

Office of the Police and Crime Commissioner For Durham

Statement of Accounts

for the year ended 31 March 2025



Contents

	Page
Narrative Report	3 - 12
Independent Auditor's Report	13 - 18
Statement of Responsibilities	19 - 20
Comprehensive Income and Expenditure Statement	21 - 22
Movement in Reserves Statement	23 - 24
Balance Sheet	25 - 26
Cashflow Statement	27 - 28
Notes to the Accounts	29 - 102
Pension fund accounts	103 - 106
Glossary	107 - 111
Annual Governance Statement	112 - 125

2024/25 Narrative Report

Message from Rachel Allsop, Chief Finance Officer

Organisational Overview

Following the Police Reform and Social Responsibility Act 2011, Durham Police Authority was abolished on 21 November 2012 and replaced with two corporation sole bodies, The Office of the Police and Crime Commissioner for Durham (Durham Police and Crime Commissioner, PCC) and the Chief Constable of Durham Constabulary (Chief Constable, CC). This set of accounts shows the financial position of the Office of the Police and Crime Commissioner for Durham and the Group accounts of the Office of the Police and Crime Commissioner for Durham which incorporates the accounts of the Chief Constable and the PCC. The financial position of the Chief Constable of Durham Constabulary is set out in the Chief Constable's accounts which is a separate document.

The main role of the PCC is to:

- Hold the Chief Constable to account,
- Issue a police and crime plan and keep it under review,
- Set the budget and precept for the forthcoming financial year,
- Secure an efficient and effective police service,
- Contribute to national policing capabilities set out by the Home Secretary.

There are a range of governance mechanisms in place to deliver the above, which are outlined in the annual governance statement elsewhere in this document.

External Environment

During 2024/25 the OPCC and Group continued to operate in a challenging external environment. The Group operates within a national policing and local government environment shaped by government policy, funding arrangements and wider economic conditions. The Group's financial position and ability to deliver the Police and Crime Plan is also influenced by the Police Funding Settlement, specific grant funding and inflationary pressures impacting pay awards and wider operating costs. The OPCC and the Force also work closely with partners across local government, health and criminal justice agencies to respond effectively to shared priorities and to manage wider system pressures that affect service delivery.

Governance

The annual governance statements (AGS) for the PCC and CC were produced in line with CIPFA guidance. Both statements are currently drafts and will be agreed at the Executive Board at a later date, prior to publishing the final audited statements. The main governance issues to note are as follows:

Finance

The latest medium term financial plan will require a larger level of efficiency and cash backed savings than has been delivered in the past. Plans are being prepared to deliver savings and efficiencies and increase income where possible. Once agreed, this will require careful management to ensure that the need for financial stability is aligned with delivery of the Police and Crime Plan.

Key financial information for 2024/25 is as follows:

Revenue Budget

	Original Budget	Actual	Variance
	£'000	£'000	£'000
Employees	145,174	147,155	(1,981)
Premises & Transport	9,490	9,793	(303)
Other Supplies & Services	20,093	21,070	(977)
Less Special Grants & Other Income	(7,976)	(11,858)	3,882
Police Constabulary Costs	166,781	166,160	621
PCC Office	1,767	1,870	(103)
Commissioning	3,090	5,404	(2,314)
Capital Financing	644	370	274
PCC Special Grants & Other Income	(8,234)	(15,181)	6,947
Reserves	(2,405)	2,993	(5,398)
Net Expenditure	161,643	161,616	27
Financed by			
Core grants	(102,967)	(102,967)	-
Other grants	(10,273)	(10,246)	(27)
Precept income	(48,403)	(48,403)	-
Net Expenditure	(161,643)	(161,616)	(27)

The net expenditure budget for 2024/25 was set at £161.6m and included a revenue contribution from reserves of £2.4m. Actual net expenditure for the financial year was £161.6m and includes £3.0m transferred to reserves.

The main budget variations include:

Employees: The overspend is due to larger than budgeted pay rises. Police officers' salaries over spent with staff salaries under spending due to staff positions carrying more vacancies these were held for longer to reduce the predicted overspend. Grants to offset this is shown under special grants and other income. Also overspent was police overtime which is monitored closely.

Other Supplies and Services: Whilst most areas, particularly agency services exceeded their budget allocation, IT services significantly underspent due to resourcing issues within the department this is being monitored closely going forward.

Special Grants and Other Income: Additional income was received for reimbursement of expenditure incurred by the Constabulary for the Police Uplift Programme and to cover the larger than budgeted pay rises and other grants. Additional income was also received for extra training carried out which exceed the budgeted figure there were also more officers than expected being on secondment.

Commissioning: Grants were received (shown under special grants and other income) to allow additional commissioning activities to be carried out.

Cash Flow

Cash flows are managed through active treasury management arrangements, ensuring that that cash is available to support operational requirements, including the payment of employees and suppliers. The Group's cash flow position for the year is reported in the Cash Flow Statement, which summarises movements in cash and cash equivalents arising from operating activities, investing activities and financing activities.

Financial sustainability and liquidity are monitored through regular budget monitoring, medium-term financial planning and reserve management. Based upon current forecasts, there are no indications that the Group is at risk of being unable to meet its financial obligations as they fall due.

Capital Budget

Project	Original Budget plus carry forward and grants	Actual	Variance
	£'000	£'000	£'000
Expenditure			
Property	3,307	3,190	117
IT	4,345	3,001	1,344
Vehicles	2,022	1,990	32
Equipment	517	446	71
	10,191	8,627	1,564
Written off capital expenditure		(39)	
Additions to Fixed Assets		8,588	
Financed by:			
Specific grant		393	
Capital Grant		2,076	
Capital Receipt		1,809	
Funded by PCC		532	
Reserve contribution		311	
Prudential Borrowing		3,467	
		8,588	

The original capital budget plus carry forward and grants was £10.2m. Actual capital spend during 2024/25 was £8.6m. Most of the underspend (£1.4m) was due to slippage on IT projects.

Funding Formula

Previous work from central government has indicated that any revised funding formula could adversely impact the income received by the PCC. The implementation of a new formula is not expected to be a risk in the short-term but in the medium-term, any reduction in income would require savings to be made.

Collaboration

Whilst the Constabulary does not have a formal collaboration policy, it keeps under review initiatives where they either increase resilience, capacity or provide value for money. A number of initiatives continue to exist, joint fingerprint unit with Cleveland Police and also Evolve Legal Services with Cleveland and North Yorkshire Police Forces. Work is also expanding in respect of income generation with other Forces and central government

Strategic Policing Requirement (SPR)

The Strategic Policing Requirement (SPR) may require the Force to respond to a major incident which could impact on normal governance arrangements/decision making due to its scale and timing. Additional resources have been included in the 2025/26 budget.

Increase in officer numbers in line with National Officer Uplift Programme

The PCC has received additional grant funding to increase officer numbers in line with the National Officer Uplift Programme. Detailed recruitment timelines have been agreed and Northumbria University has been appointed as the police degree apprentice provider and the Force works closely with the College of Policing to ensure the local uplift programme is a success. At the end of 2024/25 the Force slightly exceeded the Uplift target.

Business Model

The Group employed 1,384 officers as of 31 March 2025, 1,110 staff and 131 PCSOs. This was across the following main areas of policing:

Command Area	Headcount		
	Officers	Staff	PCSO's
Crime and Justice Command	350	329	0
Digital Data and Technology	7	74	0
EXEC Executive	8	6	0
Governance and Insights Command	21	98	0
NE Regional Special Operations Unit	39	1	0
Office of the PCC Durham and Darlington	0	50	0
Operations Command	199	282	0
People Standards and Development Command	92	95	5
Response Command	644	36	126
Secondments	24	1	0
Support Services Command	0	138	0
Total	1,384	1,110	131

The Constabulary provided a full range of policing services during the year as well as supporting a number of other Forces as requested. The Force produces an annual Force Management Statement which has considerable detail of all aspects of service delivery in terms of their current demand profile, strengths and weaknesses and areas for improved efficiency. This forms part of the HMICFRS inspection process and also acts as a plan for improvement.

Risks and Opportunities

The main risks are as described above and in addition:

Ageing Estate

There are several key assets which continue to depreciate. Work has been ongoing to ensure that they remain operational whilst a longer-term solution is sought.

Key issues relate to:

- Re-provision of the Sexual Assault Referral Centre which requires ISO accreditation,
- Affordability of minor estates improvements,
- Affordability of backlog maintenance issues.

The Estates and Assets Delivery Group is a strategic governance group established in 2024/25. Meetings are chaired by the Deputy Chief Constable and focus on the strategic alignment of priorities, performance, and legislation of the Estate.

