>	22,364	<b>141,217</b>
Deputy Chief Executive for Governance (8)	43,649	-	-	<b>43,649</b>	8,140	<b>51,789</b>
Deputy Chief Executive	114,528	-	-	<b>114,528</b>	23,035	<b>137,563</b>
Director of Strategy (15)	43,730	-	-	<b>43,730</b>	8,714	<b>52,444</b>
<b>Total (PCC)</b>	<b>558,975</b>	<b>0</b>	<b>0</b>	<b>558,975</b>	<b>98,589</b>	<b>657,564</b>
Chief Constable – C. Hall (16)	155,995	-	5,855	<b>161,850</b>	50,887	<b>212,737</b>
Chief Constable – A. Prophet (16)	45,667	-	1,209	<b>46,876</b>	15,856	<b>62,732</b>
Deputy Chief Constable 1 (17)	296,007	-	6,737	<b>302,744</b>	-	<b>302,744</b>
Deputy Chief Constable 2 (18)	139,014	-	8,485	<b>147,499</b>	48,013	<b>195,512</b>
Director of Resources	143,992	-	6,813	<b>150,805</b>	23,632	<b>174,437</b>
Assistant Chief Constable (Local Policing)	136,329	-	1,348	<b>137,677</b>	47,402	<b>185,079</b>
Temp Assistant Chief Constable (Operational Support) (19)	28,971	-	-	<b>28,971</b>	9,961	<b>38,932</b>
Assistant Chief Officer	142,988	-	5,522	<b>148,510</b>	23,373	<b>171,883</b>
<b>Total (Chief Constable) (20)</b>	<b>1,088,963</b>	<b>0</b>	<b>35,969</b>	<b>1,124,932</b>	<b>219,124</b>	<b>1,344,056</b>
<b>Total (Group)</b>	<b>1,647,938</b>	<b>0</b>	<b>35,969</b>	<b>1,683,907</b>	<b>317,713</b>	<b>2,001,620</b>

In addition to the requirements of the Accounts and Audit Regulations 2015, the PCC has voluntarily disclosed details for all members of the Executive team.

1. For individuals changing roles, role titles used are those as at the end of the financial year. Final role title is used for individuals no longer employed.
2. Senior Employees with Salary over £150k have been named as required by the CIPFA Code of Practice.
3. Salary includes Fees, Allowances & Salary Sacrifice.
4. The benefit in kind value reflects the use of a petrol or diesel car.
5. Employer Police Pension contributions for 2023/24 were 31.0%. The new employer contribution rate of 35.3% took effect from 1<sup>st</sup> April 2025. The Pension contribution rate for Constabulary and PCC Senior Staff is 17.5% and 20.7% respectively. In 2023/24 no employer contributions were made in respect of the Deputy Chief Constable role as they opted out of the Police Pension Scheme.
6. The role of Assistant Police and Crime Commissioner was not carried out on a full-time basis (0.81 FTE). The postholder left the role on 1<sup>st</sup> May 2024. The position is currently vacant.
7. Chief Executive 1 was a part-time post (0.8FTE) and the postholder left 30<sup>th</sup> September 2024. Salary includes £53.2k Severance Pay.
8. The post of Deputy Chief Executive for Governance is not a full-time post. The annualised salary on a full-time basis (including fees, allowances and employers pension contribution) equated to £127k in 2023/24 and £129k in 2024/25.
9. Assistant Chief Constable (Op Support] commenced the role in April 2023.
10. Assistant Chief Constable (Local Policing) 1 retired April 2023 and Assistant Chief Constable (Local Policing) 2 Assistant Chief Constable (Op Support) to Assistant Chief Constable (Local Policing) at this date.
11. Police and Crime Commissioner 1 stepped down at the election held on 8<sup>th</sup> May 2024.
12. Police and Crime Commissioner 2 was elected at the election on 8<sup>th</sup> May 2024, commencing the post on 9<sup>th</sup> May 2024
13. Deputy Police and Crime Commissioner left 4<sup>th</sup> July 2024. This position is currently vacant.
14. Chief Executive 2 started 2<sup>nd</sup> December.
15. Director of Strategy commenced the role on 4<sup>th</sup> September 2024. This was a new temporary role in the PCC executive team.
16. C. Hall left the role of Chief Constable on 31<sup>st</sup> December 2024. A. Prophet commenced the role of Chief Constable on 1st January 2025. The annualised salary for A. Prophet on a full-time basis (including fees, allowances and employers pension contribution) equates to £182.7k
17. Deputy Chief Constable 1 left 10<sup>th</sup> January 2025. Ex gratia payments of £146k have been include in salary.
18. Deputy Chief Constable 2 temporarily commenced this role from 11<sup>th</sup> January 2025. They previously held the role of Assistant Chief Constable (Operational Support).
19. Temp Assistant Chief Constable (Operational Support) commenced the role 12<sup>th</sup> January 2025.
20. The BCH roles of Assistant Chief Constable (Joint Protective Services) is currently held by an officer within Cambridgeshire Constabulary and their remuneration is included as part of the Cambridgeshire Senior Officer remuneration statement.

**Note 32 - Officers' Emoluments**

The Accounts and Audit Regulations 2015, as amended by regulations, require the Group to disclose the numbers of senior police officers and police staff whose remuneration, excluding pension contributions was £50,000 or more in the relevant financial year. The Group has extended this disclosure to include all police officers whose remuneration was greater than £50,000. Individuals whose remuneration is disclosed separately in note 31 above are not included within the table.

Remuneration Band	2023/24		2024/25	
	CC	PCC	CC	PCC
£135,000 - £139,999				
£130,000 - £134,999				
£110,000 - £114,999	3**		2**	
£105,000 - £109,999	3		2	
£100,000 - £104,999	5*		7*	
£95,000 - £99,999	7		2	
£90,000 - £94,999	4		4	
£85,000 - £89,999	7		11	1
£80,000 - £84,999	10		9	
£75,000 - £79,999	11	1	23	
£70,000 - £74,999	42	1	74	
£65,000 - £69,999	98	1***	184	
£60,000 - £64,999	193		221	
£55,000 - £59,999	296	3	452	4
£50,000 - £54,999	480*	1	499*	4
	<b>1,159</b>	<b>7</b>	<b>1490</b>	<b>9</b>

\* Includes a redundancy payment

\*\* ACC seconded to National Body

\*\*\* includes a severance payment

**Note 33 - External Audit Costs**

In 2024/25 the PCC incurred the following fees, payable to the appointed external auditors KPMG LLP under the Local Audit and Accountability Act 2014, relating to external audit and inspection.

	2023/24 £'000	2024/25 £'000
PCC	92	100
Chief Constable	47	54
<b>Total (Group)</b>	<b>139</b>	<b>154</b>

**Note 34 - Grant & Partner Income – Government & Non-Government Grants**Accounting Policy

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's Accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the PCC when there is reasonable assurance that:

- the PCC will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the PCC are not credited to the Comprehensive Income and Expenditure Statement until the conditions attached to the grant or contributions have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

The PCC credited the following government grants, other grants, contributions, and donations representing the receipts on an accruals basis to the CIES in 2024/25:

	2023/24 £'000	2024/25 £'000
<b>Credited to Cost of Service (PCC)</b>		
Victim Grants	-2,256	-2,407
Domestic Abuse Perpetrator	-574	-910
Safer Streets	-429	-337
Other Grants and Contributions	-362	-896
<b>Credited to Other Operating Expenditure (PCC)</b>		
Police Pension Top Up *	-15,876	-11,667
<b>Credited to Taxation and Non-Specific Grant Income (PCC)</b>		
Capital Grants	-20	-9
Government Settlement Grants	-142,226	-150,072
<b>Total Grants Credited (PCC)</b>	<b>-161,743</b>	<b>-166,299</b>
<b>Credited to Cost of Service (CC)</b>		
Police Pension Grant *	-	-6,874
Police Community Support Officers Local Authorities	-459	-285
Police Uplift Programme	-5,125	-7,638
ERSOU Grants	-1,640	-1,871
Pay Award Grant	-5,036	-2,498
Hotspot Response Fund	0	-1,071
McCloud Remedy Compensation	0	-847
Other Grants and Contributions	-2,028	-2,209
<b>Total Grants Credited (Group)</b>	<b>-176,031</b>	<b>-189,593</b>

\* In 2023/24, the Police Pension Grant was recognised within the Police Pension Top Up line within this note. The value of this grant was £2,025k.

### Note 35 - Related Parties

The PCC is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the PCC or to be controlled or influenced by the PCC. Disclosure of these transactions allows interested parties to assess the extent to which the PCC might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the PCC.

#### The Chief Constable of Hertfordshire Constabulary

The PCC sets the strategic direction of policing in Hertfordshire through the Police and Crime Plan and delegates funding to the Chief Constable. This relationship is set out more fully in the Explanatory Forward.

#### Central Government

The UK government has effective control over the general operations of the PCC – it is responsible for providing the statutory framework within which the PCC operates and provides the majority of its funding in the form of specific or non-specific grants.

