Consolidated Statement of Accounts

2025/26

The Police and Crime Commissioner for Hertfordshire Group

Contents

Narrative Report

1. Organisational Overview and External Environment

The Police and Crime Commissioner for Hertfordshire (PCC) is responsible for securing an efficient and effective police service and ensuring that public money is safeguarded and properly accounted for and used economically, efficiently and effectively. Governance arrangements supporting these responsibilities are set out in the Annual Governance Statement (AGS).

The external environment continues to be characterised by financial constraints, inflationary pressures, workforce cost pressures and increasing operational demand. These factors introduce uncertainty into financial planning and the Medium-Term Financial Strategy (MTFS).

2. Governance

The Commissioner operates within established governance arrangements supported by statutory officers and formal scrutiny structures.

The Annual Governance Statement confirms that the Commissioner has put in place proper arrangements for governance, risk management and internal control, supported by Hertfordshire Constabulary. It also confirms that no significant governance issues were identified in 2025/2026 and that governance, risk management and internal control arrangements are adequate and effective.

This assessment of governance is informed, in part, by the work of internal audit during the year, which concluded that the framework for governance, risk management and internal control is adequate and effective, whilst identifying areas requiring further enhancement, as set out in the Annual Governance Statement.

This provides assurance that the financial performance and position set out in this Narrative Report are supported by an effective control framework. However, financial sustainability remains dependent on the delivery of planned savings, maintenance of strong financial discipline, continued strengthening of audit readiness, and timely implementation of agreed management actions.

These areas remain subject to governance and oversight through the Joint Audit Committee (JAC) and Resources Board, as described in the Annual Governance Statement.

3. Operational Model

The Commissioner allocates resources and commissions policing services delivered by Hertfordshire Constabulary and partners. Governance oversight is provided through established forums including the Resources Board and Joint Audit Committee, as detailed in the Annual Governance Statement.

The operational model continues to rely in part on non-recurring mitigations, including vacancy-related underspends, which presents a risk to longer term financial sustainability.

4. Strategy and Resource Allocation

Financial strategy is defined through the Medium-Term Financial Strategy and aligned to the Police and Crime Plan. Resource allocation reflects the need to balance policing priorities, financial constraints and sustainability.

The strategy includes planned savings, a council tax precept increase and initial steps to stabilise reserves. These arrangements are subject to scrutiny and oversight through established governance processes.

5. Performance

Net revenue expenditure for 2025/2026 was £280.733m against a budget of £279.857m, representing an overspend of £0.876m (0.31%). This position includes a one-off capital write-off and is supported by non-recurring factors including timing differences and vacancy-related underspends.

The Annual Governance Statement provides assurance over the effectiveness of internal control and oversight arrangements supporting this performance.

6. Risks and Opportunities

The principal risks relate to financial resilience, delivery of savings, workforce cost pressures, income volatility and wider economic uncertainty.

The Annual Governance Statement confirms that risk management arrangements are embedded and overseen through a strategic risk framework, although risks remain material and require active management.

7. Outlook

The financial outlook remains challenging and subject to uncertainty. The organisation faces ongoing structural pressures, low reserves relative to risk and increasing capital financing costs.

Financial sustainability is dependent on delivery of savings, effective cost control and active risk management. Governance and monitoring arrangements set out in the Annual Governance Statement provide oversight of these risks.

8. Basis of Preparation

This Narrative Report has been prepared in accordance with Section 3.1 of the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom (“The Code”). It provides a fair, balanced and understandable analysis of the Commissioner’s financial performance, financial position, governance context and principal risks. The detailed basis of preparation, including accounting policies, reporting entity considerations and critical judgements in applying those policies, is set out in the notes to the financial statements.

The content of this Narrative Report has been determined based on materiality and relevance to users. It reflects the underlying organisational and reporting structure of the Commissioner and the Chief Constable, including the basis on which the reporting boundary is defined and applied.

The financial statements reflect the Commissioner and the Chief Constable as separate legal entities that together form a single economic entity for financial reporting purposes. The Narrative Report therefore aligns with the structure and presentation of the Statement of Accounts, including the treatment of group relationships and the consideration of materiality in determining the group boundary. The detailed basis on which these judgements are applied, and their impact on the financial statements, is set out within the Accounting Policies and supporting notes.

This Narrative Report should be read in conjunction with:

- the Statement of Accounts, including the Accounting Policies note, which sets out the detailed basis of preparation, recognition and measurement adopted, and
- the Annual Governance Statement, which provides assurance on the Commissioner's governance framework, risk management and system of internal control.

Basis of Financial Reporting and Group Boundary

The Statement of Accounts summarises the Police and Crime Commissioner's (the Commissioner's) transactions for the financial year ended 31 March 2026 and the financial position at that date.

The Accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom, which is based on International Financial Reporting Standards (IFRS), as adopted by CIPFA and LASAAC. The Accounts present a true and fair view of the financial performance and position of the Commissioner.

Corporate Structure and Reporting Entity

Under the Police Reform and Social Responsibility Act 2011, the Commissioner and the Chief Constable are established as separate legal entities, each being a corporation sole.

The Police and Crime Commissioner retains responsibility for the overall financial administration, including holding the Police Fund, setting the budget and council tax precept, and determining the funding framework within which policing is delivered.

The Chief Constable is responsible for the direction and control of the Constabulary and the operational use of resources.

Both the Police and Crime Commissioner and the Chief Constable are required to produce separate Statements of Accounts in accordance with statutory requirements.

For financial reporting purposes:

- General funding, including council tax and core grant funding, is recognised in the Police and Crime Commissioner accounts. Income, grants and contributions that are directly attributable to expenditure incurred by the Chief Constable are recognised in the Chief Constable's accounts where this reflects the underlying substance of the transaction and is consistent with the accounting policies and the Code.
- Expenditure on operational policing is incurred by the Chief Constable and charged to the Commissioner
- The Police and Crime Commissioner and the Chief Constable are treated as a group in accordance with the Code

Group Boundary and Consolidation

For financial reporting purposes, the Police and Crime Commissioner is treated as the parent entity and the Chief Constable as a subsidiary entity. Group accounts are prepared by the Police and Crime Commissioner where the financial impact of consolidation is material in accordance with the Code. The Chief Constable's accounts recognise those transactions, balances and liabilities that relate to resources under the Chief Constable's direction and control.

Judgement is applied in determining:

- the extent of the group boundary, and
- the materiality of group transactions and balances

These judgements are made in accordance with the requirements of the Code and have a direct impact on the presentation of the financial statements, including the treatment of intra-group transactions and disclosures. The detailed basis on which these judgements are applied is set out in the Accounting Policies note to the financial statements.

Scope and Basis of Preparation

The Accounts have been prepared on a going concern basis and in accordance with the accruals concept, such that income and expenditure are recognised when they are earned or incurred, rather than when cash is received or paid.

The detailed accounting policies adopted by the Commissioner, including the recognition and measurement of:

- property, plant and equipment
- financial instruments (including investments and borrowing)
- employee benefits and pension liabilities
- provisions and reserves

are set out in the Accounting Policies and supporting notes to the financial statements.

This section provides a high-level explanation of the organisational structure, reporting entity and basis of financial reporting for the Police and Crime Commissioner's Statement of Accounts. It is intended to assist the reader in understanding the relationship between the Police and Crime Commissioner, the Chief Constable and the Group accounts. It does not replace the formal accounting policies, critical judgements or supporting disclosures, which remain the authoritative basis for the preparation and presentation of the financial statements.

Further information on the financial statements presented in this document can be obtained from the Head of Finance at the Constabulary (email James.Kidd@herts.police.uk).

Ian Rooney - Chief Finance Officer to the Police and Crime Commissioner for Hertfordshire
June 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:**

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 2025/26 (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 March 2026.

Signed: * **Date:**

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 & Crime Commissioner for Hertfordshire

To be inserted following completion of the audit.

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Key Statements

Comprehensive Income and Expenditure Statement

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.

2024/25					2025/26		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Note**	**Group Comprehensive Income and Expenditure Statement**	**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
144,736	-1,736	143,000		Operational Delivery *	-	-	-
39,271	-820	38,451		Strategy And Prevention *	-	-	-
-	-	-		Public Contact, Custody & LPC *	132,773	-484	132,289
-	-	-		Crime & Public Protection *	47,367	-1,382	45,985
19,365	-1,701	17,664		Resources	19,861	-2,619	17,242
10,599	-21,938	-11,339		Corporate Budgets	13,258	-25,722	-12,464
4,740	-372	4,368		DCC Budgets	9,316	-265	9,051
34,441	-5,704	28,737		Protective Services	33,993	-6,617	27,376
19,795	-3,361	16,434		Operational Support	19,928	-3,544	16,384
15,384	-1,049	14,335		Organisational Support	15,717	-1,213	14,504
2,444	-13	2,431		Office of the PCC	2,568	-42	2,526
6,058	-4,846	1,212		PCC Commissioning	5,366	-4,799	567
296,833	**-41,540**	**255,293**		**Cost of Services**	**300,147**	**-46,687**	**253,460**
		-11,419	12	Other Operating Expenditure			-10,998
		73,416	13	Financing and investment income and expenditure			79,516
		-266,244	14	Taxation and Non-Specific Grants			-280,183
		51,046		**(Surplus)/Deficit on the Provision of Services**			**41,795**
		519	27	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			-7,684
		-192,418		Re-measurement of the net defined benefit liability			-76,536
		-191,899		**Other Comprehensive Income and Expenditure**			**-84,220**
		-140,853		**Total Comprehensive Income and Expenditure**			**-42,425**

2024/25				PCC Comprehensive Income and Expenditure Statement	2025/26		
Gross Expenditure £'000	**Gross Income £'000**	**Net Expenditure £'000**	**Note**		**Gross Expenditure £'000**	**Gross Income £'000**	**Net Expenditure £'000**
4,365	-	4,365		Operational Delivery *	-	-	-
1,184	-	1,184		Strategy And Prevention *	-	-	-
-	-	-		Public Contact, Custody & LPC *	4,222	-	4,222
-	-	-		Crime & Public Protection *	1,506	-	1,506
584	-	584		Resources	632	-	632
-	-	-		Corporate Budgets	-	-	-
143	-	143		DCC Budgets	296	-	296
1,039	-	1,039		Protective Services	1,081	-	1,081
597	-	597		Operational Support	633	-	633
464	-	464		Organisational Support	499	-	499
2,444	-13	2,431		Office of the PCC	2,568	-42	2,526
6,058	-4,846	1,212		PCC Commissioning	5,366	-4,799	567
16,878	**-4,859**	**12,019**		**Cost of Services**	**16,803**	**-4,841**	**11,962**
		-11,419	12	Other Operating Expenditure			-10,998
		484	13	Financing and investment income and expenditure			1,129
		-266,244	14	Taxation and Non-Specific Grants			-280,183
		275,179	15	Funding to the Chief Constable for financial resources consumed			285,134
		10,019		**(Surplus)/Deficit on the Provision of Services**			**7,044**
		519	27	(Surplus)/Deficit on revaluation of Property, Plant and Equipment Assets			-7,684
		37	38	Re-measurement of the net defined benefit liability			-96
		556		**Other Comprehensive Income and Expenditure**			**-7,780**
		10,575		**Total Comprehensive Income and Expenditure**			**-736**

* Following an organisational restructure in 2025/26, the 'Public Contact, Custody and Local Policing Command' and 'Crime and Public Protection' departments were created, largely containing functions previously within the 'Operational Delivery' and 'Strategy and Prevention' departments. Prior year comparators for 2024/25 balances and transactions have been disclosed in line with the structure in place during that time.