Strategy & Resource Allocation

The medium-term financial plan includes a balanced budget set for 2025/26 with future deficits forecast from 2026/27 onwards. Work is underway to identify future savings and efficiencies and increase income generation where possible. A key aspect of this work relates to a strategic workforce plan being undertaken to rationalise staff posts and ensure resources are effectively and efficiently aligned.

The medium-term financial plan is based on the following key assumptions:

- Zero growth on central Government grant,
- A pay rise per annum in 2025/26 of 2.8% and 2.0% in 2026/27 onwards,
- £14 band D precept increase for 2025/26 and £14 per year thereafter. It is assumed that the current Council Tax capping criteria will continue into the future,
- Officer numbers maintained in line with uplift funding and rationalisation of staff posts.

The Neighbourhood Guarantee is a four-year programme, recently announced by the Government. Grant funding of £2.3m has been allocated to increase the policing presence in Neighbourhoods across County Durham and Darlington during 2025/26.

Opportunities

Alongside the risks and financial pressures facing policing, there are a number of opportunities to support service delivery and support financial resilience over the medium-term. These include:

- Continued investment in information technology to improve productivity and service delivery.
- Improving data quality and analytical capability to support data-led, solution focused decision making and prioritisation.
- Continued collaboration to strengthen capability and make the best use of shared resources.
- Making best use of external funding streams and grant opportunities where available.

Performance

Comparing reporting year 2023/24 with 2024/25:

- Anti-social behaviour increase of 7.0%
- Alcohol-related anti-social behaviour increase of 20.0%
- Youth-related anti-social behaviour increase of 13.2%
- Domestic abuse incidents decrease of 5.8%
- Missing person incidents decrease of 29.0%
- Prejudice (Hate) crime incidents increase of 21.5%
- Recorded crime decrease of 7.0%
- Solved rate during 2023/24 was 19.0%, increasing to 21.1% during 2024/25

Achievements and successes include:

- The centralised Investigative Hub opened and is now operational in County Durham and Darlington. This represents the largest investment ever undertaken by the Durham PCC and the Constabulary. The poor physical state of the three previous custody facilities was rightly criticised by HMICFRS inspectors in 2019. The Hub replaces the current aging provision and provides a new home for an array of investigative and forensic capabilities to improve evidence gathering and secure more convictions for victims of crime.
- The Trailblazer Project, funded by the Home Office, continued into a second year, where ASB hotspot areas were identified using a range of data. The Trailblazer has generated good performance returns, reducing ASB in nearly all hotspot areas, supported by increased confidence and satisfaction metrics.
- The PCC hosted a second high profile bi-annual Victims' Conference drawing together leading UK justice experts including Victims' Commissioner Baroness Newlove to help improve outcomes for victims of crime. The conference showcased local best practice including the innovative work of the PCC's Victim Care and Advice Service (VCAS).
- Operation Nightingale which helps deliver faster charge rates and better support for victims of domestic abuse received national praise by HMICFRS. An inspection report into crime investigations highlighted Durham as a good example in which the force has reduced delays in obtaining crucial medical evidence.
- Safer Streets 5 funding has supported investment in CCTV and drones working across the force area. This technology is helping to pursue and capture criminals and also assist in missing person investigations. The Rural Initiative was also introduced during 2024/25 using Safer Streets funding. The scheme is specifically tailored to support our rural and urban fringe areas with a dedicated intelligence officer to capture and action information, WhatsApp groups for information sharing, extra technology in the form of drones as well as crime prevention equipment. The initiative has attracted national acclaim and is held up as a leading light against crime in rural areas. It demonstrates what is possible when residents, farmers, police, and local businesses all work together to tackle issues facing rural communities.

Awards

- Community Peer Mentors were announced as winners of the Durham POP Awards, and the Tilley Awards during 2024. They were also finalists in the Goldstein Awards and recipients of the Queens Award for Voluntary Service.
- The OPCC ASB Victims' Champion secured the 'Exemplary Partnership Award' in the final of the UK ASB Awards organised by Resolve. The award was for the Champion's work bringing together the two Community Safety Partnerships in County Durham and Darlington to create a unified ASB Strategy and for a raft of other improvements to enhance the experience of victims of ASB in the criminal justice system.
- The Integrated Offender Management Unit (IOMU) were awarded the North East Prison After Care Society (NEPACS) Ruth Cranfield Certificate for their outstanding work and recognition.
- The Operations Planning and Resourcing Team won 'Most Outstanding Team' of the year at the 2024 Durham Difference Awards.

- In 2024, the Media team won a national ApComm (Association of Police Communicators) award for Innovative Use of Communications regarding the creation of the A1M collision documentary.
- The Forces annual Prevention and Problem-Solving Conference winner was Operation Nightingale, an innovative project launched in 2023, in partnership with Total Healthcare.

New Schemes

- During 2024/25, the Neighbourhood Policing Guarantee was announced as one of the Government priorities for UK policing. The Guarantee sets out clear commitment to; revitalising local policing, rebuilding public trust and making communities safer. The police settlement for 2025/26 includes £2.3m Neighbourhood grant to fund additional police officers to work in Neighbourhoods across Durham and Darlington.
- The 'MyDurhamPortal' was launched in the year enabling victims of crime to view reports, receive automatic updates and communicate directly with their investigating officer. The portal has improved communication and transparency for victims of crime giving them faster access to information as well as reducing admin and call volumes
- The 'Drugs Testing on Arrest' initiative implemented early 2025 now includes scope for identifying offenders experiencing gambling related harm.
- During 2024/25, an investment was made by the Constabulary, purchasing software and hardware which allows crypto currency to be downloaded and stored, allowing seizure of the assets to be completed efficiently and effectively.

Outlook

The OPCC and the Group continue to operate in a challenging environment with increasing demand pressures, evolving crime trends and increasing complexity in safeguarding and vulnerability-related investigations. The Police and Crime Commissioner and Chief Constable will continue to focus resources towards delivery of the Police and Crime Plan and national policing priorities, while maintaining financial sustainability and operational resilience.

The medium-term outlook remains subject to uncertainty, particularly in relation to future levels of government funding, the sustainability of the police funding settlement, inflationary impacts on pay and non-pay budgets, and the affordability of the capital programme required to maintain and modernise the estate and invest in digital technology. The Commissioner's financial strategy remains focused on robust medium-term financial planning, ensuring that savings plans are deliverable, and that reserves are maintained at a prudent level to support the management of identified risks. Work is ongoing to identify further efficiencies and productivity improvements to support a balanced financial position in the medium term, whilst sustaining service performance and outcomes for communities across County Durham and Darlington.

Basis of Preparation

The Statement of Accounts has been prepared in accordance with proper accounting practices, as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based on International Financial Reporting Standards (IFRS), and in accordance with the Accounts and Audit Regulations 2015. The accounts present the financial position of the OPCC as at 31 March 2025 and the income and expenditure for the year ended on that date.

The Statement of Accounts comprises the OPCC's single-entity financial statements and the Group financial statements, which consolidate the financial results of the Chief Constable and other entities within the Group boundary as required by the Code. The accounts have been prepared on an accruals basis and are prepared on the assumption that the Group will continue to operate for the foreseeable future and are a going concern. The Narrative Report provides a fair, balanced and understandable commentary on the Group's financial performance and position during 2024/25, together with an overview of key risks and future prospects.

Independent auditor’s report to the Police and Crime Commissioner for Durham and Group

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of the Police and Crime Commissioner for Durham and Group (the Commissioner and Group) for the year ended 31 March 2025, which comprise the Group and Commissioner Comprehensive Income and Expenditure Statements, the Group and Commissioner Movement in Reserves Statements, the Group and Commissioner Balance Sheets, the Group and Commissioner Cash Flow Statements, the Police Officer Pension Fund, the Police Officer Pension Fund Net Assets Statement and notes to the financial statements, including material accounting policy information.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Commissioner and Group as at 31st March 2025 and of the Commissioner and Group’s expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Commissioner and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Commissioner and

Group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Chief Finance Officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view. The Chief Finance Officer is also responsible for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Finance Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Commissioner and Group will continue in operational existence for the foreseeable future. The Chief Finance Officer is responsible for assessing each year whether or not it is appropriate for the Commissioner and Group to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of

assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud.