**Chief Officers of the Office of the PCC and Chief Constable's Executive Team  
(including their close family)**

No transactions were disclosed by this group.

## Other Public Bodies

Other public bodies are deemed to be a related party where they receive funding from Central Government, who have control over the general operations of the PCC. Transactions with the County Council, district and borough councils of Hertfordshire and other public bodies have been disclosed within the Income and Expenditure Account, Cash Flow Statement and notes to the accounts (grants are disclosed within note 34, joint arrangements are outlined in note 29).

## Note 36 - Long-Term Contracts – Leases

### Accounting Policy

*All leases are in the name of the PCC. Following the implementation of IFRS16, the PCC accounts for all leases as an asset on its Balance Sheet where it has a Right of Use to the asset and the discounted principal owed over the term of the contract is disclosed as a Liability. In previous years, leases were recorded within the Chief Constable's accounts as the leases were specific to the provision of policing services by the Chief Constable and therefore the cost was met by the Chief Constable.*

*Lease payments are split by interest and principal payments, with interest being charged to the Comprehensive Income and Expenditure Statement (CIES) within the department which owns the lease. Principal payments are charged to Lease Liabilities, and a Minimum Revenue Provision is charged for this value to recognise the impact on the CIES.*

*The discount rate used for each lease is determined by the Public Works Loan Board's variable rate for the time period of the lease on the day the lease was signed.*

*Each lease asset is depreciated on a straight-line basis over the life of the contract.*

### The Group / PCC as Lessee

Rentals paid under leases are split by principal and interest as outlined above. Interest costs are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment, and principal costs are charged against the Lease Liability and provided for through Minimum Revenue Provision. Depreciation charges are made on a straight-line basis over the life of the lease; even if this does not match the pattern of payments (e.g. if there were a rent-free period at the commencement of the lease).

The following leases have been excluded from the IFRS16 requirements as outlined above, with the full payment for 2024/25 being charged to the CIES:

- Right of Use Assets with a value under £10,000 (0 in 2024/25).
- Short Life Leases, where contracts terminated in 2024/25 (1 in 2024/25).

The amount charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement was £0.327m, consisting of £0.321 relating to interest charges, and £0.006m relating to Short-Life Leases. In 2023/24, this totalled £1.133m as all lease payments were charged to the Comprehensive Income and Expenditure Statement.

The following table outlines the value of the Right of Use Assets on the balance sheet and depreciation charged in year.

2024/25	Right of Use Assets £'000
<b>Valuation</b>	
<b>At 1 April 2024</b>	6,767
Additions	-
Revaluations	-
Disposals	-
<b>At 31 March 2025</b>	6,767
<b>Depreciation</b>	
<b>At 1 April 2024</b>	-
In Year Depreciation Charge	910
De-recognition	-
<b>At 31 March 2025</b>	<b>910</b>
<b>Net book value</b>	
At 1 April 2024	6,767
At 31 March 2025	<b>5,857</b>

The follow table outline the liabilities on the PCC's balance sheet in relation to Lease contracts.

	2024/25 £'000
<b>Lease Liabilities</b>	
<b>At 1 April</b>	<b>6,767</b>
Payment of Principal in Year	-873
<b>At 31 March 2025</b>	<b>5,894</b>
<b>Consisting of:</b>	
<b>Short-term Lease Liabilities</b>	914
<b>Long-term Lease Liabilities</b>	4,980

#### The Group/PCC as Lessor

The PCC has not entered into any lease arrangements as a lessor.

#### IFRIC 12

The PCC's contractual arrangements with third parties are kept under continuous review and there are no service concessions under IFRIC 12.

#### Lease Terms

None of the PCC's lease agreements have terms and conditions in respect of contingent rents, purchase options or escalation clauses. It is considered that there are no restrictions other than those that are standard conditions in operating lease agreements such as the occupier's responsibilities and changes of use.

The property lease agreements include clauses in respect of the renewal of leases at specified points in the future. The PCC will wish to discuss renewal terms with lessors at such future dates.

### Note 37 - Capital Expenditure and Capital Financing

#### Accounting policy

*Expenditure is charged to capital where it meets the definition of capital as set out in the Code of Practice on Local Authority Accounting in the United Kingdom and is greater than the PCC's de minimis level of £5k. This includes internal staffing costs where they are directly attributable to a capital project.*

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed by charges to revenue as assets are used by the PCC, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the PCC that has yet to be financed. The CFR is analysed in the following table:

	2023/24 £'000	2024/25 £'000
<b>Opening CFR</b>	<b>46,330</b>	<b>64,590</b>
<b>Capital Investment</b>		
- Property, Plant and Equipment	19,639	35,994
- Intangible Assets	449	204
- Right of Use Assets	-	6,767
<b>Sources of Finance</b>		
- Capital Receipts	-250	-
- Government Grants & Contributions	-20	-9
<b>Sums set aside from revenue</b>		
- Direct revenue Contributions	-	-98
- Minimum Revenue Provision	-1,558	-2,535
<b>Closing CFR</b>	<b>64,590</b>	<b>104,913</b>
<b>Explanation of Movement in The Year</b>		
Increase / (Decrease) in the Underlying Need to Borrow	18,260	40,323
<b>Increase / (Decrease) in CFR</b>	<b>18,260</b>	<b>40,323</b>

**Note 38 - Defined Benefit Pension Schemes**Accounting Policy**Post-Employment Benefits**

The Group / PCC participates in four pension schemes. Each scheme provides members with defined benefits related to pay and service. The costs of providing pensions for employees are charged to the Police Fund in accordance with the statutory requirements governing each scheme. The schemes are as follows:

Police Officer Schemes

There are three schemes for police officers; - The 1986 Police Pension scheme which closed to new members on the 31<sup>st</sup> March 2006, the 2006 Police Pension scheme which closed to new members on the 31<sup>st</sup> March 2015 and the 2015 Police Pension Scheme which was introduced from 1<sup>st</sup> April 2015. These are unfunded defined benefit final salary schemes, charged to the Police Fund based upon an equivalent employer's contribution rate of 35.3% of pensionable pay.

Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The direct expenditure and income in respect of these schemes is accounted for in the Police Pension Fund Account. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the Group / PCC must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by central government pension top up grant shown in the OPCC's Accounts under Other Operating Expenditure. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group and the amount repaid to central government.

Police Staff

All transactions and balances relating to the accounting for Post-Employment Benefits of Police Staff, other than the cost of employee contributions for staff employed by the PCC, are disclosed within the accounts of the Chief Constable on the basis of materiality.

All police staff are eligible to join the Local Government Pension Scheme (LGPS), managed by Hertfordshire County Council. The total pension cost that is charged to the Police Fund equals the contribution paid to the funded pension scheme for these employees.

The LGPS Scheme is accounted for as a defined benefits scheme as follows:

- a) The liabilities of the fund attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- b) *Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.*
- c) *The assets of the fund attributable to the Group are included in the Balance Sheet at their fair value:*
- *Quoted securities – current bid price*
  - *Unquoted securities – professional estimate*
  - *Unitised securities – current bid price*
  - *Property – market value*
- d) *The change in the net pensions' liability is analysed into seven components:*
- i. *Current Service Cost - The increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.*
  - ii. *Past Service Cost - The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.*
  - iii. *Interest Cost - The expected increase in the present value of liabilities during the year as they move one year closer to being paid is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*
  - iv. *Expected Return on assets - The annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*
  - v. *Gains or Losses on settlements and curtailments - The result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees is debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.*
  - vi. *Re-measurements of the net defined liability. This includes actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability.*
  - vii. *Contributions Paid to the pension fund - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.*

*In relation to retirement benefits, statutory provisions require the Police Fund balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners*

*in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.*

### **Discretionary Benefits**

*The Group / PCC also has restricted powers to make discretionary awards of retirement benefits to Police Officers in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year the award was made and accounted for using the same policies as are applied to the Local Government Pension Scheme or Police Pension Schemes. There are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.*

### **Participation in Pension Schemes**

As part of the terms and conditions of employment of its officers and other employees the Chief Constable and PCC offer retirement benefits. Although these will not actually be payable until employees retire, the Chief Constable and PCC have a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement.

The Chief Constable and PCC participate in four pension schemes:

- The Local Government Pension Scheme for police staff. Administrated by Hertfordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Chief Constable, PCC and their employees, pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets. On the basis of materiality transactions and balances for the PCC arising from the LGPS are shown combined with those of the Chief Constable.
- The Police Pension Scheme 1987, the Police Pension Scheme 2006 and the Police Pension Scheme 2015 for police officers - these are unfunded defined benefit final salary schemes administrated by the Chief Constable. Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the PCC must annually transfer an amount required to meet the deficit to the pension fund. 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 and must be repaid to central government.