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.

Group Movement in Reserves 2025/26	**General Fund £’000**	**Other Usable Reserves £’000**	**Total Usable Reserves £’000**	**Unusable Reserves £’000**	**Total Group Reserves £’000**
Balance at 31 March 2024 carried forward	**18,424**	**88**	**18,512**	**-1,489,153**	**-1,470,641**
Movement in reserves during 2024/25					
Total Comprehensive Income and Expenditure	-51,046	-	-51,046	191,899	**140,853**
Adjustments between accounting basis and funding basis under regulations*	48,127	448	48,575	-48,575	**0**
Net Increase / (Decrease) in Year	**-2,919**	448	-2,471	143,324	**140,853**
Balance at 31 March 2025 carried forward	**15,505**	**536**	**16,041**	**-1,345,827**	**-1,329,786**
Historic Adjustment	-	-	-	10	**10**
Restated Balance at 31 March 2025 carried forward	**15,505**	**536**	**16,041**	**-1,345,817**	**-1,329,776**
Movement in reserves during 2025/26					
Total Comprehensive Income and Expenditure	-41,795	-	-41,795	84,220	**42,425**
Adjustments between accounting basis and funding basis under regulations*	40,955	-448	40,507	-40,507	**-**
Net Increase / (Decrease) in Year	-840	-448	-1,288	43,713	**442,425**
Balance at 31 March 2026 carried forward	**14,665**	**88**	**14,753**	**-1,302,104**	**-1,287,351**

* See Note 10

PCC Movement in Reserves 2025/26	**General Fund £'000**	**Other Usable Reserves £'000**	**Total Usable Reserves £'000**	**Unusable Reserves £'000**	**Total Group Reserves £'000**
Balance at 31 March 2024 carried forward	**18,424**	**88**	**18,512**	**87,225**	**105,737**
Movement in reserves during 2024/25					
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**
Net Increase / (Decrease) in Year	-2,919	448	-2,471	-8,104	**-10,575**
Balance at 31 March 2025 carried forward	**15,505**	**536**	**16,041**	**79,123**	**95,164**
Historic Adjustment	-	-	-	-	**-**
Restated Balance at 31 March 2025 carried forward	**15,505**	**536**	**16,041**	**79,123**	**95,164**
Movement in reserves during 2025/26					
Total Comprehensive Income and Expenditure	-7,044	-	-7,044	7,780	**736**
Adjustments between accounting basis and funding basis under regulations*	6,204	-448	5,756	-5,756	**-**
Net Increase / (Decrease) in Year	-840	-448	-1,288	2,024	**736**
Balance at 31 March 2026 carried forward	**14,665**	**88**	**14,753**	**81,147**	**95,900**

* 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	Group	
31 March 2025 £'000	**31 March 2026 £'000**			**31 March 2025 £'000**	**31 March 2026 £'000**
177,110	208,942	16	Property, Plant and Equipment	177,110	208,942
1,003	901	19	Intangible Assets	1,003	901
-	2,040		Assets Held for Sale	-	2,040
5,857	5,060	36	Right of Use Assets	5,857	5,060
2,500	2,500	25	Long-Term Investments	2,500	2,500
62	62		Long-Term Debtors	62	62
186,532	**219,505**		**Long-Term Assets**	**186,532**	**219,505**
9,000	6,301		Short-Term Investments	9,000	6,301
12,438	9,065	22	Short-Term Debtors	36,327	38,165
1,516	18,434	30	Cash and Cash Equivalents	1,516	18,434
-	782	24	Intra-Entity Debtor	-	-
22,954	**34,582**		**Current Assets**	**46,843**	**62,900**
-7,112	-9,900	23	Short-Term Creditors	-34,543	-35,710
-914	-992	36	Short-Term Lease Liabilities	-914	-992
-42,210	-30,210		Short-Term Borrowing	-42,210	-30,210
-	-	27	Provisions for Accumulated Absences	-8,820	-8,681
-6,891	-	24	Intra-Entity Creditor	-	-
-57,127	**-41,102**		**Current Liabilities**	**-86,486**	**-75,593**
-	-		Provisions	-3,350	-2,508
-51,686	-112,681	21	Long-Term Borrowing	-51,686	-112,681
-4,980	-4,095	36	Long-Term Lease Liabilities	-4,980	-4,095
-529	-310	38	Other Long-Term Liabilities	-1,416,659	-1,374,880
-57,195	**-117,086**		**Long-Term Liabilities**	**-1,476,675**	**-1,494,164**
95,164	**95,899**		**Net Assets / (Liabilities)**	**-1,329,786**	**-1,287,352**
16,041	14,753	26	Usable Reserves	16,041	14,753
79,123	81,147	27	Unusable Reserves	-1,345,827	-1,302,104
95,164	**95,900**		**Total Reserves**	**-1,329,786**	**-1,287,351**

Signed: * **Date:***

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 how cash and cash equivalents are 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	
2024/25 £'000	**2025/26 £'000**		**2024/25 £'000**	**2025/26 £'000**
-10,019	-7,044	Net Surplus or (Deficit) on the Provision of Services	-51,046	-41,795
24,209	9,180	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	65,235	43,930
-439	-564	Adjustments for items included in the net Surplus or Deficit on the Provision of Services that are investing and financing activities	-439	-564
13,751	**1,571**	**Net cash flows from Operating Activities**	**13,751**	**1,571**
-41,498	-32,700	Investing Activities	-41,498	-32,700
28,125	48,047	Financing Activities	28,125	48,047
378	**16,919**	**Net increase or (decrease) in cash and cash equivalents**	**378**	**16,919**
1,138	1,516	Cash and cash equivalents at the beginning of the reporting period	1,138	1,516
1,516	**18,434**	**Cash and cash equivalents at the end of the reporting period**	**1,516**	**18,434**

Notes to the Statements of Accounts 2025/26

Note 1 - General Accounting Policies

This section explains the accounting policies that have been applied in preparing these accounts. The basis of preparation is also outlined in the Narrative Report.

General Principles

The Statement of Accounts summarises the transactions for the 2025/26 financial year and its position at the year-end of 31 March 2026. 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 the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26, published by CIPFA, supported by International Financial Reporting Standards 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.

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.

Capital Expenditure and Capital Financing

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.

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

Council Tax

The council tax and National Non-Domestic Rates (NNDR) 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 NNDR 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 NNDR 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.

Defined Benefit Pension Schemes

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 March 2006, the 2006 Police Pension scheme which closed to new members on the 31 March 2015 and the 2015 Police Pension Scheme which was introduced from 1 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.

Events after the Balance Sheet Date

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.

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.

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.

Grant & Partner Income – Government & Non-Government Grants

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.

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 March is added to the value of the investment.

Joint Arrangements

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.

Long-Term Contracts – Leases

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.

Property, Plant and Equipment

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, and from 2025/26 annual indexation applied to assets during the four intervening years 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 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.

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.

Termination Benefits

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.

Transfers To/From Earmarked Reserves

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 maintained to support the accounting treatment of non-current assets, financial instruments, retirement benefits and employee benefits. These reserves do not represent usable resources available to the PCC and are explained in the relevant accounting policies.

VAT

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

Note 2 - Changes in Accounting Policies

From the 2025/26 accounts, the requirement from IAS 16 Property, Plant and Equipment to apply annual indexation to assets during the four intervening years within the existing five-year full valuation cycle has been implemented.

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 2026/27.

- Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024

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 2025/26 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:

Group Comprehensive Income & Expenditure (CI&E)		
Chief Constable's CI&E		**PCC's CI&E**
Cost of Service		**Cost of Service**
- 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 policing services		
- Expenditure relating to IFRS16 not brought onto the balance sheet		
Other Operating Expenditure		**Other Operating Expenditure**
		- Surplus/Deficit on disposal of non-current assets - Pension Top-Up Grant Income
Financing & Investment		**Financing & Investment**
- IAS19 Pension Net Interest		- IAS19 Pension Net Interest - Capital Financing and Interest on Balances
Taxation and Non-Specific Grants		**Taxation and Non-Specific Grants**
		- Settlement Funding
		- Accounting for Council tax
Intra Entity Transfer		**Intra Entity Transfer**
- Transfer of funding from the PCC		- Transfer of funding to the CC
Movement in Reserves Statement		**Movement in Reserves Statement**
		- Revenue Contributions to Capital
		- Minimum Revenue Provision

Group Balance Sheet		
Chief Constable's Balance Sheet		**PCC's Balance Sheet**
Net Assets		**Net Assets**
- 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
Reserves		**Reserves**
- 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 2025/26 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 2026. 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 £0.301m 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	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.	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.
Property, Plant and Equipment	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. 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.	A 5% variation in the value of the PCC's Land and Building would result in an approximate £9.8m change to the value shown on the PCC's balance sheet. If useful lives are reduced the depreciation costs will increase and the carrying value of the assets will fall. 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.

Note 6 - Events after the Balance Sheet Date

There are no such events for 2025/26.