Based on our understanding of the Commissioner and Group, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: data protection and information governance regulation, employment regulation, health and safety regulation, procurement regulation, anti-money laundering regulation, and anti-fraud and corruption and anti-bribery regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Commissioner and Group, the environment in which it operates, and the structure of the Commissioner and Group, and considering the risk of acts by the Commissioner and Group which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Commissioner, as to whether the Commissioner and Group is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Commissioner and Group which are contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015.

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and

determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to land and buildings valuations and pension disclosures, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Commissioner on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Commissioner.

As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

Report on the Commissioner's arrangements for securing economy, efficiency, and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

Responsibilities of the Commissioner

The Commissioner is responsible for putting in place proper arrangements to secure economy, efficiency, and effectiveness in the use of resources, to ensure proper

stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

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

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

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

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the Office of the Police and Crime Commissioner for Durham, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner for Durham those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Office of the Police and Crime Commissioner for Durham, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work required in relation to consolidation returns and received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required to be completed by us.



Gavin Barker, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

The Corner
Bank Chamber
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

25 February 2026

Statement of Responsibilities for the Statement of Accounts

The Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

- Make arrangements for the proper administration of their financial affairs and to secure that one of their officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Chief Finance Officer of the Police and Crime Commissioner,
- Manage their affairs to secure economic, efficient and effective use of resources and safeguard their assets,
- Approve the Statements of Accounts.

The 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 Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. In preparing this Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and then applied them consistently,
- Made judgements and estimates that were reasonable and prudent,
- Complied with the Local Authority Code.

The Chief Finance Officer has:

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

Chief Finance Officer's Certificate

I certify that the accounts present a true and fair view of the financial position of the Office of the Police and Crime Commissioner for Durham and of the Group on 31 March 2025 and of the income and expenditure for the year ended 31 March 2025.



R Allsop ACA BA Hons

Date 25th February 2026

Chief Finance Officer of the Office of the Police and Crime Commissioner for Durham

Police and Crime Commissioner's Certificate

I confirm I have approved these accounts

A handwritten signature in black ink, appearing to read "Joy Allen". The signature is cursive and somewhat stylized.

Joy Allen MBA MSc BA Hons

Date 25th February 2026

**Group Comprehensive Income and Expenditure Statement for the Office of the Durham
Police and Crime Commissioner for the year ended 31 March 2025**

2023/24 Gross Expenditure £'000	2023/24 Income £'000	2023/24 Net Expenditure £'000		2024/25 Gross Expenditure £'000	2024/25 Income £'000	2024/25 Net Expenditure £'000
125,839	-	125,839	Employee costs	133,918	-	133,918
27,587	-	27,587	Non employee costs	29,325	-	29,325
7,491	-	7,491	PCC costs	7,730	-	7,730
5,721	-	5,721	Capital charges	5,405	-	5,405
-	(26,288)	(26,288)	Income	-	(29,549)	(29,549)
166,638	(26,288)	140,350	Net Cost of Services	176,378	(29,549)	146,828
			Other Operating Expenditure			
32,992	(32,992)	-	Police Pension Top Up Grant	28,363	(28,363)	-
		1,400	Levies			1,488
		186	Loss/(Gain) on the Disposal of Non-current Assets			474
			Financing and Investment Income and Expenditure			
		1	Interest payable and similar charges (Note 13)			0
		58,216	Net interest on defined benefit liability (Note 29)			59,029
		(1,545)	Interest receivable and similar income (Note 13)			(1,495)
			Taxation and non-specific grant income			
		(44,710)	Ex - DCLG Formula Grant (Note 25)			(45,628)
		(52,457)	Police Grants (Note 25)			(57,339)
		(45,778)	Precepts (Note 25)			(48,755)
		(6,110)	Council Tax Support Grant (Note 25)			(6,110)
		(341)	Capital Grants and Contributions (Note 25)			(1,173)
		49,212	Group deficit on Provision of Services			47,319
		(2,215)	(Surplus)/Deficit on revaluation of Property, Plant and Equipment assets (Note 11)			(826)
		(59,035)	Re-measurements of the defined benefit liability (Note 29)			(172,442)
		(61,250)	Other Comprehensive Income and Expenditure			(173,268)
		(12,038)	Total Comprehensive Income and Expenditure			(125,949)

This statement shows the accounting cost in the year for the Group of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises precept to cover expenditure in accordance with the regulations; this may be different from the accounting cost. The amount chargeable to precept is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

**Comprehensive Income and Expenditure Statement for the Office of the Durham Police
and Crime Commissioner for the year ended 31 March 2025**

2023/24		2023/24		2023/24		2024/25		2024/25		2024/25	
Gross		Income		Net		Gross		Income		Net	
Expenditure				Expenditure		Expenditure				Expenditure	
£'000		£'000		£'000		£'000		£'000		£'000	
2,463	-			2,463	Employee costs	2,943	-			2,943	
5,027	-			5,027	Non employee costs	4,787	-			4,787	
5,721	-			5,721	Capital charges	5,405	-			5,405	
-	(13,388)			(13,388)	Income	-	(15,829)			(15,829)	
-	(5,721)			(5,721)	Charge for use of assets	-	(5,405)			(5,405)	
155,580	-			155,580	PCC funding for resources consumed by the CC	168,827	-			168,827	
168,791	(19,109)			149,682	Net Cost of Services	181,961	(21,233)			160,728	
					Other Operating Expenditure						
32,992	(32,992)			-	Police Pension Top Up Grant	28,363	(28,363)			-	
				60	Levies					60	
				186	Loss/(Gain) on the Disposal of Non-current Assets					474	
					Financing and Investment Income and Expenditure						
				1	Interest payable and similar charges (Note 13)					0	
				6	Net interest on defined benefit liability (Note 30)					(1)	
				(1,541)	Interest receivable and similar income (Note 13)					(1,491)	
					Taxation and non-specific grant income						
				(44,710)	Ex - DCLG Formula Grant (Note 25)					(45,628)	
				(52,457)	Police Grants (Note 25)					(57,339)	
				(45,778)	Precepts (Note 25)					(48,755)	
				(6,110)	Council Tax Support Grant (Note 25)					(6,110)	
				(341)	Capital Grants and Contributions (Note 25)					(1,173)	
				(1,002)	(Surplus)/Deficit on Provision of Services					765	
					(Surplus)/Deficit on revaluation of non current assets (Note 11)					(826)	
				(131)	Re-measurements of the defined benefit liability (Note 30)					(97)	
				(2,346)	Other Comprehensive Income and Expenditure					(923)	
				(3,348)	Total Comprehensive Income and Expenditure					(158)	

**Group Movement in Reserves Statement for the Office of the Police and Crime
Commissioner for Durham**

Current year	Police Fund Balances £'000	Earmarked Reserves £'000	Capital Grants and Contrib'ns Unapplied £'000	Capital Receipts Reserves £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Group Reserves £'000
Balance at 31 March 2024	6,559	14,204	2,559	8,794	32,116	(1,230,199)	(1,198,083)
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure	(47,319)	-	-	-	(47,319)	173,268	125,949
Adjustments between accounting basis & funding basis under regulations (Note 9)	49,994	-	(1,607)	(1,035)	47,352	(47,352)	-
Earmarked Reserves movements (Note 10)	(2,674)	2,674	-	-	-	-	-
Increase/(Decrease) in year	0	2,674	(1,607)	(1,035)	32	125,916	125,949
Balance at 31 March 2025 carried forward	6,559	16,878	952	7,759	32,148	(1,104,283)	(1,072,134)
Comparative year							
Balance at 31 March 2023	6,559	8,032	2,431	13,034	30,056	(1,240,178)	(1,210,122)
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure	(49,211)	-	-	-	(49,211)	61,250	12,039
Adjustments between accounting basis & funding basis under regulations (Note 9)	55,383	-	128	(4,240)	51,271	(51,271)	-
Earmarked Reserves movements (Note 10)	(6,172)	6,172	-	-	-	-	-
Increase/(Decrease) in year	-	6,172	128	(4,240)	2,060	9,979	12,039
Balance at 31 March 2024 carried forward	6,559	14,204	2,559	8,794	32,116	(1,230,199)	(1,198,083)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in the year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to the amounts chargeable to council tax for the year. The Net Increase/Decrease line shows the statutory General Fund Balance movements in the year following those adjustments.