### Transactions Relating to Post-employment Benefits

The Chief Constable and PCC recognise the cost of retirement benefits for their staff and officers in the reported cost of services in their respective Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Chief Constable is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the Police Fund within the accounts via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

	LGPS						Police Pension Scheme	
	Chief Constable		PCC		Total (Group)		Total (Group)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<b>Cost of Service included in CIES</b>								
Current Service Cost	11,904	10,209	355	353	12,259	10,562	14,250	15,560
Past Service Cost / Settlements and Curtailments	147	40	-	-	147	40	-	-
<b>Financing and Investing Income &amp; Expenditure</b>								
Net interest expense	-1,319	-3,909	50	15	-1,269	-3,894	70,940	73,750
<b>Total Group Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Service</b>	<b>10,732</b>	<b>6,340</b>	<b>405</b>	<b>368</b>	<b>11,137</b>	<b>6,708</b>	<b>85,190</b>	<b>89,310</b>
<b>Re-measurement of the net defined benefit liability:</b>								
Return on plan assets (excluding amount included in net interest expense)	-17,599	10,075	-257	142	-17,856	10,217	-	-
Actuarial gains and Losses								
- Demographic Assumptions	-2,155	-6,498	-39	-126	-2,194	-6,624	-	-2,430
- Financial Assumptions	-23,958	-59,123	-497	-1,218	-24,455	-60,341	-32,620	-191,780
- Other (Liabilities)	10,850	-2,038	208	-40	11,058	-2,078	19,530	300
- Other (Assets) – Effect of Asset Ceiling	61,096	59,039	-	1,279	61,096	60,318	-	-
<b>Total Group Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement</b>	<b>38,966</b>	<b>7,795</b>	<b>-180</b>	<b>405</b>	<b>38,786</b>	<b>8,200</b>	<b>72,100</b>	<b>-104,600</b>

	LGPS						Police Pension Scheme	
	Chief Constable		PCC		Total (Group)		Total (Group)	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
<u>Movement in Reserves Statement:</u>								
<b>Reversal of the net charges made to the (Surplus) or Deficit for the provision of services for post-employment benefits in accordance with the code</b>	-10,732	-6,340	-405	-368	-11,137	-6,708	-85,190	-89,310
<u>Actual Amount Charged Against the General Fund Balance for Pensions During the Year:</u>								
<b>Employer's Contributions Payable to the Schemes</b>	10,360	10,851	350	394	<b>10,710</b>	<b>11,245</b>	43,870	47,600

**CLAIMS ARISING FROM THE TRANSITIONAL PROVISIONS IN THE POLICE PENSION REGULATIONS 2015**

The Chief Constable of Hertfordshire, along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

**Impact on pension liability**

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be formally measured through the pension valuation process, which determines employer and employee contribution rates, although an estimated impact has been included in the IAS19 valuations for 2024/25 and was included in the LGPS valuation carried out as at 31<sup>st</sup> March 2022, and the Police Pension Scheme valuation as at 31 March 2020.

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

**Compensation Claims**

Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. A provision for these cases has been included from the 2022/23 accounts onwards.

**Pension Assets and Liabilities Recognised in the Balance Sheet**

The amount included in the Balance Sheet arising from the Groups obligation in respect of its defined benefit plans is as follows:

	<b>2023/24</b> <b>£'000</b> <b>(restated*)</b>	<b>2024/25</b> <b>£'000</b>
<b>Present Value of Defined Benefit Obligations</b>		
LGPS Chief Constable	-340,856	-293,143
LGPS PCC	-6,567	-5,713
Police Pension Scheme	-1,568,320	-1,416,130
<b>Total Group Liabilities</b>	<b>-1,915,743</b>	<b>-1,714,986</b>
<b>Fair value of plan assets</b>		
LGPS Chief Constable	401,952	416,369
LGPS PCC	6,049	5,184
<b>Total Group Assets</b>	<b>408,001</b>	<b>421,553</b>
<b>Net liability arising from defined benefit obligation (including impact of Asset Ceiling):</b>		
LGPS Chief Constable	0	0
LGPS PCC	-518	-529
Police Pension Scheme	-1,568,320	-1,416,130
<b>Total Group Net Liability</b>	<b>-1,568,848</b>	<b>-1,416,659</b>

\* Under the requirements of IAS 19, the IFRIC 14 adjustments for asset restriction and minimum funding should not be included within the reconciliations of gross assets or gross liabilities. In the prior year, the Chief Constable and PCC included the IFRIC 14 adjustment within the reconciliation of gross assets. This therefore meant that the fair value of plan assets was understated by £61,096k and no impact of asset ceiling line was presented in the reconciliation of gross assets and liabilities to net balance sheet position. The overall impact on the balance sheet of this is nil. For the current year balances and comparatives, management have corrected the presentation of IFRIC 14 adjustments.

The net liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £1.417bn (£1.569bn in 2023/24) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.329bn as at 31<sup>st</sup> March 2025 (£1.471bn as at 31<sup>st</sup> March 2024).

However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. Following the introduction on the 1<sup>st</sup> April 2006 of the new scheme of finance for police officer pensions, the Chief Constable's liability is in general limited to an equivalent contribution rate currently set at 31.0% of pensionable pay with the government meeting additional costs above this level.

The contribution expected to be made to the Local Government Scheme by the Group in 2024/25 is £11.156m. The expected contribution to the police pension schemes in 2024/25 is £35.389m.

#### Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets:

LGPS	Chief Constable		PCC		Total Group	
	2023/24 £'000 (restated)	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000 (restated)	2024/25 £'000
<b>Opening fair value of scheme assets (Group)</b>	<b>361,553</b>	<b>401,952</b>	<b>5,107</b>	<b>6,049</b>	<b>366,660</b>	<b>408,001</b>
Interest Income	17,303	20,453	253	300	<b>17,556</b>	<b>20,753</b>
Re-measurement gain(loss)						
Return of plan assets excluding amount included in net interest expense.	17,599	-10,075	257	-142	<b>17,856</b>	<b>-10,217</b>
Re-measurement gain(loss) - other	-	-	-	-	<b>0</b>	<b>0</b>
Employer Contributions	10,360	10,851	350	394	<b>10,710</b>	<b>11,245</b>
Contribution by employees in the scheme	3,933	4,141	135	152	<b>4,068</b>	<b>4,293</b>
Benefits paid	-8,796	-11,070	-53	-290	<b>-8,849</b>	<b>-11,360</b>
Settlement prices received / (Paid)	-	117	-	-	<b>0</b>	<b>117</b>
<b>Closing fair value of scheme assets (Group)</b>	<b>401,952</b>	<b>416,369</b>	<b>6,049</b>	<b>6,463</b>	<b>408,001</b>	<b>422,832</b>

**Reconciliation of Present Value of the Scheme Liabilities' (Defined Benefit Obligation)**

	LGPS				Police Pension Scheme	
	Chief Constable		PCC		Chief Constable	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Opening Balance at 1 April</b>	<b>-332,947</b>	<b>-340,856</b>	<b>-6,155</b>	<b>-6,567</b>	<b>-1,540,100</b>	<b>-1,568,330</b>
Current service cost	-11,904	-10,209	-355	-353	-14,250	-15,560
Interest cost	-15,984	-16,544	-303	-315	-70,940	-73,750
Contribution from scheme participants	-3,933	-4,141	-135	-152	-11,330	-13,210
<b>Re-measurement of the net defined benefit liability comprising:</b>						
- Actuarial gains / (loss) Demographic Assumptions	2,155	6,498	39	126	-	2,430
- Actuarial gains / (loss) Financial Assumptions *	23,958	59,123	497	1,218	32,620	191,780
- Actuarial gains / (loss) Other *	-10,850	2,038	-208	40	-19,530	-300
Past Service Cost / Settlements & Curtailments	-147	-40	-	-	-	-
Benefits paid / Transfers	8,796	11,070	53	290	55,200	60,810
Liabilities assumed / (extinguished) on settlements	-	-82	-	-	-	-
<b>Liability at 31<sup>st</sup> March</b>	<b>-340,856</b>	<b>-293,143</b>	<b>-6,567</b>	<b>-5,713</b>	<b>-1,568,330</b>	<b>-1,416,130</b>

**Reconciliation of Asset Ceiling**

LGPS	Chief Constable		PCC	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
<b>Opening Balance of Asset Ceiling at 1 April</b>	-	<b>61,096</b>	-	-
Interest on impact of asset ceiling	-	3,091	-	-
Actuarial losses / (gains) written out due to Asset Ceiling	61,096	50,917	-	1,155
<b>Closing Balance of Asset Ceiling at 31<sup>st</sup> March</b>	<b>61,096</b>	<b>115,104</b>	-	<b>1,155</b>

**Fair Value of Employers Assets – LGPS Only**

The Police Pension Schemes have no assets to cover their liabilities. Following the change of Actuary for the Local Government Pension Scheme to Barnett Waddingham, the asset breakdown provided has changed format. The following tables provide a breakdown of the assets held on behalf of the PCC for Hertfordshire as at 31<sup>st</sup> March 2024 and 31<sup>st</sup> March 2025, along with the split as at 31<sup>st</sup> March 2025 between those held with quoted prices in active markets, and those with unquoted prices.