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:

	PCC 2024/25 £'000	PCC 2025/26 £'000	Group 2024/25 £'000	Group 2025/26 £'000
Fees Charges and Other Service Income	-584	-524	-14,267	-15,158
Interest and Investment Income	-1,028	-1,479	-1,028	-1,479
Income from Council Tax	-116,163	-124,926	-116,163	-124,926
Government Grants and Contributions	-166,024	-171,940	-189,022	-200,400
Employee Benefit Expenses	2,824	2,795	238,579	241,402
Other Service Expenses	5,678	5,138	49,880	51,121
Depreciation, Amortisation and Impairment	8,375	8,870	8,375	8,870
Interest Payments	1,511	2,608	74,443	80,995
Gains and Losses on Disposal of Non-Current Assets	248	1,369	248	1,369
PCC funding To CC for financial resources consumed	275,179	285,134	-	-
(Surplus) or Deficit on the Provision of Services	**10,019**	**7,044**	**51,046**	**41,794**

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

2024/25				2025/26		
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
143,000	6,181	149,181	Operational Delivery *	-	-	-
38,451	1,678	40,129	Strategy And Prevention *	-	-	-
-	-	-	Public Contact, Custody & LPC *	132,289	10,662	142,951
-	-	-	Crime & Public Protection *	45,985	3,804	49,789
17,664	826	18,490	Resources	17,242	1,594	18,836
-11,339	2,702	-8,637	Corporate Budgets	-12,464	5,212	-7,252
4,368	203	4,571	DCC Budgets	9,051	749	9,800
28,737	1,470	30,207	Protective Services	27,376	2,731	30,107
16,434	846	17,280	Operational Support	16,384	1,600	17,984
14,335	657	14,992	Organisational Support	14,504	1,262	15,766
2,431	-8	2,423	Office of the PCC	2,526	76	2,602
1,212	-	1,212	PCC Commissioning	567	-	567
255,293	**14,555**	**269,848**	**Cost of Services**	**253,460**	**27,690**	**281,150**
-204,247	-62,683	-266,930	Other Operating Expenditure	-211,665	-68,642	-280,307
51,046	**-48,127**	**2,919**	**(Surplus) or Deficit on the Provision of Services**	**42,795**	**-40,952**	**843**
		-18,424	**Opening General Fund**			**-15,505**
		2,919	Less Surplus / Plus Deficit on the General Fund for the Year			840
		-15,505	**Closing General Fund**			**-14,665**

* Following an organisational restructure in 2025/26, the 'Public Contact, Custody and Local Policing Command' and 'Crime and Public Protection' departments were created, largely containing functions previously within the 'Operational Delivery' and 'Strategy and Prevention' departments. Prior year comparators for 2024/25 balances and transactions have been disclosed in line with the structure in place during that time.

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

2024/25					2025/26			
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**
-4,365	10,948	-402	**6,181**	Operational Delivery *	-	-	-	**-**
-1,184	2,971	-109	**1,678**	Strategy And Prevention *	-	-	-	**-**
-	-	-	**-**	Public Contact, Custody & LPC *	-4,222	14,818	66	**10,662**
-	-	-	**-**	Crime & Public Protection *	-1,506	5,286	24	**3,804**
-584	1,464	-54	**826**	Resources	-632	2,216	10	**1,594**
2,633	-	69	**2,702**	Corporate Budgets	4,034	-	1,178	**5,212**
-143	359	-13	**203**	DCC Budgets	-296	1,040	5	**749**
-1,039	2,605	-96	**1,470**	Protective Services	-1,081	3,795	17	**2,731**
-597	1,498	-55	**846**	Operational Support	-633	2,223	10	**1,600**
-464	1,164	-43	**657**	Organisational Support	-499	1,753	8	**1,262**
-	41	-49	**-8**	Office of the PCC	-	141	-65	**76**
-	-	-	**-**	PCC Commissioning	-	-	-	**-**
-5,743	**21,050**	**-752**	**14,555**	**Cost of Services**	**-4,835**	**31,272**	**1,253**	**27,690**
-241	-61,280	-1,162	**-62,683**	Other Operating Expenditure	-1,805	-66,040	-797	**-68,642**
-5,984	**-40,230**	**-1,914**	**-48,127**	**(Surplus)/Deficit on the Provision of Services**	**-6,640**	**-34,768**	**456**	**-40,952**

* Following an organisational restructure in 2025/26, the 'Public Contact, Custody and Local Policing Command' and 'Crime and Public Protection' departments were created, largely containing functions previously within the 'Operational Delivery' and 'Strategy and Prevention' departments. Prior year comparators for 2024/25 balances and transactions have been disclosed in line with the structure in place during that time.

Note 9 - PCC Expenditure & Funding Analysis

2024/25				2025/26		
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**
4,365	-4,365	**0**	Operational Delivery *	-	-	**-**
1,184	-1,184	**0**	Strategy And Prevention *	-	-	**-**
-	-	**-**	Public Contact, Custody & LPC *	4,222	-4,222	**-**
-	-	**-**	Crime & Public Protection *	1,506	-1,506	**-**
584	-584	**0**	Resources	632	-632	**-**
-	2,633	**2,633**	Corporate Budgets	-	4,034	**4,034**
143	-143	**0**	DCC Budgets	296	-296	**-**
1,039	-1,039	**0**	Protective Services	1,081	-1,081	**-**
597	-597	**0**	Operational Support	633	-633	**-**
464	-464	**0**	Organisational Support	499	-499	**-**
2,431	-8	**2,423**	Office of the PCC	2,526	76	**2,602**
1,212	-	**1,212**	PCC Commissioning	567	-	**567**
12,019	**-5,751**	**6,268**	**Cost of Services**	**11,962**	**-4,759**	**7,203**
-2,000	-1,349	**-3,349**	Other Operating Expenditure	-4,918	-1,444	**-6,362**
10,019	**-7,100**	**2,919**	**(Surplus) or Deficit on the Provision of Services**	**7,044**	**-6,203**	**841**
		-18,424	**Opening General Fund**			**-15,505**
		2,919	Less Surplus / Plus Deficit on the General Fund for the Year			840
		-15,505	**Closing General Fund**			**-14,665**

* Following an organisational restructure in 2025/26, the 'Public Contact, Custody and Local Policing Command' and 'Crime and Public Protection' departments were created, largely containing functions previously within the 'Operational Delivery' and 'Strategy and Prevention' departments. Prior year comparators for 2024/25 balances and transactions have been disclosed in line with the structure in place during that time.

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

2024/25					2025/26			
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**
-4,365	-	-	**-4,365**	Operational Delivery *	-	-	-	**-**
-1,184	-	-	**-1,184**	Strategy And Prevention *	-	-	-	**-**
-	-	-	**-**	Public Contact, Custody & LPC *	-4,222	-	-	**-4,222**
-	-	-	**-**	Crime & Public Protection *	-1,506	-	-	**-1,506**
-584	-	-	**-584**	Resources	-632	-	-	**-632**
2,633	-	-	**2,633**	Corporate Budgets	4,034	-	-	**4,034**
-143	-	-	**-143**	DCC Budgets	-296	-	-	**-296**
-1,039	-	-	**-1,039**	Protective Services	-1,081	-	-	**-1,081**
-597	-	-	**-597**	Operational Support	-633	-	-	**-633**
-464	-	-	**-464**	Organisational Support	-499	-	-	**-499**
-	41	-49	**-8**	Office of the PCC	-	141	-65	**76**
-	-	-	**-**	PCC Commissioning	-	-	-	**-**
-5,743	**41**	**-49**	**-5,751**	**Cost of Services**	**-4,835**	**141**	**-65**	**-4,759**
-241	-15	-1,093	-1,349	Other Operating Expenditure	-1,805	-18	379	**-1,444**
-5,984	**26**	**-1,142**	**-7,100**	**(Surplus) or Deficit on the Provision of Services**	**-6,640**	**123**	**314**	**-6,204**

* Following an organisational restructure in 2025/26, the 'Public Contact, Custody and Local Policing Command' and 'Crime and Public Protection' departments were created, largely containing functions previously within the 'Operational Delivery' and 'Strategy and Prevention' departments. Prior year comparators for 2024/25 balances and transactions have been disclosed in line with the structure in place during that time.

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.

2024/25	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
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
Adjustments primarily involving the Capital Grants Unapplied Account:				
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
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES Costs of disposal of non-current assets funded from capital receipts	-448	448	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-	-	-

2024/25 Continued	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-
Adjustments primarily involving the Collection Fund Adjustment Account:				
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
Adjustments primarily involving the Pensions Reserve (PCC):				
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
Total PCC Adjustment	**7,100**	**448**	**-**	**-7,548**
Adjustments primarily involving the Pensions Reserve (CC):				
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
Adjustment primarily involving the Accumulated Absences Account:				
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
Total Group Adjustments	**48,127**	**448**	**-**	**-48,575**

2025/26	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Capital Adjustment Account:				
Charges for depreciation and impairment of non-current assets not charged to the Revaluation Reserve	8,860	-	-	-8,860
Amortisation of intangible assets	10	-	-	-10
Amounts of non-current assets written off on disposal or sale as part of the gain / loss on disposal to the CIES	1,817	-	-	-1,817
Statutory provision for the repayment of debt – Minimum Revenue Provision	-3,924	-	-	3,924
Capital expenditure charged against the Police Fund	-110	-	-	110
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital Grants Unapplied to CGU Reserve	-	-	-	-
Capital grants and contributions unapplied credited to the CIES	-12	-	12	-
Application of grants to capital financing transferred to the Capital Adjustment Account	-	-	-12	12
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-
Costs of disposal of non-current assets funded from capital receipts	-	-	-	-
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-448	-	448
Adjustment primarily involving the Deferred Capital Receipts Reserve:				
Transfer of deferred capital receipt proceeds credited as part of the gain / loss on disposal to the CIES	-	-	-	-
Adjustments primarily involving the Collection Fund Adjustment Account:				
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	-314	-	-	314

2025/26 Continued	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Movement in Unusable Reserves £'000
Adjustments primarily involving the Pensions Reserve (PCC):				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	260	-	-	-260
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-383	-	-	383
Total PCC Adjustment	**6,204**	**-448**	**-**	**-5,756**
Adjustments primarily involving the Pensions Reserve (CC):				
Reversal of items relating to retirement benefits debited or credited to the CIES (see note 38)	97,372	-	-	-97,372
Employer's pensions contributions and direct payments to pensioners payable in the year (see note 38)	-62,482	-	-	62,482
Adjustment primarily involving the Accumulated Absences Account:				
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	-139	-	-	139
Total Group Adjustments	**40,955**	**-448**	**-**	**-40,507**

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 2025/26.

	Balance 1 April 2024	2024/25 Transfers		Balance 31 March 2025	2025/26 Transfers		Balance 31 March 2026
		Out	In		Out	In	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Base Budget Support Reserve	**3,766**	-2,991	89	**864**	-976	112	**0**
Road Safety Fund	**1,539**	-22	-	**1,517**	-	96	**1,613**
Police Property Act Fund	**34**	-	35	**69**	-	56	**125**
Unconditional Funding Reserve	**485**	-200	170	**455**	-227	-	**228**
PCC Earmarked Reserve	-	-	-	**0**	-	300	**300**
Total Specific Reserves Group	**5,824**	**-3,213**	**294**	**2,905**	**-1,203**	**564**	**2,266**
Police Fund	**12,600**	-	-	**12,600**	-201	-	**12,399**
Total Specific and General Reserves Group	**18,424**	**-3,213**	**294**	**15,505**	**-1,404**	**564**	**14,665**

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 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.

PCC Earmarked Reserve
To fund the adaptation and equipment of a facial recognition vehicle and the delivery of two mobile police stations, using prior year underspend to support projects completing in 2026.