Movement in Reserves Statement for the Office of the Police and Crime Commissioner for Durham

Current year	Police Fund Balances	Earmarked Reserves	Capital Grants and Contrib'ns Unapplied	Capital Receipts Reserves	Total Useable Reserves	Unusable Reserves	Total Group Reserves
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
	Balance at 31 March 2024	6,559	14,204	2,559	8,794	32,116	41,998
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure	(765)	-	-	-	(765)	923	158
Adjustments between accounting basis & funding basis under regulations (Note 9)	3,440	-	(1,607)	(1,035)	798	(798)	-
Earmarked Reserves movements (Note 10)	(2,674)	2,674	-	-	-	-	-
Increase/(Decrease) in year	0	2,674	(1,607)	(1,035)	32	125	158
Balance at 31 March 2025 carried forward	6,559	16,878	952	7,759	32,148	42,123	74,269
Comparative year							
Balance at 31 March 2023	6,559	8,032	2,431	13,034	30,056	40,708	70,764
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure	1,004	-	-	-	1,004	2,346	3,350
Adjustments between accounting basis & funding basis under regulations (Note 9)	5,168	-	128	(4,240)	1,056	(1,056)	-
Earmarked Reserves movements (Note 10)	(6,172)	6,172	-	-	-	-	-
Increase/(Decrease) in year	-	6,172	128	(4,240)	2,060	1,290	3,350
Balance at 31 March 2024	6,559	14,204	2,559	8,794	32,116	41,998	74,112

**Group Balance Sheet for the Group of the Office of the Police and Crime Commissioner for
Durham on 31 March 2025**

31 March 2024			Notes	31 March 2025	
£'000	£'000			£'000	£'000
60,278		Property, Plant and Equipment	11	63,312	
1,491		Intangible Assets	12	2,062	
-		Long Term Debtors	13	-	
	61,769	Total Long Term Assets			65,374
718		Short Term Investments	13	2,326	
1,173		Inventories		1,259	
20,673		Short Term Debtors	14	22,933	
7,920		Cash and Cash Equivalents	15	2,191	
	30,484	Total Current Assets			28,709
-		Short Term Borrowings		-	
(22,032)		Short Term Creditors	16	(23,661)	
	(22,032)	Total Current Liabilities			(23,661)
(1,876)		Provisions	17	(2,559)	
		Long term lease Liabilities		(37)	
-		Long Term Borrowings		-	
(1,266,429)		Pensions Liability	18	(1,139,960)	
	(1,268,305)	Total Long Term Liabilities			(1,142,556)
	(1,198,084)	Net Assets			(1,072,134)
	32,115	Usable Reserves	19		32,148
	(1,230,199)	Unusable Reserves	19		(1,104,283)
	(1,198,084)	Total Reserves			(1,072,134)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories.

- The first category of reserves are usable reserves, i.e. those reserves that the Group may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations of their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt).
- The second category of reserves is those that the Group is not able to use to provide services. This category 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 regulation'.

**Balance Sheet for the Office of the Police and Crime Commissioner for Durham on 31
March 2025**

31 March 2024			Notes	31 March 2025	
£'000	£'000			£'000	£'000
60,278		Property, Plant and Equipment	11	63,312	
1,491		Intangible Assets	12	2,062	
-		Long Term Debtors	13	-	
	61,769	Total Long Term Assets			65,374
718		Short Term Investments	13	2,326	
16,209		Short Term Debtors	14	16,272	
7,920		Cash and Cash Equivalents	15	2,191	
	24,847	Total Current Assets			20,789
-		Short Term Borrowings		-	
(12,396)		Short Term Creditors	16	(11,857)	
	(12,396)	Total Current Liabilities			(11,857)
-		Long Term Borrowings		-	
(109)		Long term lease Liabilities		(37)	
		Pensions Liability	18	-	
	(109)	Total Long Term Liabilities			(37)
	74,111	Net Assets			74,269
	32,115	Usable Reserves	19		32,148
	41,996	Unusable Reserves	19		42,121
	74,111	Total Reserves			74,269

**Cashflow Statement for the Group of the Office of the Durham Police and Crime
Commissioner for the year to 31 March 2025**

2023/24		OPERATING ACTIVITIES	2024/25	
£'000	£'000		£'000	£'000
		Cash Inflow		
102,567		Specific Grants	112,811	
44,710		Redistributed Non-Domestic Rates	45,628	
45,716		Council Tax Receipts	48,403	
39,676		Cash received for goods and services	36,369	
1,630		Interest received	1,562	
	234,299	Cash Inflows generated from operating activities		244,773
		Cash Outflow		
(186,918)		Cash paid to employees	(201,582)	
(1)		Interest paid	(0)	
(44,508)		Cash paid to suppliers of goods and services	(38,376)	
	(231,427)	Cash outflows generated from operating activities		(239,957)
	2,872	Net cash flows from operating activities		4,816
		INVESTING ACTIVITIES		
82		Proceeds from the sale of Property, Plant and Equipment	144	
159		Capital grants/contributions received	(773)	
(718)		Purchase of short term investments	(2,326)	
5,000		Proceeds from short term investments	718	
(5,646)		Purchase of Property, Plant and Equipment	(8,308)	
	(1,123)	Net cash flows from investing activities		(10,545)
		FINANCING ACTIVITIES		
(2,500)		Cash receipts of short term borrowing	(520)	
2,500		Repayments of short and long term borrowing	520	
	-	Net cash flows from financing activities		-
	1,749	Net increase or decrease in cash and cash equivalent		(5,729)
	6,171	Cash and cash equivalents at the beginning of the reporting period		7,920
		Less		
	7,920	Cash and cash equivalents at the end of the reporting period (Note 15)		2,191
	(1,749)			5,729

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

**Cashflow Statement for the Office of the Police and Crime Commissioner for Durham for
the year to 31 March 2025**

2023/24			2024/25	
£'000	£'000		£'000	£'000
		OPERATING ACTIVITIES		
		Cash Inflow		
92,083		Specific Grants	101,394	
44,710		Redistributed Non-Domestic Rates	45,628	
45,716		Council Tax Receipts	48,403	
30,706		Cash received for goods and services	18,784	
1,630		Interest received	1,562	
	214,845	Cash Inflows generated from operating activities		215,771
		Cash Outflow		
(2,461)		Cash paid to employees	(2,966)	
(1)		Interest paid	(0)	
(3,402)		Cash paid to suppliers of goods and services	(3,402)	
(206,109)		Contribution from PCC to CC for Operating activities	(204,587)	
	(211,973)	Cash outflows generated from operating activities		(210,955)
	2,872	Net cash flows from operating activities		4,816
		INVESTING ACTIVITIES		
82		Proceeds from the sale of Property, Plant and Equipment	144	
159		Capital grants/contributions received	(773)	
(718)		Purchase of short term investments	(2,326)	
5,000		Proceeds from short term investments	718	
(5,646)		Purchase of Property, Plant and Equipment	(8,308)	
	(1,123)	Net cash flows from investing activities		(10,545)
		FINANCING ACTIVITIES		
(2,500)		Cash receipts of short term borrowing	(520)	
2,500		Repayments of short and long term borrowing	520	
	-	Net cash flows from financing activities		-
	1,749	Net increase or decrease in cash and cash equivalent		(5,729)
	6,171	Cash and cash equivalents at the beginning of the reporting period		7,920
	7,920	Less Cash and cash equivalents at the end of the reporting period (Note 15)		2,191
	(1,749)			5,729

Notes to the Financial Statements for the Office of the Police and Crime Commissioner for Durham and for the Group for the year to 31 March 2025

1. ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the PCC's and the Group's transactions for the 2024/25 financial year and the position at the year-end of 31 March 2025. The PCC is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require accounts to be prepared in accordance with proper accounting practices. These practices under section 19 schedule 6 of the Local Audit & Accountancy Act 2014 act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS).

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. The accounts have been prepared on the basis of going concern as the management believe the organisation is financially viable and will continue to operate for the foreseeable future.

On 22nd November 2012, Durham Police Authority was replaced by two corporation sole bodies: the Office of the Police and Crime Commissioner for Durham and the Chief Constable for Durham. Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the PCC and also those for the Group. The financial statements cover the 12 months to 31 March 2025. The term 'Group' is used to indicate individual transactions and policies of the Office of the Police and Crime Commissioner for Durham and the Chief Constable for Durham for the year ended 31 March 2025. The identification of the Office of the Police and Crime Commissioner for Durham as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities under the Police Reform and Social Responsibility Act 2011.

1.2 Revenue and Expenditure Recognition

Since 1st April 2014, the majority of staff and all officers are employed by the CC however all the major revenue streams are received by the PCC. The PCC funds the operations of the CC.

1.3 Accruals of Income and Expenditure

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract,
- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet,
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made,
- 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.
- There is a de minimis level of £1k for accruals.