<b>Asset Breakdown</b>	<b>31st March 2024 £m</b>	<b>31st March 2024 %</b>	<b>31st March 2025 £m</b>	<b>31st March 2025 %</b>
<b>LGPS</b>				
Equities	249,260	61%	248,862	59%
Bonds	85,183	21%	98,006	23%
Property	46,591	11%	64,961	15%
Cash	26,968	7%	11,003	3%
<b>Total</b>	<b>408,002</b>	<b>100%</b>	<b>422,832</b>	<b>100%</b>

<b>Asset Breakdown</b>	<b>Quoted Prices in active markets 31st March 2025</b>	<b>Unquoted prices 31st March 2025</b>
<b>LGPS</b>		
Fixed Interest Government Securities - UK	2%	0%
Fixed Interest Government Securities - Overseas	1%	0%
Index Linked Government Securities - UK	10%	0%
Index Linked Government Securities - Overseas	0%	0%
Corporate Bonds - UK	3%	0%
Corporate Bonds - Overseas	5%	0%
Equities - UK	1%	0%
Equities - Overseas	25%	0%
Property	0%	14%
Hedge fund	0%	5%
Private Equity	0%	9%
Infrastructure	0%	2%
Unit trust	18%	0%
Derivatives	0%	0%
Insurance Linked Strategies	0%	1%
Private Credit	0%	1%
Cash/Temporary Investments	2%	0%
Net Current Assets - Debtors	0%	0%
Net Current Assets - Creditors	0%	0%
<b>Total</b>	<b>69%</b>	<b>31%</b>

### Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis. For both Schemes the projected unit credit method has been used to estimate the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

For the Police Pension Schemes a full actuarial valuation is required every four years under the Public Service Pensions Act 2013. The Police Scheme has been assessed by the Government Actuary's Department. The most recent valuation was undertaken as at 31 March 2020. The appointed actuaries produce pension disclosures by rolling forward data for years between full valuations.

For the LGPS a full actuarial review is undertaken every three years, with the latest valuation being as at 31<sup>st</sup> March 2022 by Hymans Robertson, an independent firm of actuaries. The Local Government Pension Scheme Fund is now assessed by Barnet Waddingham, an independent firm of actuaries.

The value of scheme assets and liabilities are dependent upon financial market conditions as at 31<sup>st</sup> March.

The principal assumptions used by the actuaries have been:

	LGPS		Police Pension Schemes	
	2023/24	2024/25	2023/24	2024/25
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Men	21.1	21.2	21.9	21.9
Women	24.1	24.1	23.6	23.9
Longevity at 45 for future pensioners:				
Men	22.2	21.9	23.6	23.3
Women	25.6	25.2	25.1	25.2
Rate of increase in salaries (%)	3.25	3.85	3.85	3.45
Rate of increase in pensions (%)	2.75	2.85	2.6	2.7
Rate for discounting scheme liabilities (%)	4.85	5.9	4.75	5.65

**Sensitivity of the defined benefit obligation in the significant actuarial assumptions**

	Approximate % increase to Employer Liability	Approximate monetary amount (£m)
<b>LGPS</b>		
0.5% decrease in real discount rate	9.8%	29.202
1-year increase in member life expectancy	2.7%	8.182
0.5% increase in the Salary Increase Rate	0.6%	1.773
0.5% increase in the Pension Increase Rate	9.4%	28.203
<b>Police Pension Schemes</b>		
0.5% decrease in real discount rate	7.5%	108
1-year increase in member life expectancy	2.0%	31
0.5% increase in the Salary Increase Rate	1.0%	13
0.5% increase in the Pension Increase Rate	7.5%	108

**Note 39 - Contingent Liabilities**

*A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts*

As at 31<sup>st</sup> March 2025, the Chief Constable and the Police and Crime Commissioner did not have any contingent liabilities.

**Note 40 - Nature and Extent of Risks Arising from Financial Instruments****Key Risks**

The Group's activities expose it to a variety of financial risks, the key risks are:

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

## Overall Procedures for Managing Risk

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

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

These are required to be reported and approved at or before the PCC's annual Council Tax setting budget meeting. These items are reported with the annual treasury management strategy which outlines the detailed approach to managing risk in relation to the PCC's financial instrument exposure. Actual performance is also reported annually to Members.

These policies are implemented on behalf of the PCC by Hertfordshire County Council's central treasury team. The PCC maintains written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk, and the investment of surplus cash through Treasury Management Practices (TMPs). These TMPs are a requirement of the Code of Practice and are reviewed regularly.

### Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Group's customers. Deposits are not made with banks and financial institutions unless they meet the minimum requirements of the investment criteria outlined in the Treasury Strategy.

The Group's maximum exposure to credit risk cannot be assessed generally as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual institution.

The following analysis summarises the Group's potential maximum exposure to credit risk. The risk of default by banks and financial institutions is based on historical experience of default data taken from Moody's, a credit rating organisation used by the PCC. The risk of default by trade debtors is based on the amount of impairment provision as a percentage of total debt outstanding as at 31 March 2025.

	<b>Amount at 31 March 2025 £'000</b>	<b>Historical experience of default %</b>	<b>Estimated maximum exposure at 31 March 2025 £'000</b>
A+ Rated Counter Parties	1,082	-	-
Fixed Loan < 1 year	8,000	-	-
Fixed Loan > 1 year	2,500	-	-
Other Counter Parties	1,440	-	-
Long Term Debtors	62	-	-
Trade debtors	3,089	-1.05%	-33
Other receivables and advances	9,987	-	-
<b>Total</b>	<b>26,159</b>		<b>-33</b>

No credit limits were exceeded during the reporting period and no losses are expected from non-performance of any of the counterparties in relation to the PCC's deposits.

The PCC does not generally allow credit for its trade debtors, such that £0.554m of the £3.089m balance at 31<sup>st</sup> March is past its due date for payment. The past due amount can be analysed by age as follows:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Less than three months	1,298	384
Three to six months	74	7
Six months to one year	82	68
More than one year	230	95
<b>Balance as at 31<sup>st</sup> March</b>	<b>1,684</b>	<b>554</b>

During the reporting period the PCC held no collateral as security.

### Liquidity Risk

The PCC has a comprehensive cash flow management process that seeks to ensure that cash is available as necessary. If unexpected movements happen, the PCC has ready access to borrowings from the money markets and the Public Works Loans Board. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the PCC may be bound to replenish a significant amount of its borrowings at a time of unfavourable interest rates. The PCC sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows:

	2023/24 £'000	2024/25 £'000
Less than one year	-33,085	-62,337
Between two and seven years	-23,428	-26,435
More than fifteen years	-25,698	-25,714
<b>Balance as at 31<sup>st</sup> March</b>	<b>-82,211</b>	<b>-114,486</b>

### Market risk

**Interest rate risk** - The Group is exposed to risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex effect on the Group.

For instance, a rise in interest rates could have the following effects:

- borrowings at variable rates – the interest expense charged to the Surplus or Deficit on the Provision of Services will rise.
- borrowings at fixed rates – the fair value of the liabilities borrowings will fall.
- investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services will rise; and
- investments at fixed rates – the fair value of the assets will fall.

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

The PCC has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the PCC's prudential indicators and its expected treasury operations, including an expectation of interest rate movements. From this Strategy a prudential indicator is set which provides maximum and minimum limits for fixed and variable interest rate exposure. Hertfordshire County Council's central treasury team monitor the market and forecast interest rates within the year to adjust exposures appropriately. For instance, during periods of falling interest rates, and where economic circumstances make it favourable, fixed rate investments may be taken for longer periods to secure better long-term returns.

During 2024/25 the Group had no variable rate investments or liabilities and so was not exposed to interest rate risk.

If interest rates had been 1% higher during 2024/25 with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowing	327
Increase in interest receivable on variable rate investments	-105
Decrease in fair value of investments held at Fair Value through Profit and Loss	2
<b>Impact on Other Comprehensive Income and Expenditure</b>	<b>223</b>

	£'000
Decrease in fair value of loans and investments at amortised cost*	3
Decrease in fair value of fixed rate borrowing*	-3,433

\*No impact on Comprehensive Income and Expenditure.

**Price risk** - The Group, excluding the pension fund, has no investments in equity shares and so is not subject to any form of price risk currently.

**Foreign exchange risk** - The Group has no financial assets or liabilities denominated in foreign currencies. It therefore has no exposure to loss arising from movements in exchange rates.

#### Note 41 - Termination Benefits

##### Accounting Policy

*Termination benefits are amounts payable as a result of a decision by the Group / PCC to terminate a member of police staff's employment before the normal retirement date or a member of police staff's decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Group / PCC is demonstrably committed to the termination of the employment.*

*Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group / PCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.*

The Chief Constable terminated the contracts of a number of employees in 2024/25 incurring liabilities of £0.040m (£0.059m in 2023/24). See note 27 for the number of exit packages and total costs per band. There were no payments to Directors or equivalent in the form of compensation for loss of office or for enhanced pension benefits and all costs relate to police staff who were made redundant in a number of cost centres as part of the Chief Constable's savings plan and financial strategy.

**Note 42 - Exit Packages**

All redundancies in 2023/24 and 2024/25 were compulsory redundancies. The numbers of exit packages and total costs of the compulsory redundancies including pension strain costs paid to the Local Government Pension Scheme are set out in the table below.