Note 12 - Other Operating Expenditure

	2024/25 £'000	**2025/26 £'000**
Gains / Loss on Disposal of Non-Current Assets	248	1,369
Police Pensions Top-Up Grant	-11,667	-12,367
Total Group & PCC	**-11,419**	**-10,998**

Note 13 - Financing and Investment Income and Expenditure

	2024/25 £'000	**2025/26 £'000**
Interest payable and similar charges	1,497	2,545
Interest receivable and similar income	-1,028	-1,434
Net interest on the net defined liability (PCC)	15	18
Total PCC	**484**	**1,129**
Net interest on the net defined liability (CC)	72,932	78,387
Provision for Doubtful Debt	-	-
Total Group	**73,416**	**79,516**

Note 14 - Taxation and Non-Specific Grant Income

	2024/25 £'000	2025/26 £'000
Home Office Settlement Grant	-150,072	-155,245
Council Tax Income	-117,304	-124,611
Capital grants applied	-9	-12
Council Tax – Movement on Collection Fund Adjustment Account	1,142	-314
Total Group	**-266,243**	**-280,182**

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.

	2024/25 £'000	2025/26 £'000
Chief Constable's Cost of Service	243,273	241,497
Pensions interest cost	72,932	78,387
Re-measurement of the net defined benefit liability	-192,455	-76,440
CI&E Statement (Surplus) Deficit Pre-PCC Funding	**123,750**	**243,444**
Items Removed through MIRS		
Pensions		
Opening Balance	1,568,330	1,416,130
Historic Adjustment	-	-10
Less Closing Balance	-1,416,130	-1,374,570
	152,200	**41,550**
Accumulated Absences		
Opening Balance	8,048	8,820
Less Closing Balance	-8,820	-8,681
	-772	**139**
PCC Funding for Resources Consumed	**275,179**	**285,133**

Note 16 - Property, Plant and Equipment

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

2025/26	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**
Cost or Valuation						
At 1 April 2025	**105,277**	**24,239**	**15,897**	**41,484**	**14,390**	**201,287**
Additions	1,006	2,736	2,466	29,454	-	35,662
Revaluation increases/(decreases) recognised in the Revaluation Reserve	5,025	-	-	-	2,030	7,055
Revaluations recognised in the Surplus/Deficit on Provision of Services	-686	-	-	-	-	-686
De-recognition	-	-2,863	-1,604	-	-	-4,467
Reclassified	-1,411	-	-	-	-	-1,411
Other movements in cost or valuation	-2,938	-	-	-	-	-2,938
At 31 March 2026	**106,273**	**24,112**	**16,759**	**70,938**	**16,420**	**234,502**
Depreciation and Impairments						
As at 1 April 2025	**-**	**13,983**	**10,193**	**-**	**-**	**24,176**
In Year Depreciation Charge	2,938	2,245	2,051	-	-	7,234
Depreciation written out to the Surplus/Deficit on the Provision of Services	-2,938	-	-	-	-	-2,938
De-recognition	-	-1,493	-1,312	-	-	-2,805
At 31 March 2026	**-**	**14,735**	**10,932**	**-**	**-**	**25,667**
Net book value						
At 1 April 2025	**105,277**	**10,256**	**5,704**	**41,484**	**14,390**	**177,111**
At 31 March 2026	**106,273**	**9,407**	**5,907**	**70,938**	**16,420**	**208,945**

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 2026-2030. 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 2025 and 2026 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**
31 March 2025				
- Borehamwood ex Police Station	-	-	5,560	**5,560**
- Watford ex Court Site	-	-	3,310	**3,310**
Watford Shady Lane	-	-	5,520	**5,520**
	-	-	14,390	**14,390**
31 March 2026				
- Borehamwood ex Police Station	-	-	5,030	**5,030**
Watford ex Court Site	-	-	4,270	**4,270**
Watford Shady Lane	-	-	7,120	**7,120**
	-	**-**	**16,420**	**16,420**

<u>Fair value hierarchy for financial assets and financial liabilities that are not measured at fair value</u>

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:

Asset Class	Estimated Life (Years)
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 31 March 2025 by Newmark Gerald Eve LLP. 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.
Following changes in CIPFA accounting policies, the freehold and leasehold properties were revalued in 2025/26 using appropriate indices identified by Newmark Gerald Eve LLP.

Specialist properties are valued using the DRC method, and represent the majority of Land and Buildings, totalling £92.545m (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 of transactions of comparable properties in their respective locations or other valuation approaches. The carrying value of non-specialist properties as at 31 March 2025 is £30.147m (25%) of which £16.420m 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 £0.010m charged to revenue in 2025/26 (2024/25 £0.393m) 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:

	2024/25 £'000	2025/26 £'000
Opening balances:		
Gross carrying amounts	10,555	10,759
Accumulated amortisation	-9,363	-9,756
Net opening carrying value	**1,192**	**1,003**
Purchases	204	191
Disposals (Cost)	-	-322
Disposals (Accumulated Amortisation)	-	39
Amortisation for the period charged to the Cost of Services in the Comprehensive Income and Expenditure Statement	-393	-10

Net closing carrying value	**1,003**	**901**
Comprising of:		
Gross carrying amounts	10,759	10,628
Accumulated amortisation	-9,756	-9,727
Net closing carrying value	**1,003**	**901**

Intangible Assets are identified in the following table:

Asset description	**Carrying Value 2024/25 £'000**	**Carrying Value 2025/26 £'000**	**Remaining Amortisation period**
Athena	84	25	2 to 3 years
Support Services software	-	-	-
Tuserv	325	420	1 to 5 years
CIS decommissioning	102	-	-
All other software	491	457	1 to 5 years
Total	**1,003**	**901**	

Note 20 - Capital Commitments

At 31 March 2026, 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 £4.090m. Similar commitments at 31 March 2025 were £26.385m. The commitments at 31 March 2026 relate to the HQ redevelopment, tasers and Fleet.

Note 21 – Financial Instruments

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 2025 £'000	**31 March 2026 £'000**	**31 March 2025 £'000**	**31 March 2026 £'000**
Financial Assets				
Fair value through profit and loss	2,500	2,500	-	-
Amortised cost other	62	62	23,597	39,211
Total Financial Assets (group)	**2,562**	**2,562**	**23,597**	**39,211**
Financial Liabilities:				
Amortised cost	-51,686	-112,681	-62,337	-49,865
Total Financial Liabilities (group)	**-51,686**	**-112,681**	**-62,337**	**-49,865**

Income & Expense from Financial Instruments

Group	Financial Liabilities	Financial Assets		Total
	At amortised cost £'000	Fair value through profit and loss £'000	At amortised cost £'000	£'000
2024/25				
Interest Payable and similar charges	1,496	-	-	**1,496**
Interest and investment income	-	-914	-114	**-1,028**
Net (income)/expense for the year	**1,496**	**-914**	**-114**	**468**
2025/26				
Interest Payable and similar charges	2,545	-	-	**2,545**
Interest and investment income	-	-1,328	-106	**-1,434**
Net (income)/expense for the year	**2,545**	**-1,328**	**-106**	**1,111**

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.

Financial Assets Fair value through profit and loss	Input level in Fair Value Hierarchy	Valuation Technique used to measure fair value	31 March 2025 £'000	31 March 2026 £'000
- Local Authorities Property Fund	Level 1 - derived from quoted prices in active markets	Bid Value	2,268	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 2025		31 March 2026	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
PWLB debt	-42,082	-31,642	-103,957	-96,123
Non-PWLB debt	-52,840	-50,311	-41,528	-38,744
Total debt (group)	**-94,922**	**-81,953**	**-145,485**	**-134,867**
Trade creditors & bank overdraft				
- PCC	-457	-457	-2,998	-2,998
- Chief Constable	-19,670	-19,670	-16,658	-16,658
Total Financial Liabilities (group)	**-115,049**	**-102,080**	**-165,140**	**-154,522**

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 2025		31 March 2026	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Call Accounts < 1 Year	1,082	1,082	2,168	4,137
Money market loans < 1 Year	1,440	1,440	16,570	16,570
Fixed Loans < 1 Year	8,000	8,111	7,000	2,504
Long Term Debtors	62	62	62	62
Trade Debtors	3,089	3,089	6,580	6,580
Other Receivables & Advances	9,987	9,987	6,893	6,893
Total Financial Assets (group)	**23,659**	**23,770**	**39,274**	**36,746**

2024/25 (GROUP)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial Liabilities carried at amortised cost				
Loans & Borrowings				
- PWLB loans	-	-31,642	-	-31,642
- Non-PWLB loans	-	-50,311	-	-50,311
Financial Liabilities 31 March 2024	**0**	**-81,953**	**0**	**-81,953**
2025/26 (GROUP)	**Level 1 £'000**	**Level 2 £'000**	**Level 3 £'000**	**Total £'000**
Financial Liabilities carried at amortised cost				
Loans & Borrowings				
- PWLB loans	-	-96,123	-	-96,123
- Non-PWLB loans	-	-38,744	-	-38,744
Financial Liabilities 31 March 2025	**-**	**-134,867**	**-**	**-134,867**

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:

	31 March 2025 £'000	31 March 2026 £'000
Net Trade Debtors	3,047	6,471
Year End Accruals	9,472	11,330
Grant & Partner Contributions Due	-	-
VAT Refund	2,846	2,670
Payments in Advance	8,483	8,596
Payroll Debtor	41	33
Total (Chief Constable)	**23,889**	**29,100**
Year End Accruals	490	-3,458
Police Pension Fund Debtor	4,838	4,858
Grant & Partner Contributions Due	-	-
Payments in Advance	-	-
Net Council Tax Debtors	7,110	7,665
Total (PCC)	**12,438**	**9,065**
Total (Group)	**36,327**	**38,166**

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 March 2026 the bad debt provision was £0.100m (31 March 2025 was £0.068m).

Note 23 - Short-Term Creditors

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

	31 March 2025 £'000	31 March 2026 £'000
Net Trade Creditors	-2,078	-1,835
Conditional Grant	-276	-19
Year End Accruals and Grant Held at Year End	-18,308	-17,008
Payroll Deductions	-6,768	-6,947
Total (Chief Constable)	**-27,430**	**-25,809**
Year End Accruals and Grant Held at Year End	-457	-2,998
Net Council Tax	-6,655	-6,896
Payroll Deductions	-	-6
Total (PCC)	**-7,112**	**-9,900**
Total (Group)	**-34,542**	**-35,710**

Note 24 - Intra-Entity Creditor / Debtor

Balances Held by the Chief Constable	31 March 2025 £'000	31 March 2026 £'000
- Short Term Debtors	23,889	29,100
- Short Term Creditors	-27,430	-25,810
- Provisions	-3,350	-2,508
Intra-Entity Debtor/(Creditor) PCC	**-6,891**	**782**

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:

Investments	31 March 2025 £'000	31 March 2026 £'000
Short Term		
Other Bodies	9,000	6,301
Long Term		
Local Authority Property Fund	2,500	2,500
Total (Group)	**11,500**	**8,801**

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.