1.4 Cash and 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 within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

1.5 Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service,
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off,
- Amortisation of intangible assets attributable to the service.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance

(England and Wales)). Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund Balance of MRP by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

1.6 Employee Benefits

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. 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 charged to Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the appropriate service segment at the earlier of when the Group can no longer withdraw the offer of those benefits or when the Group recognises costs for a restructuring.

When termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group 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.

Post Employment Benefits

Employees of the Group are members of two separate pension schemes:

- The Police Pension Scheme for Police Officers, which is unfunded,
- The Local Government Pensions Scheme, administered by Durham County Council.

Both schemes provide defined benefits to members (retirement lump sums and pensions), related to pay and service earned as employees work for the Group.

The Police Pension Scheme for Police Officers

This is an unfunded defined benefit final salary scheme, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they fall due. If the amounts receivable by the pensions fund for the year are less than amounts payable, the Office of the Police and Crime Commissioner for Durham must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Office of the Police and Crime Commissioner for Durham who then must repay the amount to central government.

Injury Awards

IAS 19 requires that any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when service is rendered. As injury awards under the Police Officer schemes are dependent on service, the liability expected to arise due to injury awards in respect of service prior to the valuation date requires valuation. The gratuity lump sum paid on injury is not dependent on service and so is not recognised as service is rendered.

The Local Government Pension Scheme

The Local Government Pension Scheme for support staff, administered by Durham County Council, is a funded defined benefit final salary scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Aspects of the Schemes

The main aspects of both these pension schemes are:

- i. The liabilities of each scheme attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method i.e. 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 earnings for current employees,
- ii. Liabilities are discounted to their value at current prices at a rate that is determined by reference to market yields at the end of the reporting period on high-quality corporate bonds,
- iii. The attributable assets of each scheme are included in the Balance Sheet at fair value,
- iv. The change in the net pensions liability for each scheme is analysed into the following components:

- Current service cost - the increase in liabilities as a result of years of service earned this year. The current service cost is stated net of employees' contributions, so as to reflect the part of the total pensions liabilities that are to be funded by the Group - allocated in the Comprehensive Income and Expenditure Statement to employee costs,
 - Past service costs - the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement,
 - Net interest on the net defined benefit liability, ie net interest expense for the Group - the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- v. Remeasurements comprising:
- The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure,
 - Actuarial gains and losses - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure,
 - Contributions paid to the funds - 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 funds or directly to pensioners in the year, not the amount calculated in accordance with relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers 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 funds 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.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes. The Police Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to the Group on 31 March 2025, and of the basis for assessing those liabilities, are included in Notes 29 & 30 to the Statement of Accounts.

1.7 Events after the Reporting Period

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.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

1.8 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES 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 the estimated future cash payments over the life of the instrument to the amount at which it was initially recognised. This means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has not given any financial guarantees. The Group has not had any gains or losses on the repurchase or early settlement of borrowing, nor any premiums or discounts on financial liabilities.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- Amortised cost,
- Fair value through profit or loss (FVPL),
- Fair value through other comprehensive income (FVOCI).

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line of the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. This means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

1.9 Government Grants and Contributions

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,
- The grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution 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 (attributable revenue grants and contributions) 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 General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

1.10 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.

Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accrual's basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the assets can be measured reliably. 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.

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,
- The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Group does not capitalise borrowing costs incurred while assets are under construction.

The cost of assets acquired other than by purchase is deemed to be its fair value.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets Under Construction – Historical cost,
- Surplus assets - current value, estimated at highest and best use from a market participant's perspective,
- All other assets - Current Value, 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 current value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Assets included on the Balance Sheet at fair value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years. All valuations of buildings are undertaken by or under the

supervision of a fully qualified Chartered Surveyor external to the Police and Crime Commissioner.

Increases in valuations are matched by a credit to the Revaluation Reserve to recognise unrealised gains. Where decreases in value are identified, they are accounted for by:

- 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 and included in capital charges in the Comprehensive Income and Expenditure Account.

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.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where the indications 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 by:

- 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 non-employee costs in the Comprehensive Income and Expenditure Account.

Where an impairment loss is reversed subsequently, the reversal is credited to non-employee costs in 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.

Disposals

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to the fair value less costs to sell, the loss is posted under Other Operating Expenditure in the

Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses in the Surplus or Deficit on the Provision of Services. Depreciation is not charged on assets held for sale.

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

Assets that are to be abandoned or scrapped are not reclassified as assets held for sale.

When an asset is disposed of or decommissioned, the value of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal, so netted off against the carrying value of the asset at the time of disposal. Any revaluation gains in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts from disposal of assets are categorised as Capital Receipts and credited to the Usable Capital Receipts Reserve to finance new capital investment. Where funds have not yet been received the amount due is credited to the Deferred Capital Receipts account. Upon receipt of funds the amount is transferred to Usable Capital Receipts.

The written-off value of the disposal is appropriated to the Capital Adjustment Account in the Movement in Reserves Statement so as not to impact on Council Tax.

Depreciation

Annual depreciation for dwellings and other buildings is calculated on the basis of valuation less residual value, divided by the estimated useful life of the asset. The useful lives of properties have been estimated by the valuer. Depreciation is not provided for assets with no determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Vehicles, plant and equipment, are valued at current written down value. Annual depreciation is calculated as original cost less residual value, divided by the estimated useful life of the asset. The useful lives of vehicles vary from 3 to 5 years except for specialist vehicles. Equipment useful lives vary between 3 to 10 years depending on the type of asset. Buildings useful life vary between 0 to 65 years.

Where an item of Plant, Property and Equipment has a value greater than £0.5m and major components greater than 20% of the value of the asset, the components are depreciated separately at rates representative of their useful life.

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.

Depreciation is charged on assets from the date of acquisition and up to the date of disposal.

1.11 Intangible Assets

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

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the capital charges line in the Comprehensive Income and Expenditure Statement. An asset is tested for impairment whenever there is an indication that the asset might be impaired and, any losses recognised are posted to the capital charges line in the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment on an intangible asset is posted under Other Operating Expenditure in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

1.12 Capital De Minimis Level

The PCC and Group have capital de minimis expenditure levels of £10,000 and £6,000 relating to purchases of land and buildings and other items respectively.

1.13 Inventories

Inventories are held at the lower of cost and net realisable value and include uniforms, forensics dry goods, stationery, oil, diesel, personal protective equipment and ammunition.

1.14 Accounting for Leases

a. Leases

The Police Crime and Commissioner accounts for leases when substantially all the risks and rewards relating to the leased asset transfer to the Commissioner.

Lease payments are apportioned between:

- A charge for the acquisition of the interest in the asset (recognised as a liability in the Balance Sheet at the start of the lease, matched with an item of Plant, Property and Equipment – the liability is written down as the rent becomes payable),
- A finance charge (debited to Net Operations Expenditure in the Comprehensive Income and Expenditure Statement as the rent becomes payable).

Property, plant and equipment recognised as leases and are accounted for using the policies applied generally to Property, Plant and Equipment subject to depreciation being charged over the lease term if this is shorter than the asset life.

b. Leases

Rentals payables are charged to the Comprehensive Income and Expenditure Statement as an expense on a straight-line basis over the term of the lease.

1.15 Overheads and Support Services

The costs of overheads and support services are charged to either Employee or Non-Employee costs depending on their nature.

1.16 Provisions and contingent assets

Provisions are made when an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group has an obligation and are measured at the best estimate at the Balance Sheet date of the of the expenditure required to settle the obligation, considering relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year.

A contingent asset arises where an event has taken place that gives the Commissioner a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

1.17 Reserves

The PCC sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund Balance. When expenditure to be financed from a reserve is incurred, it is charged to the either Employee or Non-Employee costs in that year in the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back into the General Fund Balance so there is no net charge against the precept for that expenditure.

The PCC's policy for Reserves is that the Commissioner will:

- Set aside sufficient sums in Earmarked Reserves as he considers prudent to do so,
- Aim to maintain, broadly, General Reserves of between 4% and 5% of the Budget Requirement.

Capital reserves are kept for the purpose of managing the accounting processes for non-current assets, local taxation, retirement and employee benefits and do not represent usable resources for the PCC, these reserves are explained in the relevant notes.

1.18 VAT

VAT payable is included as an expense only when it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

1.19 Council Tax Income

The Code requires that the Council Tax income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the Collection Fund Collection Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes a Council Tax Adjustment Account to reflect the Collection Fund relationship between the PCC and Billing Authorities. The offset to this account is included in

debtors/creditors. Debtor and creditor accounts are also included in the Balance Sheet to reflect the amounts due from council taxpayers.