Where an exit package was paid as part of the implementation of a BCH change programme, costs were pooled and shared between the three forces. As a result, the total costs of exit packages set out in the above table include all staff which Hertfordshire have contributed towards irrespective of the employing force.

Exit package cost band including special payments	Total number of exit packages		Herts Share of cost of exit packages		Total cost of exit packages	
	2023/24	2024/25	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
£0 - £20,000	1	4	12	12	12	28
£20,001 - £40,000	2	2	25	28	56	62
£40,001 - £60,000	1	-	22	-	50	-
£60,001 - £80,000	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
<b>Total</b>	<b>4</b>	<b>6</b>	<b>59</b>	<b>40</b>	<b>118</b>	<b>90</b>

In total 6 exit packages (4 in 2023/24) were paid to Hertfordshire employed staff during 2024/25 at a cost of £0.040m (£0.059m in 2023/24).

**Note 43 – Non-adjusting Balance Sheet Event**

The specialist training facility at Monks Wood required for the BCH Operational Support Unit (OSU) has been a feature of the capital programme in recent years. Whilst work continued to progress throughout 2024/25 to achieve a final design and contracted price the project has been ceased early in the 2025/26 financial year (following decisions at JCOB 21/05/25 and SAS 22/05/25) due to the tightening financial climate with the impact being that the estimated cost of the scheme has become unaffordable. The Constabulary is currently considering its position on other refurbishment options for the existing use and other training options.

A total of £1.7m expenditure was incurred on the project to 31st March including planning, preparation, surveys, and design costs which is shown in the PPE assets under construction/work in progress balance within the PCC for Cambridgeshire's Accounts. Additional costs are accruing in 2025/26 whilst the project is closed and contractors stood down.

The business case for this capital project was agreed on the basis that Cambridgeshire would continue to own the property with a licence arrangement being provided to Bedfordshire Police and Hertfordshire Constabulary for use of the newly created asset. Bedfordshire Police and Hertfordshire Constabulary have provided assurance to underwrite their share of the overall project costs incurred by Cambridgeshire Constabulary to date should the project not complete. Hertfordshire's share of the amount is £1.1m.

## Police Pension Scheme Fund Accounts 2024/25

## FUND ACCOUNT

	Note	Police Pension Scheme 1987		Police Pension Scheme 2006		Police Pension Scheme 2015		Total All Schemes	
		2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
<b>Contributions receivable</b>									
From employer									
- normal 35.3%	P3	-	-	-	-	-28,638	-34,467	-28,638	-34,467
- early retirements	P3	-	-	-	-	-94	-513	-94	-513
From members	P3	-	-241	-	-3	-12,378	-13,124	-12,378	-13,368
<b>Transfers in</b>									
- individual transfers in from other schemes	P4	-	-	-	-	-32	-86	-32	-86
<b>Benefits payable</b>									
- pensions		47,171	50,395	449	203	380	456	48,000	51,054
- commutations and lump sum retirement benefits		6,145	7,438	41	238	327	580	6,513	8,256
- lump sum death benefits		141	353	-	-	268	-	409	353
<b>Payments to and on account of leavers</b>									
- refunds of contributions		-	-	-	-	62	318	62	318
- individual transfers out to other schemes	P4	-	69	-	-	9	51	9	120
<b>Net amount receivable for the year before top-up grant</b>		53,457	58,014	490	438	-40,096	-46,785	13,851	11,667
Transfer received from the Policing Body	P5	-53,457	-58,014	-490	-438	40,096	46,785	-13,851	-11,667
<b>Balance as at 31 March</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**NET ASSETS STATEMENT**

	<b>31 March 2024</b> <b>£'000</b>	<b>31 March 2025</b> <b>£'000</b>
April pension paid in advance in March	4,197	4,419
<b>Total Assets</b>	<b>4,197</b>	<b>4,419</b>
Commutation Payments Owing	-188	-569
Taxation Owing	-	
Amount Owing to Police Fund	-4,009	-3,850
<b>Total Liabilities</b>	<b>-4,197</b>	<b>-4,419</b>
<b>Net Assets</b>	<b>0</b>	<b>0</b>

**Note P1 - Summary of the Police Pension Scheme Fund Operations**

Employee contributions and employer's contributions are paid into the Police Pension Scheme Fund from which pension payments are made. The fund has no investments and is topped up by the PCC if the contributions are insufficient to meet the cost of pension payments. The PCC is then reimbursed by the Home Office. Any surplus in the fund is recouped by the PCC and paid to the Home Office. The underlying principle is that employer and employee contributions together will meet the full costs of pension liabilities being accrued in respect of currently serving employees while the Home Office will meet the costs of retirement pensions in payment, net of employee and the new employer contributions.

The financing of pension payments was taken out of the Formula Grant from April 2006 which instead takes into account the funding needed to support the cost of the employer contributions and lump sum payments, in respect of ill-health retirements.

**Note P2 - Accounting Policies**

The accounts have been prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the CIPFA.

The accounts summarise the transactions and net assets of the Police Pension Scheme Fund. They do not, however, take account of liabilities to pay pensions and other benefits after 31 March 2025.

All amounts have been prepared on an accruals basis except pension transfers to and from the scheme.

**Note P3 - Contributions Receivable****Employer and Employee Contributions**

The purpose of the employee and employer contribution rates under the new arrangements is to meet the accruing pension liabilities of currently serving police officers. This means the PCC meets all the costs of employing police officers, including the cost of future pension liabilities, at the time of employing them. From 1 April 2023, the employer's contribution rate was increased to 35.3% (from 31.0%) following the latest scheme valuation.

Separate contribution rates, a percentage of pensionable pay as shown below, apply to the three Police Pension Schemes.

	Employer Defined %	Employee %
Police Pension Scheme 1987	35.3	14.25 - 15.05
Police Pension Scheme 2005	35.3	11.00 - 12.75
Police Pension Scheme 2015	35.3	12.44 - 13.78

### Early Retirements

Early retirements due to ill-health from 1 April 2006 require the PCC to make a lump sum payment into the pension fund of twice the average pensionable pay in respect of all ill-health retirements.

### Note P4 - Transfers to or from other schemes

Where a police officer transfers to or from another police force there is no need for a cash transfer. A police officer who transfers out of the Police Pension Scheme to another pension scheme is entitled to ask for a cash equivalent transfer value to be paid across, equivalent to the value of their pension rights on leaving the scheme. This is paid from the Police Pension Fund. Similarly, an inward Transfer Value should be paid into the fund.

### Note P5 - Top-up Grant

Where employer and employee contributions paid into the Police Pension Scheme Fund are not sufficient to meet pension payments for that year, the deficit will be met by the PCC who is in turn reimbursed by a central government top-up grant paid by the Home Office. Any surplus in the fund would be paid back to the PCC who would then reimburse the Home Office as the party that brings the account into balance.

### Note P6 - Liabilities after year end

The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after 31 March 2025. The details in respect of the PCC's long-term police pension obligations are set out in the pensions-related disclosure note 38 that follows the main financial statements.

### Note P7 - Claims Arising from the Transitional Provisions in the Police Pension Regulations 2015

The Chief Constable of Hertfordshire, along with other Chief Constables and the Home Office, currently has 50 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 2019, the Supreme Court refused leave to appeal on the McCloud / Sargeant cases. In response

to this, the Treasury published a consultation on 16 July 2020 outlining the remedy for all Public Sector pension schemes, which includes the Police Pension Scheme.

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The results of the latest police pension valuation were implemented in 2024/25 and saw an increase in the employer's contribution rate from 31.0% to the 35.3%.

**Police and Crime Commissioner for Hertfordshire  
Annual Governance Statement 2024/25**

## **1 Executive Summary**

### **Overview**

The PCC for Hertfordshire is responsible for ensuring that the business of his office is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the PCC is responsible for putting in place proper arrangements for the governance of his affairs and facilitating the effective exercise of functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC also relies on the Chief Constable (CC) to support the governance and risk management processes. Therefore, in considering this Annual Governance Statement, in addition to considering his own arrangements, the PCC has also relied upon the governance processes within Hertfordshire Constabulary (HC) as reflected in the CC's Annual Governance Statement.

This is the Annual Governance Statement produced by the PCC and reflects the governance arrangements that were in place for the year ended 31 March 2025 and is up to the date of signing this document. The governance arrangements for the PCC's office have been developed in line with the Police Reform and Social Responsibility Act 2011, The Policing Protocol Order 2011, the Home Office Financial Management Code of Practice (FMCP) and existing guidance on the financial and governance matters that continue to apply, such as the CIPFA/SOLACE framework and are as follows:

- A) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- B) Ensuring openness and comprehensive stakeholder engagement.
- C) Defining outcomes in terms of sustainable economic, social, and environmental benefits.
- D) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- E) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- F) Managing risks and performance through robust internal control and strong public financial management.
- G) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

The Commissioner is committed to keeping governance arrangements under review and addressing issues as they arise.

Jonathan Ash Edwards was elected Police and Crime Commissioner for Hertfordshire in May 2024. As Police & Crime Commissioner, Jonathan's priorities are to keep Hertfordshire safe, ensure that record numbers of police officers translate into visible and responsive local policing, tackle violence against women and girls and for more offenders to be brought to justice.