	31 March 2025 £'000	31 March 2026 £'000
Earmarked Reserves	2,905	2,266
Police Fund	12,600	12,399
Unapplied Capital Receipts	448	-
Capital Grants Unapplied	88	88
Total (Group)	**16,041**	**14,753**

Note 27 - Unusable Reserves

	31 March 2025 £'000	31 March 2026 £'000
Revaluation Reserve	53,605	59,659
Capital Adjustment Account	25,328	20,189
Collection Fund Adjustment Account	454	768
Deferred Capital Receipts Reserve	263	839
Pensions Reserve (PCC)	-529	-310
Total Unusable Reserves (PCC)	**79,121**	**81,147**
Pensions Reserve (Chief Constable)	-1,416,130	-1,374,570
Accumulated Absences Account	-8,820	-8,681
Total Group Unusable Reserves (Group)	**-1,345,829**	**-1,302,106**

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.

	2024/25 £'000	2025/26 £'000
Balance at 1 April	**56,108**	**53,605**
Historic Adjustment	59	-
Upward revaluation of assets	2,154	9,354
Downward revaluation of assets and impairment losses not posted to the Surplus or Deficit on the Provision of Services.	-2,673	-1,670
(Surplus) or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	**-460**	**7,684**
Difference between fair value depreciation and historical cost depreciation	-1,756	-1,631
Accumulated gains on assets sold or scrapped	-287	-
Amount written off to the Capital Adjustment Account	**-2,043**	**-1,631**
Balance at 31 March	**53,605**	**59,659**

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.

	2024/25 £'000	2025/26 £'000
Balance at 1 April	**29,776**	**25,328**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
Charges for depreciation and impairment of non-current assets	-7,983	-8,860
Amortisation of intangible assets	-393	-10
Current Value versus Historic Cost Depreciation Adjustment	1,756	1,631
Revaluation Gains outstanding on disposal	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	-698	-1,945
Net written out amount of the cost of non-current assets consumed in the year:		
Use of the Capital Receipts Reserve to finance new capital expenditure	-	-
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	9	12
Statutory provision for the financing of capital investment charged against the Police Fund and HRA balances	2,535	3,924
Capital expenditure charged against the Police Fund	98	110
Historic Adjustment	-59	-
Balance at 31 March	**25,328**	**20,189**

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.

	2024/25 £'000	2025/26 £'000
Balance at 1 April (PCC)	**-518**	**-529**
Actuarial gains or losses on pensions assets and liabilities	1,242	-1
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	-368	-260
Employer's pensions contributions and direct payments to pensioners payable in the year	394	383
Effect of Asset Ceiling	-1,279	97
Balance at 31 March (PCC)	**-529**	**-310**
Balance at 1 April (Chief Constable)	**-1,568,330**	**-1,416,130**
Historical Adjustment	-	10
Adjusted Balance at 1 April (Chief Constable)	**-1,568,330**	**-1,416,120**
Actuarial gains or losses on pensions assets and liabilities	251,494	76,274
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	-98,706	-97,372
Employer's pensions contributions and direct payments to pensioners payable in the year	58,451	62,482
Effect of Asset Ceiling	-59,039	166
Balance at 31 March (Chief Constable)	**-1,416,130**	**-1,374,570**
Adjusted Balance at 1 April (Group)	**-1,568,848**	**-1,416,649**
Balance at 31 March (Group)	**-1,416,659**	**-1,374,880**

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.

	2024/25 £'000	2025/26 £'000
Balance at 1 April	**1,596**	**454**
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	-1,142	314
Balance at 31 March	**454**	**768**

e) Accumulated Absences Account

	2024/25 £'000	2025/26 £'000
Balance at 1 April	**-8,048**	**-8,820**
Settlement or cancellation of accrual made at the end of the preceding year	8,048	8,820
Amounts accrued at the end of the current year	-8,820	-8,681
Balance at 31 March	**-8,820**	**-8,681**
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	-772	139

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.

	2024/25 £'000	2025/26 £'000
Balance at 1 April	**263**	**263**
Transfer of deferred sale proceeds credited as part of the gain / loss on disposal to the Comprehensive Income and Expenditure Statement	-	576
Balance at 31 March	**263**	**839**

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:

	2024/25 £'000	2025/26 £'000
Adjustment for non-cash movements (PCC):		
Depreciation of Non-Current Assets	6,888	8,174
Impairment and downward valuation of Non-Current Assets	1,095	686
Amortisation of Intangible Assets	393	10
Revenue Contribution to Capital Outlay	-	-
Carrying Amount of Sold Non-Current Assets	698	2,393
Deferred Capital Receipts	-	-447
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	368	260
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)	-394	-383
Notional Interest	-	-
Transfer To/From the Collection Fund Adjustment Account	1,142	-314
Additional Non-cash movement	-	-
Adjust for accruals (PCC):		
Increase (-)/Decrease in Revenue Debtors	2,542	3,927
Increase/Decrease (-) in Revenue Creditors	-114	2,547
Increase/Decrease (-) in Intra-Entity Creditor/Debtor	11,588	-7,673
Total Non-Cash Movements (PCC)	**24,206**	**9,180**
Adjustment for non-cash movements (Chief Constable):		
Transfer To/From the Accumulated Absences Account	772	-139
Chief Constable's Provision	-974	-842
Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	98,706	97,372
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)	-58,451	-62,482
Adjust for accruals (Chief Constable):		
Increase (-)/Decrease in Revenue Debtors	8,805	-5,211
Increase/Decrease (-) in Revenue Creditors	3,759	-1,620
Increase (-)/Decrease in Intra-Entity Debtor/Creditor	-11,588	7,673
Total Non-Cash Movements (Group)	**65,235**	**34,751**

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

Group	2024/25 £'000	2025/26 £'000
Sale Proceeds from disposal of non-current assets	-448	-576
Capital Grants	9	12
Total	**-439**	**-564**

Investing Activities

Group	2024/25 £'000	2025/26 £'000
Purchase of property, plant and equipment, and intangible assets	-36,197	-35,963
Sale / (Purchase) of investments	-5,740	2,699
Disposal Proceeds Applied to Fund Capital	-	-
Disposal Proceeds Held to Fund Capital	448	576
Capital Grants	-9	-12
Net cash flows from investing activities	**-41,498**	**-32,700**

Financing Activities

Group	2024/25 £'000	2025/26 £'000
Cash receipts of short and long-term borrowing	-	-12,000
Repayments of short and long-term borrowing	28,999	60,995
Payments for the reduction of the outstanding liabilities relating to leases	-874	-948
Net cash flows from financing activities	**28,125**	**48,047**

Note 29 - Joint Arrangements

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.

Beds 2024/25 £'000 (*Restated)	Cambs 2024/25 £'000 (*Restated)	Herts 2024/25 £'000 (*Restated)	Total 2024/25 £'000 (*Restated)		Beds 2025/26 £'000	Cambs 2025/26 £'000	Herts 2025/26 £'000	Total 2025/26 £'000
				Joint Protective Services				
3,853	3,336	3,849	**11,038**	Armed Policing Unit	3,918	3,395	3,919	**11,232**
318	401	569	**1,288**	Taser training	266	336	478	**1,080**
1,122	1,377	1,863	**4,362**	Dogs	1,062	1,304	1,764	**4,130**
2,879	3,433	4,240	**10,552**	Major Crime Unit	2,960	3,533	4,366	**10,859**
346	437	621	**1,404**	Operational Planning & Public Order	298	376	535	**1,209**
426	537	764	**1,727**	Protective Services Command Team	399	504	716	**1,619**
100	126	180	**406**	Resilience	114	140	189	**443**
3,128	4,464	5,993	**13,585**	Roads Policing Unit	3,209	4,587	6,159	**13,955**
3,736	4,197	5,664	**13,597**	Scientific Services Unit	3,785	4,546	5,930	**14,261**
15,908	**18,308**	**23,743**	**57,959**	**Total Joint Protective Services**	**16,011**	**18,721**	**24,056**	**58,788**
				Operational Support				
18	22	29	**69**	Camera, Tickets, Collisions	-165	-207	-274	**-646**
347	228	622	**1,197**	Criminal Justice & Custody Management Team	217	143	395	**755**
490	619	980	**2,089**	Criminal Justice	482	609	866	**1,957**
216	417	340	**973**	Firearms & Explosives Licensing	578	1,084	1,253	**2,915**
8,479	10,333	14,548	**33,360**	ICT	8,591	10,673	15,014	**34,278**
424	535	761	**1,720**	Joint Strategy & Transformation	192	240	342	**774**
9,974	**12,154**	**17,280**	**39,408**	**Total Operational Support Expenditure**	**9,895**	**12,542**	**17,596**	**40,033**

Beds 2024/25 £'000 (*Restated)	Cambs 2024/25 £'000 (*Restated)	Herts 2024/25 £'000 (*Restated)	Total 2024/25 £'000 (*Restated)		Beds 2025/26 £'000	Cambs 2025/26 £'000	Herts 2025/26 £'000	Total 2025/26 £'000
				Organisational Support				
64	81	116	**261**	Corporate Communications	110	138	196	444
5,039	6,445	8,859	**20,343**	HR / L&D	5,255	6,564	9,044	20,863
1,066	1,344	1,910	**4,320**	Information Management Department	1,117	1,412	2,005	4,534
2,193	2,248	3,258	**7,699**	Professional Standards Unit	2,342	2,313	3,463	8,118
91	115	164	**370**	Uniform Stores Team	99	125	178	402
36	46	64	**146**	Finance	29	37	53	119
153	192	273	**618**	BCH Payroll	173	218	311	702
57	73	103	**233**	CARM	61	77	109	247
4	6	7	**17**	Police Transformation Fund	4	5	7	16
-	-	-	**-**	Assistant Chief Constable	16	21	30	67
8,703	**10,550**	**14,754**	**34,007**	**Total Organisational Support Expenditure**	**9,206**	**10,910**	**15,396**	**35,512**
34,585	**41,012**	**55,777**	**131,374**	**Total BCH Net Operating Costs**	**35,112**	**42,173**	**57,048**	**134,333**
-	-	-	**-**	Regional Procurement *	-	-	-	**-**
-	-	-	**-**	Pension Dep	-	-	-	**-**
34,585	**41,012**	**55,777**	**131,374**	**Total Net Operating Costs ***	**35,112**	**42,173**	**57,048**	**134,333**

* 2024/25 figures for Regional Procurement have been removed as part of the 2025/26 accounts as this is part of 7 Forces, not BCH.