2 ACCOUNTING STANDARDS ISSUED NOT ADOPTED

In accordance with the Code, the PCC and Group shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing after 31 March 2025.

The following standards have been issued but have not yet been adopted on 31 March 2025:

IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)* issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

IFRS 17 *Insurance Contracts* issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach.

It is not anticipated that any of the above will have a material impact on the Financial Statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the PCC has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Statutory Accounts. Both the PCC and the CC are separate bodies listed under the Local Audit and Accountability Act 2014 and so must produce statutory accounts. Both bodies comply with chapter 9 of the Code and so group accounts must be produced also. The Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013 (SI 2013/2319) recognises that S21 and S22 of the LG Act 2003 apply to relevant transactions of the CC as if it were a local authority from 1 April 2013.

On 1st April 2014, the stage 2 transfer occurred between the PCC and the CC where all the officers and the majority of police staff transferred their employment from the PCC to the CC.

The PCC retained all property, plant and equipment, the major revenue streams and usable reserves. The CC delivers the day-to-day operations funded by the PCC and holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Staff Costs. The staff costs have been split according to which organisation employs the individual. All the officer costs and liabilities rest with the CC.

Asset and Liability Recognition. Long term control and long-term access to the economic benefits associated with assets such as buildings rests with the PCC. The CC deploys assets to deliver the Police and Crime Plan of the PCC and is funded by the PCC. The PCC retains all long-term assets, the major revenue streams and useable reserves. The CC holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Pension Fund Accounts. The CC is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. Therefore, the Pension Fund Accounts have been included in financial statements of the CC and the Group.

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

The Police and Crime Commissioner for Durham and Group's Statement of Accounts contains estimated figures that are based on assumptions made by the PCC about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, as balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the PCC and Group's Balance Sheets on 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4.1 Property, Plant and Equipment

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 spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings would increase by £0.142m for every year that useful lives had to be reduced.

4.2 Pensions Liability

Estimation of the net liability to pay pensions depends on a number of 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 Commissioner with expert advice about the assumptions to be applied. The effects of changes in individual assumptions on the total pension liability can be measured. Examples of how changes in assumptions would impact upon the Police Officer pension liability are shown in notes 29 and 30.

The CC, along with other Chief Constables and the Home Office, currently has a number of claims lodged against them arising from the Transitional Provisions in the Police Regulations 2015. This is disclosed in more detail in Note 29.

4.3 Stage 2 Transfer on 1st April 2014

The allocation of some minor streams of income along with some associated debtors and creditors have been allocated to the CC in accordance with the governance framework. If all income was allocated to the PCC, there would be no effect on the Group accounts. However, in the PCC's accounts, the income would increase by £13.7m (£12.9m 2023/24).

5 MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and expense which are not already disclosed on the face of the Comprehensive Income and Expenditure Statement or in the associated notes.

6 EVENTS AFTER THE REPORTING PERIOD

The Office of the Police and Crime Commissioner for Durham and Group's Statement of Accounts was authorised for issue by the Chief Finance Officer on 30th June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing on 31 March 2025, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

An updated Government announcement was made on 5 June 2025.

Relevant certificates have been located in respect of the 2014 reforms. It is also believed a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this. As at 30 June 2025 no update has been received as to whether the certificate in respect of the 2008 reforms has been located.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.

On 5 June 2025, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

7 GROUP EXPENDITURE AND FUNDING ANALYSIS FOR THE OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR DURHAM FOR THE YEAR ENDED 31 March 2025

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
133,835	(7,997)	125,839	Employee costs	146,394	(12,476)	133,918
27,587	-	27,587	Non employee costs	29,325	-	29,325
7,482	8	7,491	PCC costs	7,742	(12)	7,730
505	5,216	5,721	Capital charges	1,601	3,804	5,405
(26,288)	-	(26,288)	Income	(29,549)	-	(29,549)
143,121	(2,773)	140,350	Net Cost of Services	155,512	(8,684)	146,828
-	58,216	58,216	Pension liability costs	-	59,029	59,029
(149,293)	(62)	(149,354)	Other Income and Expenditure	(158,186)	(352)	(158,538)
(6,172)	55,381	49,212	Group deficit on Provision of Services	(2,674)	49,994	47,319
(14,591)			Opening General fund and Earmarked Reserves Balance	(20,763)		
(6,172)			Less deficit on General Fund and Earmarked Reserves Balance	(2,674)		
(20,763)			Closing General fund and Earmarked Reserves Balance	(23,437)		

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the PCC for the year has been used in providing services in comparison with those resources consumed or earned by the PCC in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the PCC and the CC of Durham Constabulary. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

**EXPENDITURE AND FUNDING ANALYSIS FOR THE OFFICE OF THE POLICE AND CRIME
COMMISSIONER FOR DURHAM FOR THE YEAR ENDED 31 March 2025**

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Net	Adjustments	Net		Net	Adjustments	Net
Expenditure	between the	Expenditure		Expenditure	between the	Expenditure
Chargeable	Funding and	in the		Chargeable	Funding and	in the
to the	Accounting	Income and		to the	Accounting	Income and
General Fund	Basis	Expenditure		General Fund	Basis	Expenditure
£'000	£'000	£'000		£'000	£'000	£'000
2,454	8	2,463	Employee costs	2,955	(12)	2,943
5,027	-	5,027	Non employee costs	4,787	-	4,787
504	5,216	5,721	Capital charges	1,600	3,804	5,405
(13,388)		(13,388)	Income	(15,829)		(15,829)
(5,721)	-	(5,721)	Charge for use of assets	(5,404)	-	(5,404)
155,580	-	155,580	PCC funding for resources consumed by the CC	168,827	-	168,827
144,456	5,224	149,682	Net Cost of Services	156,935	3,792	160,729
-	6	6	Pension liability costs		(1)	(1)
(150,628)	(62)	(150,690)	Other Income and Expenditure	(159,610)	(352)	(159,962)
			PCC deficit/ (surplus) on Provision of Services			
(6,172)	5,168	(1,002)		(2,674)	3,440	766
(14,591)			Opening General fund and Earmarked Reserves Balance	(20,763)		
(6,172)			Less deficit on General Fund and Earmarked Reserves Balance	(2,674)		
(20,763)			Closing General fund and Earmarked Reserves Balance	(23,437)		

7A GROUP NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Year ended 31 March 2025				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Employee costs	-	13,045	(569)	12,476
Non employee costs	-	-	-	-
PCC costs	-	11	1	12
Capital charges	(3,804)	-	-	(3,804)
Net Cost of Services	(3,804)	13,056	(568)	8,684
Pension liability costs	-	(59,029)	-	(59,029)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	352	352
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	(3,804)	(45,973)	(217)	(49,994)
Year ended 31 March 2024				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Employee costs	-	8,085	(88)	7,997
Non employee costs	-	-	-	-
PCC costs	-	(8)	-	(8)
Capital charges	(5,216)	-	-	(5,216)
Net Cost of Services	(5,216)	8,077	(88)	2,773
Pension liability costs	-	(58,216)	-	(58,216)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	62	62
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	(5,216)	(50,139)	(26)	(55,381)

PCC NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Year ended 31 March 2025				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Employee costs	-	11	1	12
Non employee costs	-	-	-	-
Capital charges	(3,804)	-	-	(3,804)
Charge for the use of assets	-	-	-	-
PCC funding for resources consumed by the CC	-	-	-	-
Net Cost of Services	(3,804)	11	1	(3,792)
Pension liability costs	-	1	-	1
Other income and expenditure from the Expenditure and Funding Analysis	-	-	352	352
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	(3,804)	12	352	(3,440)
Year ended 31 March 2024				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£'000	£'000	£'000	£'000
Employee costs	-	(8)	-	(8)
Non employee costs	-	-	-	-
Capital charges	(5,216)	-	-	(5,216)
Charge for the use of assets	-	-	-	-
PCC funding for resources consumed by the CC	-	-	-	-
Net Cost of Services	(5,216)	(8)	-	(5,224)
Pension liability costs	-	(6)	-	(6)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	62	62
Difference between General Fund surplus or deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	(5,216)	(14)	62	(5,168)

7B GROUP SEGMENTAL INCOME

There is a requirement within the Code to present financial information for reportable segments in a manner consistent with an authority's internal management reporting. The Group considers that it has only one operating segment, being the commissioning and delivery of policing services, and the reporting of financial information within the Comprehensive Income and Expenditure Statement (CIES) and Expenditure and Funding Analysis (EFA) is consistent with internal management reports. Accordingly, the analysis in the CIES and within the EFA are deemed to fulfil the segmental reporting requirements set out in the Code.