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## **Summary of the Significant Governance Issues Identified 2024/25**

Internal Audit issued a minimal assurance report in 2024/25 relating to the Bedfordshire, Cambridgeshire and Hertfordshire (BCH) collaboration ICT innovation programme, led by Hertfordshire Constabulary. The audit identified significant areas of weakness in the governance of projects and the consistency of innovation and the management of change initiatives. This will be followed up during 2025/26.

### **Opinion**

Based on the opinion of the Head of Internal Audit and our own ongoing work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.

I propose to monitor the implementation and operation of these improvements, which will be under the direction and control of the Chief Constable.

### **Signatures of the Police and Crime Commissioner and Chief Finance Officer**



Jonathan Ash-Edwards  
Police and Crime Commissioner



Ian Rooney  
Chief Finance Officer

## **2 Key Governance Arrangements**

CIPFA published its “Delivering Good Governance in Local Government: Framework” followed by specific guidance notes for Policing Bodies. The key elements of the systems and processes which the Chief Constable has in place are aligned to the seven principles which are set out below:

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

### **Financial Regulations and Scheme of Corporate Governance**

The OPCC has an approved policy on anti-fraud and anti-bribery which is included within the Financial Regulations. The policy is designed to encourage prevention, promote detection and identify a clear pathway for investigation of fraudulent and/or corrupt activities or behaviour.

### **Decision-Making**

The PCC has made a policy statement on decision making which is shared with Bedfordshire and Cambridgeshire. This explains the statutory framework for decision making by PCCs, aligned to the Nolan principles of good governance, it sets out the decision-making process including the recording, transparency and publication of those decisions.

Under the policy, the Chief Executive/Chief of Staff and Chief Finance Officer are part of the legal framework to report contraventions of the law, financial requirements or maladministration.

The PCC’s Decision-Making Meeting is the decision-making forum for the PCC, particularly where decisions are not required to be taken in consultation with the Chief Constable, or where wider partnership issues or statutory duties are involved. Routine decisions or those in accordance with a previously approved policy or delegation need not be taken at the meeting but must be recorded fully for transparency purposes.

Decisions with background reports are published on the Commissioner’s website except where the decision is exempt from disclosure under the Freedom of Information Act 2000.

[Decisions and meetings](#)

Following the election of the new PCC, governance has been reviewed and updated. This change will continue into 2025/26. the Strategic Executive Board has been replaced by a different ‘holding to account’ framework. This includes the Resources Board which is responsible for ensuring sound financial planning and horizon scanning, monitoring the Constabulary’s risk register, oversight of the estates strategy, and monitoring the budget as well as the effectiveness of the Joint Audit Committee (JAC). The meeting is attended by the PCC, the Chief Constable, and senior members of their respective staff. Minutes of all meetings are published on the PCC’s website unless the subject matter is exempt under the Freedom of Information Act.

[Resources Board](#)

In addition, the PCC has introduced an accountability and performance meeting (APM) which is streamed to the public. This is between the PCC and Chief Constable and will include His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) inspection reports, topical policing and Hertfordshire issues and other topics. A performance meeting which is to take place every 2 months will focus on Constabulary performance and will comprise the PCC and Chief Constable and their executive teams.

### **Ethics**

On election, the Commissioner swears an oath of office that defines the standard of behaviour expected in office. The Commissioner's Code of Conduct gives a more detailed statement of the conduct applicable to the Commissioner and Deputy Commissioner.

#### [Accountability](#)

The Code applies to the Police and Crime Commissioner when acting or representing to act in that role. It also applies to his deputy when acting or representing to act in that role.

### **Complaints**

The PCC's website explains the complaints process and where a complaint should be directed whether it is against the Constabulary, the PCC's Office or the PCC. A complaint against the PCC can be raised with the Police and Crime Panel (PCP) and full details are provided on the PCP's website, to which a link is provided from the PCC website.

#### [Contact us & Complaints](#)

An enhanced police complaints procedure for the constabulary has been established within the PCC's Office and is managed by the Complaint Resolution Team (CRT). The team has first sight and initial contact and handling of all complaints regarding Hertfordshire Constabulary. CRT assesses and seek views from the complainant on whether a complaint is suitable for service recovery and then will manage the complaint accordingly outside of Schedule 3 of the Police Reform Act 2002. Some complaints, due to their nature, will need to be formally recorded within Schedule 3 of the Police Reform Act 2002 and therefore will be transferred to the Professional Standards Department in Hertfordshire Constabulary.

### **Declarations of Interest**

The register of interests of the PCC and of gifts and hospitality are published on the PCC's website.

#### [Disclosable Interests](#)

The PCC's Office has also established measures and procedures to demonstrate integrity and openness with regards to Gifts and Hospitality, expenses and business interests which are published on the PCC's website.

#### [Finances](#)

### **Office of the Police and Crime Commissioner**

The PCC has published a profile of his team together with information covering his leadership and wider team members. The Chief Executive of the PCC's office is the monitoring officer. He has delegated some of his work to the Deputy Chief Executive. Where necessary the Deputy Chief Executive can seek legal advice from the Legal Services Department at the Constabulary. The Deputy Chief Executive is a qualified lawyer and formerly a Local Authority Monitoring Officer who can also seek external legal

advice if specialist or independent expertise is required. Unlike Local Authorities, the PCC does not have a Head of Paid services, however there are effective arrangements in place for the discharge of the Head of Paid Services function.

[OPCC staff](#)

### **Equality and Diversity**

The PCC has stated his commitment to the aims of the Equality Act of 2010 which provides protection so that people do not face discrimination based on age, disability, gender reassignment, race, religion or belief, sex, sexual orientation, marriage and civil partnership and pregnancy and maternity. The PCC also holds the Chief Constable to account for the exercise of his duties under the act.

[Accountability](#)

The PCC commitment to equality and diversity is also included in his plan 'Fighting Crime, Making Hertfordshire Safer: Police and Crime Plan 2025-29', in which he reiterates his intention to hold the Chief Constable to account for the Constabulary's approach to meeting statutory duties in relation to equality and diversity.

[Police and Crime Plan](#)

### **B Ensuring openness and comprehensive stakeholder engagement. Engagement Strategy**

The Office of the Police and Crime Commissioner is in the process of broadening its approach to engaging with the public. This takes a number of forms, including an effort to systematically engage with elected representatives across the county, and furthering plans to work with and learn the views of a range of lesser heard from groups. To facilitate this, a new 'Outreach and Engagement Advisor' role has been created, and the Commissioner has had a number of productive meetings with councils and some of these lesser heard from groups over the first quarter of this year. Additionally, our 'Youth Commission' project will allow the OPCC to gain a deepened understanding how young people feel about issues relating to policing and crime and feed those perspectives into the constabulary directly.

### **Seeking The View**

Each year the PCC seeks the views of the public regarding police funding. For 2024/25, the Commissioner issued an open consultation letter linked to an online survey asking for views on an increase to council tax which would enable a number of improvements to the service the public receive, including enabling an expansion in frontline policing and delivering a number of investments.

[Previous consultations](#)

### **Volunteering**

The PCC through his website invites the public to get involved through volunteering. This includes through membership of scrutiny panels, dog welfare and custody visiting. The PCC also supplies the public with information regarding opportunities to volunteer within both the Criminal Justice System and the wider community in Hertfordshire.

[Volunteering Strategy 2021-26](#)

## **Partnerships**

The PCC works with a number of partnerships to join up service delivery to improve effectiveness and/or efficiency for the public. The PCC engages with Community Safety Partnerships which are made up of representatives from the responsible authorities. These include police, local authority, fire and rescue authorities, probation services and health.

These partners work together to protect their local communities from crime and help people feel safer. They discuss how to deal with issues such as antisocial behaviour, substance misuse and reoffending. They annually discuss local crime priorities and consult partners and the local community about how to deal with them.

The PCC is included in working groups to make recommendations on local government reorganisation in Hertfordshire and devolution to a strategic authority which may follow on.

## **C Defining outcomes in terms of sustainable economic, social and environmental benefits.**

### **Police and Crime Plan**

The Commissioner is required to issue a Police and Crime Plan as soon as practicable after taking office, and before the end of the financial year in which the Commissioner is elected. Following the election of a new Commissioner in 2024, the new 'Fighting Crime, Making Hertfordshire Safer – Hertfordshire Police and Crime Plan 2025-29' was launched. The Plan is structured around five priority areas:

- Making Hertfordshire safer.
- Strengthen local policing and build public confidence.
- Tackle crime and anti-social behaviour.
- Protect people from violence, abuse and exploitation.
- Bring offenders to justice and support victims.

Delivery of the Police and Crime Plan will be monitored through the Commissioner's accountability and governance structures, and progress will be reported periodically to the Police and Crime Panel.