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 2025/26

	2024/25 £'000	**2025/26 £'000**
Operating costs	37,667	38,668
Specific HO grant	-9,743	-13,449
Net expenditure	**27,924**	**25,219**
Contributions		
Bedfordshire	-2,911	-2,623
Cambridgeshire	-3,672	-3,318
Essex	-4,185	-3,362
Hertfordshire	-5,218	-4,715
Kent	-4,632	-4,547
Norfolk	-4,125	-3,753
Suffolk	-3,181	-2,901
Total Contributions	**-27,924**	**-25,219**
(Surplus) / Deficit for the year	**0**	**0**

The capital assets for ERSOU at 31 March are analysed as follows:

	2024/25 £'000	2025/26 £'000
Net book value brought forward 1 April	**3,943**	**3,386**
Expenditure for the year:		
- Vehicles	477	337
- Land and Buildings	-	-
- Equipment	-	-
Depreciation for the year	-1,034	-815
Net book value carried forward 31 March	**3,386**	**2,907**

Hertfordshire's share of the total Net Book Value of ERSOU capital assets as at 31 March 2026 was £0.621m (£0.711m as at 31 March 2025). 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 March 2026 was £1.434m.

The capital expenditure for 2025/26 was funded in accordance with the formulae agreed by the forces. Details are shown in the following table:

	2024/25 £'000	2025/26 £'000
Bedfordshire	-55	-44
Cambridgeshire	-69	-56
Essex	-60	-22
Hertfordshire	-98	-80
Kent	-57	-22
Norfolk	-78	-64
Suffolk	-60	-49
Grant Funding	-	-
Total	**-477**	**-337**

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.

PCC & Group	**31 March 2025 £'000**	**31 March 2026 £'000**
Cash in Hand	24	26
Cash in Bank	52	37
Cash Equivalents	1,440	18,370
Total cash and cash equivalents	**1,516**	**18,434**

Note 31 - Senior Officers' Remuneration

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

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

2025/26 Post Holder Information (Job Title) (1) (2)	Salary (3) £	Bonuses £	Benefits in Kind (4) £	Total exc. pension £	Pension Contributions (5) £	Total inc. pension £
Police and Crime Commissioner	78,400	-	-	**78,400**	16,229	**94,629**
Chief Executive (7)	131,613	-	5,057	**136,670**	25,795	**162,465**
Chief Finance Officer	119,816	-	-	**119,816**	23,353	**143,169**
Deputy Chief Executive (11)	20,983	-	1,069	**22,052**	4,054	**26,106**
Deputy Chief Executive	101,363	-	-	**101,363**	23,077	**124,439**
Director of Strategy (13)	28,741	-	-	**28,741**	5,836	**34,577**
Total (PCC)	**480,917**	**-**	**6,125**	**487,042**	**98,343**	**585,385**
Chief Constable – A. Prophet	190,023	-	4,325	**194,348**	65,442	**259,790**
Deputy Chief Constable (16)	8,832	-	9,092	**17,924**	3,056	**20,980**
Deputy Chief Constable (18)	136,031	-	4,067	**140,099**	47,100	**187,198**
Director of Resources	149,951	-	1,966	**151,917**	24,462	**176,379**
Assistant Chief Constable (Public Contact & Local Policing)	141,988	-	-	**141,988**	49,340	**191,327**
Assistant Chief Constable (Operational Support) (17)	21,488	-	-	**21,488**	7,207	**28,695**
Assistant Chief Constable (Crime & Protection) (19)	116,922	-	1,260	**118,182**	39,673	**157,855**
Assistant Chief Officer (BCH role) (20)	58,912		2,376	**61,288**	-	**61,288**
Director of ICT	137,798	-	6,212	**33,147**	22,335	**38,660**
Assistant Chief Officer (21)	72,963	-	-	**72,963**	11,879	**84,842**
Total (Chief Constable)	1,034,909	-	29,298	**953,343**	270,492	**1,207,014**
Total (Group)	**1,515,826**	**-**	**35,424**	**1,440,385**	**368,835**	**1,792,399**

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 April 2025. The Pension contribution rate for Constabulary and PCC Senior Staff is 17.5% and 20.7% respectively.
6. Police and Crime Commissioner 1 stepped down at the election held on 8 May 2024.
7. Police and Crime Commissioner 2 was elected at the election on 8th May 2024, commencing the post on 9 May 2024
8. Deputy Police and Crime Commissioner left 4 July 2024.
9. 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 May 2024.
10. Chief Executive 1 was a part-time post (0.8FTE) and the postholder left 30 September 2024. Salary includes £53.2k Severance Pay.
11. Chief Executive 2 started 2 December 2024 and left the position on 30 September 2025.
12. 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 £129k in 2024/25. The postholder left on 30 September 2025.
13. Director of Strategy commenced the role on 4 September 2024. This was a new temporary role in the PCC executive team, and the postholder left the position on 11 July 2025
14. C. Hall left the role of Chief Constable on 31 December 2024. A. Prophet commenced the role of Chief Constable on 1 January 2025.
15. Deputy Chief Constable 1 left 10 January 2025. Ex gratia payments of £146k have been include in salary.
16. Deputy Chief Constable 2 temporarily commenced this role from 11 January 2025. They previously held the role of Assistant Chief Constable (Operational Support). From 21 April 2025, they left the position and were seconded to another organisation.
17. Temp Assistant Chief Constable (Operational Support) commenced the role 12 January 2025 and left the position on 1 June 2025.
18. Deputy Chief Constable commenced this role from 19 May 2025.
19. Assistant Chief Constable commenced this role on 2 June 2025.
20. Assistant Chief Constable is a Cambridgeshire Constabulary employee working within the tri-force, and figures stated represent Herts' share. In 2024/25, their remuneration was included as part of the Cambridgeshire Senior Officer remuneration statement.
21. Assistant Chief Officer left the role on 30 September 2025 and is seconded to another organisation.

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	2024/25		2025/26	
	CC	PCC	CC	PCC
£180,000 - £184,999			1***	
£145,000 - £149,999			1	
£125,000 - £129,999			1	
£120,000 - £124,999			1	
£115,000 - £119,999			2	
£110,000 - £114,999	2**		1**	
£105,000 - £109,999	2		5*	
£100,000 - £104,999	7*		6**	
£95,000 - £99,999	2		7**	
£90,000 - £94,999	4		7	
£85,000 - £89,999	11	1	9*	1
£80,000 - £84,999	9		13*	
£75,000 - £79,999	23		48*	
£70,000 - £74,999	74		128***	1*
£65,000 - £69,999	184		155***	3
£60,000 - £64,999	221		325***	2*
£55,000 - £59,999	452	4	486***	1*
£50,000 - £54,999	499*	4	467***	4
	1,490	**9**	**1,663**	**12**

* Includes redundancy payments
** Includes secondments to National Body
*** Includes severance payments

Note 33 - External Audit Costs

In 2025/26 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.

	2024/25 £'000	2025/26 £'000
PCC	100	129
Chief Constable	54	72
Total (Group)	**154**	**201**

Note 34 - Grant & Partner Income – Government & Non-Government Grants

The PCC credited the following government grants, other grants, contributions, and donations representing the receipts on an accruals basis to the CIES in 2025/26:

	2024/25 £'000	2025/26 £'000
Credited to Cost of Service (PCC)		
Victim Grants	-2,407	-2,349
Domestic Abuse Perpetrator	-910	-1,000
Safer Streets	-337	-
Other Grants and Contributions	-896	-1,220
Credited to Other Operating Expenditure (PCC)		
Police Pension Top Up	-11,667	-12,367
Credited to Taxation and Non-Specific Grant Income (PCC)		
Capital Grants	-9	-12
Government Settlement Grants	-150,072	-159,211
Total Grants Credited (PCC)	**-166,299**	**-176,159**
Credited to Cost of Service (CC)		
Police Pension Grant	-6,874	-6,444
Police Community Support Officers Local Authorities	-285	-314
Police Uplift Programme	-7,638	-5,342
ERSOU Grants	-1,871	-2,471
Pay Award Grant	-2,498	-1,831
Hotspot Response Fund	-1,071	-866
McCloud Remedy Compensation	-847	-185
Other Grants and Contributions	-2,209	-11,693
Total Grants Credited (Group)	**-189,593**	**-205,305**

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 Basis of Financial Reporting and Group Boundary within the Narrative Report.

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)

A review to determine related party transactions involving the Chief Constable's Executive Team identified the following:
• A member of the Executive Team is Chair of the Open University Centre for Policing Research & Learning, a consortium of approximately 20 police forces working with the Open University. In this role, the officer may influence the decision for Hertfordshire Constabulary to engage with the Open University. The Constabulary paid £21k to the Open University during 2025/26 with a £4k balance outstanding as at 31 March 2026.

All other members of the group declared that they had no related party transactions to disclose.

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

<u>The Group / PCC as Lessee</u>

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 2025/26 being charged to the CIES:

- Right of Use Assets with a value under £10,000 (0 in 2025/26).
- Short Life Leases, where contracts terminated in 2025/26 (0 in 2025/26).

The amount charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement was £0.286m relating to interest charges (2024/25 - £0.327m).

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

2025/26	2024/25 £'000	2025/26 £'000
Valuation		
At 1 April 2025	6,767	6,767
Additions	-	-
Revaluations	-	143
Disposals	-	-
At 31 March 2026	**6,767**	**6,910**
Depreciation		
At 1 April 2025	**-**	**910**
In Year Depreciation Charge	910	939
De-recognition	-	-
At 31 March 2026	**910**	**1,849**
Net book value		
At 1 April 2025	6,767	5,857
At 31 March 2026	**5,857**	**5,061**

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

	2024/25 £'000	2025/26 £'000
Lease Liabilities		
At 1 April	**-6,767**	**-5,894**
Payment of Principal in Year	873	950
Revaluations	-	-143
At 31 March	**-5,894**	**-5,087**
Consisting of:		
Short-term Lease Liabilities	-914	-992
Long-term Lease Liabilities	-4,980	-4,095

<u>The Group/PCC as Lessor</u>

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

<u>IFRIC 12</u>

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

<u>Lease Terms</u>

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

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:

	2024/25 £'000	2025/26 £'000
Opening CFR	**64,590**	**104,912**
Capital Investment		
- Property, Plant and Equipment	35,994	35,772
- Intangible Assets	204	191
- Right of Use Assets	6,767	143
Sources of Finance		
- Capital Receipts	-	-
- Government Grants & Contributions	-9	-12
Sums set aside from revenue		
- Direct revenue Contributions	-98	-110
- Minimum Revenue Provision	-2,535	-3,924
Closing CFR	**104,913**	**136,972**
Explanation of Movement in The Year		
Increase / (Decrease) in the Underlying Need to Borrow	40,323	32,060
Increase / (Decrease) in CFR	**40,323**	**32,060**