8 GROUP EXPENDITURE AND INCOME ANALYSED BY NATURE

	2023/24 £'000	2024/25 £'000
Expenditure		
Employee benefits expenses	128,301	136,861
Other services expenses	32,613	34,112
Depreciation, amortisation & impairment	5,721	5,405
Interest payments (including defined benefit liability)	58,216	59,029
Levies	1,400	1,488
Loss on the disposal of assets	186	474
Total Expenditure	226,437	237,369
Income		
Fees, charges and other service income	(26,288)	(29,549)
Interest and investment income	(1,545)	(1,495)
Precepts	(45,778)	(48,755)
Government grants and contributions	(103,618)	(110,250)
Total Income	(177,229)	(190,050)
Deficit on the Provision of Services	49,208	47,319

PCC EXPENDITURE AND INCOME ANALYSED BY NATURE

	2023/24 £'000	2024/25 £'000
Expenditure		
Employee benefits expenses	2,463	2,943
Other services expenses	160,607	173,614
Depreciation, amortisation & impairment	5,721	5,405
Interest payments (including defined benefit liability)	7	(1)
Levies	60	60
Loss on the disposal of assets	186	474
Total Expenditure	169,044	182,494
Income		
Fees, charges and other service income	(19,109)	(21,233)
Interest and investment income	(1,541)	(1,491)
Precepts	(45,778)	(48,755)
Government grants and contributions	(103,618)	(110,250)
Total Income	(170,046)	(181,729)
Deficit on the Provision of Services	(1,002)	765

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

Group

Year ended 31 March 2025	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(75,314)	-	-	-	(75,314)	75,314
- Employer's pensions contributions and direct payments to pensioners payable in the year	29,341	-	-	-	29,341	(29,341)
Council tax (<i>transferred to or from the Collection Fund</i>)	352	-	-	-	352	(352)
Holiday Pay (<i>transferred to the Accumulated Absences Reserve</i>)	(568)	-	-	-	(568)	568
Reversal of entries included in the Surplus and Deficit on the provision of services in relation to Capital Expenditure (<i>these items are charged to the Capital Adjustment Account</i>):						
- Charges for depreciation and amortisation of non-current assets	(4,766)	-	-	-	(4,766)	4,766
- Charges for impairment of non-current assets	(639)	-	-	-	(639)	639
- Amounts of non-current assets written off on disposal	(610)	-	-	-	(610)	610
- Capital grants and contributions unapplied	1,173	-	(932)	(241)	(0)	0
Total Adjustments to Revenue Resources	(51,032)	-	(932)	(241)	(52,205)	52,205
Adjustments between Revenue & Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	136	(136)	-	-	-	-
Statutory provision for repayment of debt	370	-	-	-	370	(370)
Capital expenditure financed from revenue balances					-	-
Total Adjustments between Revenue & Capital Resources	506	(136)	-	-	370	(370)
Adjustments to Capital Resources						
Use of reserves to finance capital expenditure	532	-	-	-	532	(532)
Application of Capital grants and contributions to finance capital expenditure	-	1,809	2,470	311	4,589	(4,589)
Cash Payments in relation to Deferred Capital Receipts	-	(638)	-	-	(638)	638
Total Adjustments to Capital Resources	532	1,171	2,470	311	4,483	(4,483)
TOTAL ADJUSTMENTS (Movement in Reserves Statement)	(49,994)	1,035	1,538	70	(47,352)	47,352

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the PCC and the Group 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.

Group

Year ended 31 March 2024	USABLE RESERVES					Movement in Unusable Reserves
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contributions Reserve	Total Usable Reserves	
	£'000	£'000	£'000	£'000	£'000	
Adjustments to Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(74,904)	-	-	-	(74,904)	74,904
- Employer's pensions contributions and direct payments to pensioners payable in the year	24,763	-	-	-	24,763	(24,763)
Council tax (<i>transferred to or from the Collection Fund</i>)	62	-	-	-	62	(62)
Holiday Pay (<i>transferred to the Accumulated Absences Reserve</i>)	(88)	-	-	-	(88)	88
Reversal of entries included in the Surplus and Deficit on the provision of services in relation to Capital Expenditure (<i>these items are charged to the Capital Adjustment Account</i>):						
- Charges for depreciation and amortisation of non-current assets	(4,626)	-	-	-	(4,626)	4,626
- Charges for impairment of non-current assets	(1,095)	-	-	-	(1,095)	1,095
- Amounts of non-current assets written off on disposal	(276)	-	-	-	(276)	276
- Capital grants and contributions unapplied	341	-	(341)	-	-	-
Total Adjustments to Revenue Resources	(55,823)	-	(341)	-	(56,164)	56,164
Adjustments between Revenue & Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	90	(90)	-	-	-	-
Statutory provision for repayment of debt	350	-	-	-	350	(350)
Capital expenditure financed from revenue balances		-	-	-	-	-
Total Adjustments between Revenue & Capital Resources	440	(90)	-	-	350	(350)
Adjustments to Capital Resources						
Use of reserves to finance capital expenditure	-	-	-	-	-	-
Application of Capital grants and contributions to finance capital expenditure	-	4,330	213	-	4,543	(4,543)
Cash Payments in relation to Deferred Capital Receipts	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	4,330	213	-	4,543	(4,543)
TOTAL ADJUSTMENTS (Movement in Reserves Statement)	(55,383)	4,240	(128)	-	(51,271)	51,271

PCC

Year ended 31 March 2025	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(284)	-	-	-	(284)	284
- Employer's pensions contributions and direct payments to pensioners payable in the year	296	-	-	-	296	(296)
Council tax (<i>transferred to or from the Collection Fund</i>)	352	-	-	-	352	(352)
Holiday Pay (<i>transferred to the Accumulated Absences Reserve</i>)	1	-	-	-	1	(1)
Reversal of entries included in the Surplus and Deficit on the provision of services in relation to Capital Expenditure (<i>these items are charged to the Capital Adjustment Account</i>):						
- Charges for depreciation and amortisation of non-current assets	(4,766)	-	-	-	(4,766)	4,766
- Charges for impairment of non-current assets	(639)	-	-	-	(639)	639
- Amounts of non-current assets written off on disposal	(610)	-	-	-	(610)	610
- Capital grants and contributions unapplied	1,173	-	(932)	(241)	(0)	0
Total Adjustments to Revenue Resources	(4,478)	-	(932)	(241)	(5,651)	5,651
Adjustments between Revenue & Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	136	(136)	-	-	-	-
Statutory provision for repayment of debt	370	-	-	-	370	(370)
Capital expenditure financed from revenue balances	-	-	-	-	-	-
Total Adjustments between Revenue & Capital Resources	506	(136)	-	-	370	(370)
Adjustments to Capital Resources						
Use of reserves to finance capital expenditure	532	-	-	-	532	(532)
Application of Capital grants and contributions to finance capital expenditure	-	1,809	2,470	311	4,589	(4,589)
Cash Payments in relation to Deferred Capital Receipts	-	(638)	-	-	(638)	638
Total Adjustments to Capital Resources	532	1,171	2,470	311	4,483	(4,483)
TOTAL ADJUSTMENTS (Movement in Reserves Statement)	(3,440)	1,035	1,538	70	(798)	798

PCC

Year ended 31 March 2024	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution on Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:						
<i>Pension Costs (transferred to or from the Pension Reserve):</i>						
- Retirement benefits	(242)	-	-	-	(242)	242
- Employer's pensions contributions and direct payments to pensioners payable in the year	228	-	-	-	228	(228)
<i>Council tax (transferred to or from the Collection Fund)</i>	62	-	-	-	62	(62)
<i>Holiday Pay (transferred to the Accumulated Absences Reserve)</i>		-	-	-	-	-
Reversal of entries included in the Surplus and Deficit on the provision of services in relation to Capital Expenditure (<i>these items are charged to the Capital Adjustment Account</i>):						
- Charges for depreciation and amortisation of non-current assets	(4,626)	-	-	-	(4,626)	4,626
- Charges for impairment of non-current assets	(1,095)	-	-	-	(1,095)	1,095
- Amounts of non-current assets written off on disposal	(276)	-	-	-	(276)	276
- Capital grants and contributions unapplied	341	-	(341)	-	-	-
Total Adjustments to Revenue Resources	(5,608)	-	(341)	-	(5,949)	5,949
Adjustments between Revenue & Capital Resources						
Transfer of non-current asset sales proceeds from revenue to the Capital Receipts Reserve	90	(90)	-	-	-	-
Statutory provision for repayment of debt	350	-	-	-	350	(350)
Capital expenditure financed from revenue balances					-	-
Total Adjustments between Revenue & Capital Resources	440	(90)	-	-	350	(350)
Adjustments to Capital Resources						
Use of reserves to finance capital expenditure					-	-
Application of Capital grants and contributions to finance capital expenditure	-	4,330	213	-	4,543	(4,543)
Cash Payments in relation to Deferred Capital Receipts	-	-	-	-	-	-
Total Adjustments to Capital Resources	-	4,330	213	-	4,543	(4,543)
TOTAL ADJUSTMENTS (Movement in Reserves Statement)	(5,168)	4,240	(128)	-	(1,056)	1,056