[Police and Crime Plan](#)

### **Financial Plan**

The OPCC works with the Constabulary to produce a Medium-Term Financial Plan (MTFP), aligned to the Police and Crime Commissioner's Community Safety and Criminal Justice Plan, approved by the Strategic Executive Board (SEB) and accepted by the Police and Crime Panel for 2024/25 onwards in February 2024. The proposed precept increase for the policing element was £13.00 for a Band D property. This resulted in a net budget for 2024/25 of £267m and was aligned with the Government's commitment to increase resources within the police service and maintain the organisation's financial resilience.

[Item 7\(ii\) Police and Crime Panel 2024 25 Precept Consultation Report.pdf](#)

### **Sustainability Charter**

By signing the Emergency Services Environmental and Sustainability Group Charter, the PCC has agreed to embed sustainability considerations throughout the organisation, and measure and monitor progress. Members work towards a set of common goals to achieve national and international sustainability objectives.

### **D Determining the interventions necessary to optimise the achievement of the intended outcomes.**

#### **Police Collaboration**

The Commissioner maintains an oversight of Section 22 (of the Police Act 1996) collaboration agreements, particularly the major collaboration with Bedfordshire and Cambridgeshire police forces and PCCs (the BCH collaboration) and mechanisms are in place to hold these collaborative services to account through the Chief Constable.

The strategic direction and financial direction of BCH is managed via the Strategic Alliance Summit (SAS), which is made up of the six corporations sole, the PCCs and Chief Constables of Bedfordshire, Cambridgeshire and Hertfordshire. The operational implementation of the collaboration units is managed via the Joint Chief Officers Board (JCOB) which is made up of the three Chief Constables.

The key purpose and benefit of collaboration is to secure more efficient and/or effective services where they can be joined up. Another purpose and benefit is the drawing together of collective views, ideas and knowledge sharing helps to improve and deliver key requirements.

Collaborated services are provided to the parties with shared resources being instructed through a single line management structure and those resources remaining under the legal direction and control of their respective Chief Constable. By sharing resources across three Forces, the collaboration is able to drive economies of scale and make best use of available resources across the partners. The supporting structure allows each CC and PCC to have oversight and fulfil their responsibilities through Strategic Alliance Summit meetings and Joint Chief Officer Board meetings.

In addition, collaboration initiatives have been established with Bedfordshire, Hertfordshire, Norfolk and Suffolk, Essex, and Kent, operating on both 7 Force and 5 Force levels. These partnerships have successfully delivered several complex projects, such as the Firearms CFI and Governance, 7Force Procurement (Commercial Services), the 7Force PEQF (Police Education Qualifications Framework) Contract, 7Force Vetting, and various smaller initiatives.

Following a governance review in 2021, new structures were introduced to oversee both routine operations and project work. The focus of the 7 Force collaboration has since shifted towards enhancing procurement efforts aiming to increase purchasing power, streamline processes, and share best practices rather than jointly delivering policing services. Reflecting this change, the initiative is now referred to as the 7Force Network.

To ensure effective oversight, regular meetings and reporting mechanisms are in place for Commissioners and Chief Constables. Additionally, a Deputy Chief Constables (DCC) meeting receives reports from the 7Force Network Board, which is responsible for

monitoring project teams. In November 2024, a review was launched to explore future opportunities for regional collaboration.

### **Resources Board**

There is a framework of meetings and work to monitor and address issues related to the effectiveness and efficiency of the policing service delivered in Hertfordshire and where decisions need to be taken in consultation with the Chief Constable. These may include:

- Tracking progress against agreed revenue and capital budgets;
- Horizon scanning to anticipate future financial issues;
- Monitoring the Constabulary risk register;
- Reviewing, updating and monitoring delivery of the estates strategy;
- Agreeing the assumptions of the Medium-Term Financial Plan;
- Agreeing changes to the capital programme.

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

The OPCC takes a pro-active approach to staff development. OPCC staff complete a regular appraisal process with their named line manager. This process will continue to identify training requirements for individuals. Each member of staff has a job description which sets out their individual roles and responsibilities.

#### [OPCC staff](#)

The PCC has responsibility for conducting at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review is informed by the work of the Chief Executive, the CFOs, internal auditors, the Head of Internal Audit report and also managers within the OPCC and Constabulary who have the responsibility for the development and maintenance of the governance environment. The OPCC has adopted the Human Resources policies established by the Bedfordshire, Cambridgeshire and Hertfordshire collaborated HR department with some amendments where necessary to reflect the different roles required. Regular conversations take place between individuals and managers to ensure oversight of wellbeing, to guide and support in the achievement of work-based objectives and to support personal and professional development.

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

#### **Annual Report**

The PCC makes his commitments and objectives for policing clear in his Police and Crime Plan which was informed by the views of the electorate. It is against this plan that the PCC is measured and monitoring of outcomes are assessed against, which is undertaken by both the Resources Board (formerly the Strategic Executive Board) and the Police and Crime Panel. The outcomes are made visible to the public through the Annual Report last published in June 2024 when presented to the Police and Crime Panel. The report for the year 2024/25 will be presented to the panel on 19 June 2025.

#### [Police and Crime Commissioner Meeting | hertspcptest](#)

### **Risk Management**

Risk management is embedded into the work of the OPCC on an ongoing and continuous basis. A strategic risk register is in place and endorsed by the Joint Audit Committee. The OPCC has a Risk Management Strategy shared with the Constabulary, endorsed by the Joint Audit Committee, its purpose is to ensure that risk management is embedded into the governance structure and that it effectively underpins and enables the business. The strategy sets out the joint controls' assurance mechanisms and responsibilities. The Joint Audit Committee oversees the risk management arrangements of the OPCC and the Constabulary and ensures that the processes are aligned.

### **Performance Management**

The PCC scrutinises the Chief Constable's performance management processes to ensure that policing priorities are translated into specific objectives and then onto individual performance targets for officers. This applies equally to collaboration projects. The PCC holds public Accountability and Performance Meetings with the Chief Constable every month, which are available to view online. The PCC also attends a Constabulary Performance Meeting with the Chief Constable and their executive teams, where the performance of the Constabulary is regularly reviewed. Together with attendance at the Accountability and Performance Meeting, there are weekly meetings with the Chief Constable to ensure the PCC has input where necessary.

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

The Chief Executive of the PCC's office has provided assurance that the Scheme of Governance works within the following principles:

- The PCC holds decision making meetings where he makes decisions particularly where decisions are not required to be taken in consultation with the CC, or where wider partnership issues or statutory duties are involved. Decisions are published on the PCC's website.
- There are weekly Executive Management Team and monthly Senior Management Team meetings to plan future work and decision-making schedules, and regular strategic planning meetings involving all staff.
- The Resources Board and other meetings outlined above are the fora for issues related to the effectiveness and efficiency of the policing service delivered in Hertfordshire and where decisions need to be taken that require both parties to agree in accordance with the Scheme of Governance and the respective duties of each holder of office.
- The PCC and Constabulary are subject to an extensive internal and external inspection regime and the results of these inspections are published to ensure scrutiny of decision-making.
- The PCC's Chief Executive also performs regular reviews of his staff structure to ensure that objective setting and tasking is coordinated across individual directorates.
- The Elected Local Policing Bodies (Specified Information Order) 2011 (as amended) ("SIO") places a duty on the PCC to publish certain information within specified timescales, and for that information to be reviewed at prescribed frequencies. Compliance is also published on the PCC's website.

[Specified Information Order](#)

### **3 Evaluation of the Effectiveness of Governance**

The PCC has the responsibility for conducting, at least annually, a review of the effectiveness of the governance framework for his office, including the system of internal control. The effectiveness of the governance arrangements as reported in the Annual Governance Statement is considered by the Joint Audit Committee.

#### **Police and Crime Panel**

The Police and Crime Panel's role is to scrutinise, challenge and support the work of the Commissioner, maintaining a check and balance on the performance of the Commissioner in regard to the strategic actions and decisions made, including whether the Commissioner has:

- Achieved the aims set out in the Commissioner's Police and Crime Plan and annual report.
- Considered the priorities of community safety partners.
- Consulted appropriately with the public and victims.

The Panel does not scrutinise Hertfordshire Constabulary; it scrutinises how the PCC carries out his statutory responsibilities. While the Panel is there to constructively challenge the PCC, it also has a key role in supporting the Commissioner in his role in enhancing public accountability of the police force.

The Commissioner is required to consult with the Panel on his plans for policing, as well as the precept (the money collected from council tax for policing) and certain key appointments. [Police and Crime Panel](#)

#### **The Joint Audit Committee (JAC)**

The JAC undertakes the core functions of an audit committee in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities and Police'.

The Joint Audit Committee plays a pivotal role in the system of internal control through its oversight of audit arrangements. The Committee approves the external audit plan and receives the annual audit letter from the external auditor. The Committee also considers the annual internal audit plan, receives regular internal audit reports and monitors management performance against agreed action plans to address any areas for improvement identified. In addition, the Committee oversees progress on risk management and related issues.

[Audit Committee](#)

#### **Internal Audit**

Internal Audit provided an independent opinion on the adequacy and effectiveness of the Constabulary's system of internal control, stating that the organisation has an adequate and effective framework for risk management, governance and internal control. However, Internal Audit identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Internal Audit issued seven reports during 2024/25 for the OPCC and the Constabulary concluding that reasonable assurance could be taken in five reports. A partial assurance report was issued in relation to the Storage and Handling of Exhibits, and an advisory report identified significant findings in relation to Cyber Assets.