Note 38 - Defined Benefit Pension Schemes

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)	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Cost of Service included in CIES								
Current Service Cost	10,209	7,519	353	212	**10,562**	**7,731**	15,560	10,070
Past Service Cost / Settlements and Curtailments	40	1,365	-	30	**40**	**1,395**	-	-
Financing and Investing Income & Expenditure								
Net interest expense	-3,909	-7,781	15	-57	**-3,894**	**-7,838**	73,750	78,990
Total Group Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Service	**6,340**	**1,103**	**368**	**185**	**6,708**	**1,288**	**89,310**	**89,060**
Re-measurement of the net defined benefit liability:								
Return on plan assets (excluding amount included in net interest expense)	10,075	-5,298	142	-81	**10,217**	**-5,379**	-	-
Actuarial gains and Losses								
- Demographic Assumptions	-6,498	7,193	-126	106	**-6,624**	**7,299**	-2,430	-
- Financial Assumptions	-59,123	-13,567	-1,218	-288	**-60,341**	**-13,855**	-191,780	-47,610
- Other (Liabilities)	-2,038	9,497	-40	217	**-2,078**	**9,714**	300	-36,410
- Other (Assets) – Effect of Asset Ceiling	59,039	-166	1,279	-97	**60,318**	**-263**	-	-
Total Group Post Employment Benefit Charged to the Comprehensive Income and Expenditure Statement	**7,795**	**-1,238**	**405**	**42**	**8,200**	**-1,196**	**-104,600**	**5,040**

	LGPS						Police Pension Scheme	
	Chief Constable		PCC		Total (Group)		Total (Group)	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Movement in Reserves Statement:								
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	-6,340	-1,103	-368	-185	**-6,708**	**-1,288**	-89,310	-89,060
Actual Amount Charged Against the General Fund Balance for Pensions During the Year:								
Employer's Contributions Payable to the Schemes	10,851	15,892	394	383	**11,245**	**16,275**	47,600	46,590

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 2025/26 and was included in the LGPS valuation carried out as at 31 March 2025, 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:

	2024/25 £'000	2025/26 £'000
Present Value of Defined Benefit Obligations		
LGPS Chief Constable	-293,143	-312,728
LGPS PCC	-5,713	-6,232
Police Pension Scheme	-1,416,130	-1,374,570
Total Group Liabilities	**-1,714,986**	**-1,693,530**
Fair value of plan assets		
LGPS Chief Constable	416,369	442,966
LGPS PCC	5,184	7,719
Total Group Assets	**421,553**	**450,145**
Net liability arising from defined benefit obligation (including impact of Asset Ceiling):		
LGPS Chief Constable	-	-
LGPS PCC	-529	-310
Police Pension Scheme	-1,416,130	-1,374,570
Total Group Net Liability	**-1,416,659**	**-1,374,880**

The net liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £1.375bn (£1.417bn in 2024/25) has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.288bn as at 31 March 2026 (£1.329bn as at 31 March 2025).

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 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 35.3% 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 2026/27 is £10.240m. The expected contribution to the police pension schemes in 2026/27 is £36.974m.

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

LGPS	Chief Constable		PCC		Total Group	
	2024/25 £'000	**2025/26 £'000**	**2024/25 £'000**	**2025/26 £'000**	**2024/25 £'000**	**2025/26 £'000**
Opening fair value of scheme assets (Group)	**401,952**	**416,369**	**6,049**	**6,463**	**408,001**	**422,832**
Interest Income	20,453	24,448	300	387	**20,753**	**24,835**
Re-measurement gain(loss)						
Return of plan assets excluding amount included in net interest expense.	-10,075	5,298	-142	81	**-10,217**	**5,379**
Re-measurement gain(loss) - other	-	-	-	-	**-**	**-**
Employer Contributions	10,851	15,892	394	383	**11,245**	**16,275**
Contribution by employees in the scheme	4,141	4,238	152	138	**4,293**	**4,376**
Benefits paid	-11,070	-13,327	-290	-226	**-11,360**	**-13,553**
Actuarial (Gains) / Losses - Other (Asset)	-	-9,921	-	-47	**-**	**-9,968**
Settlement prices received / (Paid)	117	-	-	-	**117**	**-**
Administration Expenses	-	-31	-	-	**-**	**-31**
Closing fair value of scheme assets (Group)	**416,369**	**442,966**	**6,463**	**7,179**	**422,832**	**450,145**

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

	LGPS				Police Pension Scheme	
	Chief Constable		PCC		Chief Constable	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Opening Balance at 1 April	**-340,856**	**-293,143**	**-6,567**	**-5,713**	**-1,568,330**	**-1,416,130**
Historic Adjustment	-	-	-	-	**-**	**10**
Adjusted Balance at 1 April	**-340,856**	**-293,143**	**-6,567**	**-5,713**	**-1,568,330**	**-1,416,120**
Current service cost	-10,209	-7,519	-353	-212	-15,560	-10,070
Interest cost	-16,544	-16,667	-315	-330	-73,750	-78,990
Contribution from scheme participants	-4,141	-4,238	-152	-138	-13,210	-13,770
Re-measurement of the net defined benefit liability comprising:						
- Actuarial gains / (loss) Demographic Assumptions	6,498	-7,193	126	-106	2,430	-
- Actuarial gains / (loss) Financial Assumptions *	59,123	13,567	1,218	288	191,780	47,610
- Actuarial gains / (loss) Other *	2,038	-9,497	40	-217	-300	36,410
Past Service Cost / Settlements & Curtailments	-40	-1,365	-	-30	-	-
Benefits paid / Transfers	11,070	13,327	290	226	60,810	60,360
Liabilities assumed / (extinguished) on settlements	-82	-	-	-	-	-
Liability at 31 March	**-293,143**	**-312,728**	**-5,713**	**-6,232**	**-1,416,130**	**-1,374,570**

Reconciliation of Asset Ceiling

LGPS	Chief Constable		PCC	
	2024/25	2025/26	2024/25	2024/25
	£'000 (Restated)	£'000	£'000 (Restated)	£'000
Opening Balance of Asset Ceiling at 1 April	**61,096**	**123,226**	**-**	**1,279**
Interest on impact of asset ceiling	3,091	7,178	-	75
Actuarial losses / (gains) written out due to Asset Ceiling *	59,039	-166	1,279	-97
Closing Balance of Asset Ceiling at 31 March	**123,226**	**130,238**	**1,279**	**1,257**

* Actuarial losses/(gains) written out due to Asset Ceiling have been restated for 2024/25 to reflect the final 2024/25 IAS19 actuarial report in line with the rest of the Pensions note.

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 March 2025 and 31 March 2026, along with the split as at 31 March 2026 between those held with quoted prices in active markets, and those with unquoted prices.

Asset Breakdown	31 March 2025 £m	31 March 2025 %	31 March 2026 £m	31 March 2026 %
LGPS				
Equities	248,862	59%	293,181	65%
Bonds	98,006	23%	83,662	19%
Property	64,961	15%	60,859	14%
Cash	11,003	3%	12,443	3%
Total	**422,832**	**100%**	**450,145**	**100%**

Asset Breakdown	Quoted Prices in active markets 28 February 2026	Unquoted prices 28 February 2026
LGPS		
Fixed Interest Government Securities - UK	2%	-
Fixed Interest Government Securities - Overseas	1%	-
Index Linked Government Securities - UK	8%	-
Index Linked Government Securities - Overseas	-	-
Corporate Bonds - UK	2%	-
Corporate Bonds - Overseas	3%	-
Equities - UK	1%	-
Equities - Overseas	29%	-
Property	-	12%
Hedge fund	-	-
Private Equity	-	5%
Infrastructure	-	8%
Unit trust	-	2%
Derivatives	18%	-
Insurance Linked Strategies	-	-
Private Credit	4%	-
Cash/Temporary Investments	-	1%
Net Current Assets - Debtors	-	1%
Net Current Assets - Creditors	3%	-
Total	**71%**	**29%**

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 March 2025 by Barnett Waddingham, an independent firm of actuaries.

The value of scheme assets and liabilities are dependent upon financial market conditions as at 31 March.

The principal assumptions used by the actuaries have been:

	LGPS		Police Pension Schemes	
	2024/25	2025/26	2024/25	2025/26
Mortality Assumptions:				
Longevity at 65 for current pensioners:				
Men	21.2	22.8	21.9	22.0
Women	24.1	24.6	23.9	24.0
Longevity at 45 for future pensioners:				
Men	21.9	24.3	23.3	23.4
Women	25.2	26.3	25.2	25.3
Rate of increase in salaries (%)	3.9	3.9	3.5	3.7
Rate of increase in pensions (%)	2.9	2.9	2.7	2.7
Rate for discounting scheme liabilities (%)	5.9	6.2	5.7	6.1

Sensitivity of the defined benefit obligation in the significant actuarial assumptions

	Approximate % increase to Employer Liability	Approximate monetary amount (£m)
LGPS		
0.5% decrease in real discount rate	9.1%	29.06
1-year increase in member life expectancy	2.7%	8.757
0.5% increase in the Salary Increase Rate	0.5%	1.679
0.5% increase in the Pension Increase Rate	8.2%	26.242
Police Pension Schemes		
0.5% decrease in real discount rate	7.5%	102
1-year increase in member life expectancy	1.0%	33
0.5% increase in the Salary Increase Rate	7.5%	12
0.5% increase in the Pension Increase Rate	2.5%	101

Note 39 - Contingent Liabilities

As at 31 March 2026, the Chief Constable and the Police and Crime Commissioner were aware of the following contingent liability. This item has not been reflected in the accounts as there is no certainty that an actual liability may arise, or because there is uncertainty as to the amount of liability or when it will arise.

Motorway Speed Enforcement (Operation Cabin)

The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by Hertfordshire Constabulary. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

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 2026.

	Amount at 31 March 2026 £'000	**Historical experience of default %**	**Estimated maximum exposure at 31 March 2026 £'000**
AA Rated Counter Parties	38		
A+ Rated Counter Parties	2,130	-	**-**
Fixed Loan < 1 year	7,000	-	**-**
Fixed Loan > 1 year	2,500	-	**-**
Other Counter Parties	16,570	-	**-**
Long Term Debtors	62	-	**-**
Trade debtors	6,580	-1.52%	**-100**
Other receivables and advances	6,893	-	**-**
Total	**41,774**		**-100**

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 £0.358m of the £6.580m balance at 31 March is past its due date for payment. The past due amount can be analysed by age as follows:

	2024/25 £'000	**2025/26 £'000**
Less than three months	384	164
Three to six months	7	60
Six months to one year	68	7
More than one year	95	127
Balance as at 31 March	**554**	**358**

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:

	2024/25 £'000	2025/26 £'000
Less than one year	-62,337	-49,865
Between one and two years	-	-28,364
Between two and seven years	-26,435	-26,435
More than fifteen years	-25,714	-15,647
Balance as at 31 March	**-114,486**	**-120,311**

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 2025/26 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 2025/26 with all other variables held constant, the financial effect would be:

	£'000
Increase in interest payable on variable rate borrowing	293
Increase in interest receivable on variable rate investments	-237
Decrease in fair value of investments held at Fair Value through Profit and Loss	19
Impact on Other Comprehensive Income and Expenditure	**76**

	£'000
Decrease in fair value of loans and investments at amortised cost*	2
Decrease in fair value of fixed rate borrowing*	-4,263

*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

The Chief Constable terminated the contracts of a number of employees in 2025/26 incurring liabilities of £3.017m (£0.040m in 2024/25). 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

Redundancies in 2024/25 were all compulsory redundancies, whereas 2025/26 were a combination of compulsory and voluntary 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.