- Estates and Facilities Management
- Storage and Handling of Exhibits / Evidence
- FCR Demand Management
- Officer Overtime and Allowances
- Payments and Creditors Management review
- Cyber Assets Management review
- Follow-up report on previous audits

Internal Audit also undertook five audits in relation to collaborated activity and issued one report with a split partial and substantial assurance opinion and one minimal assurance report relating to the BCH ICT Innovation Framework. Two further reasonable assurance reports and one substantial assurance report were issued.

- BCH Planning Process and Accounting Support
- BCH ICT – Innovation Framework
- BCH Payroll and Expenses
- BCH Corporate Review – Value for Money
- BCH Learning Needs Analysis and Accreditation

Internal Audit also performs an annual follow up of agreed management actions, as part of that work Internal Audit confirmed the Constabulary had made reasonable progress in implementing agreed management actions. The Constabulary also tracks the completion of management actions.

RSM UK has co-ordinated the first draft of this Annual Governance Statement, with assistance from senior officers and staff in the OPCC and Constabulary.

### **External Audit**

The PCC changed external auditors from BDO LLP to KPMG for 2024/25. However, like most public sector external auditors, BDO LLP did not undertake audit work for the 2021/22 and 2022/23 accounts until Autumn 2024 (following the government's implementation of a national backstop date for these two years). Consequently, BDO LLP issued Auditor's Annual Reports for these two years during 2024/25. In these reports BDO LLP issued a disclaimer of opinion as follows:

*“To clear the backlog of historical accounts and ‘reset’ the system, the Accounts and Audit (Amendment) Regulations 2024 required local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 (‘the backstop date’). To clear the backlog of historical accounts and ‘reset’ the system, the Accounts and Audit (Amendment) Regulations 2024 required local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13*

*December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published. We were unable to issue our disclaimer of opinion by the backstop date as the PCC and CC we were adjusting the financial statements to correct arithmetic and internal consistency misstatements."*

Regarding VFM for the two years BDO LLP reported "We did not identify any significant weaknesses in respect of the PCC's and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code. "

The current external auditors, KPMG, also issued their 2023/24 Auditor's Annual Report during the year in which they also issued a disclaimer opinion on the financial statements. Current expectations are that local authority accounts will not reach unmodified status again until 2026/27.

In their Value for Money (VFM) assessment, KPMG, identified "significant deficiencies in the organisation's financial reporting and governance. Recurring delays in producing accurate financial statements, combined with substantial errors and omissions, indicated weaknesses in the accounts preparation processes. Notably, the failure to publish the Annual Governance Statement (AGS) alongside the financial accounts compromised transparency and accountability. These issues placed undue strain on the finance team and highlighted significant risks to the organisation's governance arrangements. To address these problems, it is recommended that management must prioritise accurate and timely financial reporting and ensure full compliance with regulatory requirements, including the prompt publication of the AGS, in conjunction with a thorough review and reconciliation of prior year balances."

### **His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)**

HMICFRS are commissioned by the Home Secretary to undertake inspections of police forces and fire and rescue services. PEEL (Police Effectiveness, Efficiency and Legitimacy) is HMICFRS's annual assessment of police forces in England and Wales. Forces are assessed on their effectiveness, efficiency and legitimacy. Until 2018/19 each was inspected separately each year. HMICFRS has now adopted an integrated approach to inspections. Integrated PEEL Assessment (IPA) combines the forces into a single inspection on the areas of PEEL.

The latest PEEL inspection report was published in October 2024, with a 'good' assessment rating for preventing and deterring crime and antisocial behaviour. The report assessed four areas as 'requiring improvement'; these included: responding to the public, investigating crime, protecting vulnerable people, and leadership and force management. The Constabulary received an 'inadequate rating' for recording crime data; a Gold Group has been established, overseen by the Deputy Chief Constable, charged with addressing the areas of weakness highlighted in the PEEL report, with an emphasis on the recording of crime data. A reinspection in April 2025 showed significant improvement but work continues.

#### 4 Accountability and Action Plans

Account for actions taken in 2024/25 to address significant issues identified in previous year's AGS.

##### Issue

###### **BCH Procurement follow up**

Internal Audit reported that in their opinion the organisations had demonstrated poor progress in implementing the agreed management actions from at the time of the audit in 2019/20. A further review in 2021/22 also reported poor progress and another review was added to the Internal Audit Plans for 2022/23 and 2023/24.

In their 2023/24 Value for Money (VFM) assessment, the auditors, KPMG, identified significant deficiencies in the organisation's financial reporting and governance. See section 3 for further detail.

##### Action

Internal Audit delivered a partial assurance report in this area in 2023/24. Actions have been identified to address weaknesses and progress against these will be reviewed as part of further follow up audits. Actions were delayed to ensure they included any response to the Procurement Act 2023 and Regulations made under it which came into force in February 2025.

It is management's view that the issue highlighted has arisen due to several compounding threads that are not expected to repeat in the future. These include late completion of the 2021/22 and 2022/23 audits by the PCC's previous external auditor BDO (which resulted in the back stop date for those years being missed), the compounding of adjustments through multiple unaudited accounts and resultant balances adjustment and the need to work on three accounts audits.

## Glossary of Terms

The definitions within this glossary are designed to give the user an understanding of the technical terminology contained within the Statement of Accounts

### Accounting Policies

Those principles, bases, conventions, rules and practices applied by the PCC, that specify how the effects of transactions and other events are to be reflected in its financial statements through i) recognising, ii) selecting measurement bases for, and iii) presenting assets, liabilities, gains, losses and changes to reserves.

### Accrual

The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

### Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or b) the actuarial assumptions have changed.

### Budget

A statement of the PCC's financial plans for a specified period of time, usually one year.

### Capital Programme

A statement of proposed capital projects for current and future years.

### Capital Financing Requirement

The Capital Financing Requirement (CFR) represents the level of capital investment not financed by grant, capital receipts or revenue

contribution and which therefore needs to be financed either by external borrowing or internal borrowing through the use of cash balances. The CFR attracts a statutory annual revenue charge known as Minimum Revenue Provision (MRP)

### Capital Receipts

Proceeds of not less than £10,000 from the sale of fixed assets. They may be used to finance new capital expenditure or repay debt. They cannot be used to finance normal day to day revenue spending.

### Carry-forwards

These are underspends at the year-end which are carried forward into the next financial year to support that year's expenditure plans.

### Creditors

Amounts owed by the PCC at the 31st March for goods received or services rendered but not yet paid for.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

### Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**Debtors**

Amounts owed to the PCC which are collectable or outstanding at 31st March.

**Defined Benefit Scheme**

A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded as in the case of the LGPS or unfunded as in the case of the Police Pension Scheme.

**Depreciation**

The measure of the cost or re-valued amount of the benefits of the fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence, through either changes in technology or demand for the goods and services produced by the asset.

**Emoluments**

All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

**Expected Rate of Return on Pensions Assets**

For a funded, defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the

remaining life of the related obligation on the actual assets held by the scheme.

**Fair Value**

The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

**Finance Lease**

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

**Government Grants**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

**Impairment**

A reduction in the value of a fixed asset, reflecting a general fall in prices or losses due to physical damage or deterioration in an asset.

**Intangible Fixed Assets**

Non-financial fixed assets that do not have physical substance but are identified and controlled by the PCC through custody and legal rights.

**Interest Cost (Pensions)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Inventories**

The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

**Investments**

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the PCC. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

**Liquid Resources**

Current asset investments that are readily disposable by the PCC without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**Minimum Revenue Provision (MRP)**

The aim of the MRP charge is to set cash aside in order to ensure the PCC has the funds to repay outstanding principal or replenish internal cash balances. Each year the PCC is required to set a policy as to the approach it will take in making MRP.

**Net Book Value**

The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

**Net Current Replacement Cost**

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**Net Debt**

The PCC's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

**Net Realisable Value**

The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

**Non-Distributed Costs**

These are overheads for which no user now benefits and should not be apportioned to services.

**Operating Lease**

A lease other than a finance lease.

**Police Grant**

A specific grant paid by the Home Office to support the PCC's revenue expenditure. It is a fixed sum calculated by the government on an assumed needs basis.

**Precept**

A levy which the PCC makes through the council tax to pay for services.

**Past Service Cost**

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Prior Period Adjustments**

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Reserves**

Amounts set aside to cover general expenditure needs in the future.

**Revenue Contributions to Capital Outlay (RCCO)**

Contributions from revenue to finance capital expenditure and thus reduce the requirement to borrow.

**Revenue Expenditure**

Spending on day-to-day items, including salaries, premises costs and supplies and services.

**Revenue Support Grant**

A grant paid by central government towards the costs of the service.

**Specific Reserves**

Amounts set aside for a specific purpose to meet future commitments or liabilities.

**Sponsorship**

The voluntary provision of non-public funds, services or equipment which enables the police to enhance or extend the normal services provided