Total exit package cost band including special payments *	Total number of exit packages		Herts Share of cost of exit packages		Total cost of exit packages	
	2024/25	2025/26	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
£0 - £20,000	4	31	12	266	28	310
£20,001 - £40,000	2	28	28	721	62	814
£40,001 - £60,000	-	11	-	409	-	580
£60,001 - £80,000	-	8	-	357	-	553
£80,001 - £100,000	-	4	-	362	-	362
£100,001 - £150,000	-	5	-	397	-	627
£150,001 - £200,000	-	1	-	85	-	192
£200,001 - £250,000	-	3	-	410	-	651
£250,001 - £300,000	-	1	-	128	-	289
Total	**6**	**92**	**40**	**3,135**	**90**	**4,378**

* If an individual was made redundant from a collaborated unit, their costs have been included in the banding based on their Total cost, however Hertfordshire Constabulary contributes to these costs in line with their apportionment ratio.

Note 43 – Non-adjusting Balance Sheet Event

The specialist training facility at Monks Wood required for the BCH Operational Support Unit (OSU) was 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 was 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 had 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 31 March 2025 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 accrued in 2025/26 whilst the project 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.

This was declared as a non-adjusting balance sheet event in the 2024/25 accounts, but as the costs were reported through revenue in 2025/26, it is no longer a non-adjusting balance sheet event as at 31 March 2026.

Note 44 – Assets Held for Sale

	2024/25		2025/26	
	Non-Current £’000	Current £’000	Non-Current £’000	Current £’000
Balance outstanding at start of year	**-**	**-**	**-**	**-**
Assets newly classified as held for sale				
Property, Plant and Equipment	-	-	-	1,411
Revaluation Gain/(Loss)	-	-	-	629
Balance outstanding at end of year	**-**	**-**	**-**	**2,040**

Police Pension Scheme Fund Accounts 2025/26

FUND ACCOUNT

	Note	Police Pension Scheme 1987		Police Pension Scheme 2006		Police Pension Scheme 2015		Total All Schemes	
		2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Contributions receivable									
From employer									
- normal 35.3%	P3	-	-	-	-	-34,467	-36,060	**-34,467**	**-36,060**
- early retirements	P3	-	-	-	-	-513	-1,219	**-513**	**-1,219**
From members	P3	-241	-106	-3	-	-13,124	-13,729	**-13,368**	**-13,835**
Transfers in									
- individual transfers in from other schemes	P4	-	-	-	-	-86	-	**-86**	**-**
Benefits payable									
- pensions		50,395	52,119	203	274	456	595	**51,054**	**52,988**
- commutations and lump sum retirement benefits		7,438	8,954	238	372	580	866	**8,256**	**10,192**
- lump sum death benefits		353	-	-	-	-	152	**353**	**152**
Payments to and on account of leavers									
- refunds of contributions		-	-	-	-	318	123	**318**	**123**
- individual transfers out to other schemes	P4	69	-	-	-	51	23	**120**	**23**
Net amount receivable for the year before top-up grant		58,014	60,967	438	646	-46,785	-49,249	**11,667**	**12,364**
Transfer received from the Policing Body	P5	-58,014	-60,967	-438	-646	46,785	49,249	**-11,667**	**-12,364**
Balance as at 31 March		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

NET ASSETS STATEMENT

	31 March 2025 £'000	31 March 2026 £'000
April pension paid in advance in March	4,419	4,557
Total Assets	**4,419**	**4,557**
Commutation Payments Owing	-569	-638
Taxation Owing	-	-412
Amount Owing to Police Fund	-3,850	-3,507
Total Liabilities	**-4,419**	**-4,557**
Net Assets	**0**	**0**

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 2025/26 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 2026.

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.

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 2026. 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

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.

Police and Crime Commissioner for Hertfordshire

Annual Governance Statement 2025/26

ANNUAL GOVERNANCE STATEMENT 2025/26

EXECUTIVE SUMMARY

Overview

The Police and Crime Commissioner (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 2026 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 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 Chartered Institute of Public Finance and Accountancy (CIPFA) published their "Delivering Good Governance in Local Government: Framework" followed by specific guidance notes for Policing Bodies and the addendum, covering the annual review of governance and the annual governance statement published in 2025. The key elements of the systems and processes which the Chief Constable has in place are aligned to the seven principles, set out later in this document.

The first draft of this Annual Governance Statement was co-ordinated by RSM UK, with assistance from senior officers and staff in the OPCC and Constabulary. The team preparing and reviewing the statement was independent of the team completing the annual internal audit of the OPCC and Constabulary.

Summary of Significant Governance Issues Identified in 2025/26

No significant governance issues have been identified in 2025/26.

Opinion on the Effectiveness of Governance

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.

Jonathan Ash-Edwards *	Rafal Hejne *
Police and Crime Commissioner	Chief Executive

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

OUR ASSESSMENT OF EFFECTIVENESS

Overview

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 PCC gains assurance with respect to the operating effectiveness of governance arrangements from the following sources.

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.

Joint Audit Committee

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

Internal Audit

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

Internal Audit issued eight reports during 2025/26 for the OPCC and the Constabulary concluding that reasonable assurance could be taken in three reports, reasonable progress in two follow up reports, and partial assurance in three reports.

Internal Audit also undertook audits in relation to the BCH (Bedfordshire, Cambridgeshire and Hertfordshire) collaborated activity and issued one substantial assurance report and one partial assurance report. An additional draft partial assurance report was also issued. Two advisory reports were issued, with one in draft.

Management actions have been agreed to address all issues identified within the reports and both the partial and minimal assurance opinion reports will be followed up in 2026/27.

External Audit

KPMG LLP was appointed as external auditor for the Police and Crime Commissioner for Hertfordshire and the Chief Constable of Hertfordshire Constabulary for 2024/25. In its 2024/25 reports[1], KPMG stated that it expects to issue a disclaimer of opinion on the financial statements because the statutory backstop timetable did not allow sufficient time to complete all of the audit work necessary to obtain sufficient appropriate evidence across a number of material areas. For the PCC and Group accounts, these areas included the split between usable and unusable reserves, employee benefit expenses, leases disclosures, senior officers' remuneration, officers' emoluments, exit packages and comparative figures brought forward from earlier years.

In relation to value for money arrangements, KPMG concluded that no significant weaknesses had been identified in arrangements to secure economy, efficiency and effectiveness. The auditor identified one significant value for money risk linked to governance, specifically the risk that delays experienced in finalising the 2023/24 accounts and Annual Governance Statement might continue into 2024/25. However, KPMG reported that there had been improvement in the accounts preparation process, with the 2024/25 accounts and Annual Governance Statement published on 30 June 2025 in line with the statutory deadline.

KPMG nevertheless raised a number of observations and recommendations to support further improvement. These included delays in the provision of information requested for both the financial statements audit and value for money work, and weaknesses in the quality and timeliness of some supporting working papers and responses. KPMG recommended that sufficient resources are prioritised to support the audit process, that audit evidence and responses are subject to appropriate quality assurance and provided within agreed deadlines, and that further improvements are made in areas including formal savings and efficiency planning, routine oversight of the risk register by the Resource Board, related party controls and the segregation and review of journal postings. These actions are intended to strengthen governance, internal control and audit readiness in future years.

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

[1] **Auditor's Annual Report (AAR) and International Standard on Auditing (ISA) 260**

'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 by HMICFRS in April 2025 showed significant improvement with the cause of concern being closed but noted that work continued to improve recording of sexual offences.

KEY GOVERNANCE ARRANGEMENTS

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.

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.

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.

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.

An enhanced police complaints procedure for the constabulary has been established within the PCC's Office and is managed by the Complaints and Public Contact Team (CPCT). The team has first sight and initial contact and handling of all complaints regarding Hertfordshire Constabulary. CPCT 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.

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.

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.

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.

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.

B Ensuring openness and comprehensive stakeholder engagement

Partnerships

The PCC works with a range of partnerships to join up service delivery and improve the effectiveness and efficiency of services for the public. This includes engagement with Community Safety Partnerships (CSPs), which are statutory local partnerships made up of the responsible authorities, including the police, local authorities, fire and rescue services, probation services and health partners.

CSPs work together to protect their local communities from crime and help people feel safer, addressing issues such as antisocial behaviour, substance misuse and reoffending. They identify and agree local community safety priorities and engage with partners and local communities in developing and delivering plans to address them.

The PCC is also engaged in other partnership working in Hertfordshire, including participation in discussions and working groups linked to local government reorganisation and potential devolution to a future strategic authority, where policing and community safety considerations are an important part of the overall system conversation.

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. 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 2025/26, the Commissioner issued an open consultation letter linked to an online survey asking for views on an increase to council tax which would enable improvements to the service the public receives, including enabling an expansion in frontline policing and delivering a number of investments.

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.

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.

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 Resources Board and accepted by the Police and Crime Panel for 2025/26 onwards in February 2025. The proposed precept increase for the policing element was £14.00 for a Band D property. This resulted in a net budget for 2025/26 of £280m and was aligned with the Government's commitment to increase resources within the police service and maintain the organisation's financial resilience.

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.

Collaboration at a 7 Force level includes procurement through Commercial Services. Operational management is over seen by the Commercial Executive Board chaired by an ACO, currently from Hertfordshire. There is also a Strategic Procurement Governance Board chaired by a PCC, currently Suffolk, which reports to the Eastern Region Summit Meeting to ensure all corporations sole are informed of activities. These meetings also have reporting from and oversight of the Eastern Regional Special Operations Unit (ERSOU) for which Bedfordshire is the lead Force.

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

Staff Development

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.

Human Resources

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 and the Police and Crime Panel. The outcomes are made visible to the public through the Annual Report last published in June 2025 when presented to the Police and Crime Panel. The report for the year 2025/26 will be presented to the panel in June 2026.

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.

The OPCC has a Business Continuity Plan identifying urgent activities and including procedures for managing disruptive incidents.

The OPCC has adopted the BCH policies and procedures with respect to data, cyber security and data quality.

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

Assurance Principles

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 (the PCC and the CC) 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.

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 31 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 31 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