10 TRANSFERS TO/FROM EARMARKED RESERVES

Group and PCC

	Balance at 31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	Balance at 31 March 2024	Transfers In 2024/25	Transfers Out 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Collaboration reserves	(387)	(15)	-	(402)	-	8	(394)
Revenue Grants Unapplied	(1,503)	(381)	593	(1,291)	(1,118)	1,020	(1,389)
Road Safety Initiative Management	(527)	-	-	(527)	-	-	(527)
Estates	(250)	(2,000)	-	(2,250)	-	-	(2,250)
Court Forfeiture	(255)	(255)	255	(255)	(255)	255	(255)
POCA	(322)	(322)	322	(322)	(322)	322	(322)
Covid Funding	(971)	-	-	(971)	-	-	(971)
Uplift Reserve	(1,200)	-	-	(1,200)	-	-	(1,200)
Police and Crime Commissioner	(1,163)	(369)	335	(1,197)	(50)	-	(1,247)
PCC Community Safety Reserve	(1,384)	(518)	-	(1,902)	(1,975)	2,127	(1,750)
Sustainability	-	(2,000)	-	(2,000)	-	-	(2,000)
Data Analytics	-	(2,000)	183	(1,817)	-	-	(1,817)
Financial Resilience	-	-	-	-	(2,686)	-	(2,686)
PCC ICT Reserve	(70)	-	-	(70)	-	-	(70)
	(8,032)	(7,860)	1,688	(14,204)	(6,406)	3,732	(16,878)

Revenue Reserve Purposes

Collaboration Reserves: To meet costs associated with the following reserves:

- Tactical Training Centre Reserve (TTC)
- North East Regional Special Operations Unit (NERSOU)
- Sexual Assault Referral Centre (SARC)
- Multi Agency Risk Assessment Conference (MARAC)

Revenue Grants Unapplied Account: To meet costs identified but not to be incurred until later years.

Road Safety Initiative Management Reserve: To meet the administration of future road casualty reduction initiatives.

Estates: To meet future estates costs.

Court Forfeiture Reserve: Reserve created from underspends on forfeiture funds that will be utilised in future years

Proceeds of Crime Act (POCA): Created by funds received under POCA that were not utilised in the current year but will be used in future years.

Covid Funding: To meet the ongoing expenses of the Covid pandemic in future years.

Uplift Reserve: To cover uplift costs delayed by the Covid pandemic.

Police and Crime Commissioner Reserve: To meet costs identified but not to be incurred until later years.

PCC Community Safety Reserve: To meet the objectives of the Police Crime and Victims' Commissioner in relation to reducing harm in the community.

Sustainability Reserve: Reserve created to fund future sustainability projects.

Data Analytics: To fund investment to improve the collection, quality and analysis of data.

Financial Resilience: To help manage future financial risk.

PCC ICT Reserve: To meet costs identified but not to be incurred until later years.

11 PROPERTY, PLANT AND EQUIPMENT

	Land & Buildings	Vehicles, Plant & Equipment	Right of Use IFRS16	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2024	23,982	31,604	-	28,074	83,660
Additions	266	2,232	275	4,924	7,698
Acc Dep & Imp WO to GCA	(360)	-	-	-	(360)
Revaluations increases/	1,043	-	-	-	1,043
Revaluations increases/	(658)	-	-	-	(658)
Derecognition - Disposals	-	(7,602)	-	-	(7,602)
Derecognition - Other	-	-	-	-	-
Other movement in cost or	27,762	2,763	-	(30,525)	-
At 31 March 2025	52,034	28,997	275	2,474	83,780
Accumulated Depreciation and					
At 1 April 2024	(776)	(22,540)	-	(67)	(23,383)
Depreciation charge	(972)	(2,873)	(7)	(335)	(4,188)
Acc. Depreciation WO to GCA	274	-	-	-	274
Acc. Impairment WO to GCA	86	-	-	-	86
Impairment Losses/(Reversals)	(216)	-	-	-	(216)
Impairment losses recognised in	(50)	-	-	-	(50)
Derecognition - Disposals	-	7,010	-	-	7,010
Derecognition - Other	-	-	-	-	-
Other movements in	-	(199)	-	199	-
At 31 March 2025	(1,654)	(18,603)	(7)	(203)	(20,467)
Net Book Value					
At 31 March 2025	50,380	10,394	268	2,270	63,312
At 31 March 2024	23,206	9,065	-	28,007	60,278

Capital Commitments

On 31 March 2025, the PCC was contractually committed to capital works which are budgeted to cost £1.881m (on 31 March 2024 the figure was £2.219m).

Comparative figures for 2023/24 are as follows:

	Land & Buildings	Vehicles, Plant & Equipment	Surplus	Assets Under Construction	Total
	£'000	£'000	£'000	£'000	£'000
Cost or Valuation					
At 1 April 2023	23,917	31,953		23,429	79,299
Additions	270	2,238	-	4,877	7,385
Acc Dep & Imp WO to GCA	(1,596)	-	-	-	(1,596)
Revaluations increases/ (decreases) recognised in the Revaluation Reserve	2,367	-	-	-	2,367
Revaluations increases/ (decreases)	(976)				(976)
Derecognition - Disposals		(2,819)		-	(2,819)
Derecognition - Other	-	-	-	-	-
Other movement in cost or	-	232	-	(232)	-
At 31 March 2024	23,982	31,604	-	28,074	83,660
Accumulated Depreciation and					
At 1 April 2023	(745)	(22,408)		(2)	(23,155)
Depreciation charge	(1,358)	(2,707)		(69)	(4,134)
Acc. Depreciation WO to GCA	908	-	-	-	908
Acc. Impairment WO to GCA	689	-	-	-	689
Impairment Losses/(Reversals)	(151)				(151)
Impairment losses recognised in the	(119)				(119)
Derecognition - Disposals	-	2,580		-	2,580
Derecognition - Other	-	-	-	-	-
Other movements in depreciation		(4)	-	4	-
At 31 March 2024	(776)	(22,539)	-	(67)	(23,382)
Net Book Value					
At 31 March 2024	23,206	9,065	-	28,007	60,278
At 31 March 2023	23,172	9,545	-	23,427	56,145

Revaluations

All Property, Plant and Equipment required to be measured either at historical cost or current value which is revalued at least every five years.

	Land & Buildings	Vehicles, Plant & Equipment	Right of Use IFRS 16	Total
	£'000	£'000	£'000	£'000
Carried at Historical Cost	-	28,997	275	29,272
Valued at Current Value as at :				
31 March 2025	28,052	-	-	28,052
31 March 2024	23,982	-	-	23,982
31 March 2023	-	-	-	-
31 March 2022	-	-	-	-
31 March 2021	-	-	-	-
	52,034	28,997	275	81,306

12 INTANGIBLE ASSETS

The PCC accounts for 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 is given a finite useful life, based on assessments of the period that the software is expected to be of use to the PCC. The useful lives are assessed individually. These assets are valued at historic cost and are written off to the Comprehensive Income and Expenditure Statement on a straight-line basis. The amortisation is charged to Non-employee costs in the Cost of Services.

	£'000
Gross carrying amount at 31 March 2024	7,460
Accumulated amortisation	(5,968)
Net carrying amount at 31 March 2024	1,492
Additions	1,165
Disposals	(17)
Amortisation	(578)
Accumulated Amortisation on disposals	-
Other Movements	-
Net carrying amount at 31 March 2025	2,062
Comprising	
Gross carrying amount	7,539
Accumulated amortisation	(5,477)

Comparative figures for 2023/24

	£'000
Gross carrying amount at 31 March 2023	7,143
Accumulated amortisation	(5,619)
Net carrying amount at 31 March 2023	1,524
Additions	496
Disposals	(37)
Amortisation	(492)
Accumulated Amortisation on disposals	0
Other Movements	-
Net carrying amount at 31 March 2024	1,491
Comprising	
Gross carrying amount	7,460
Accumulated amortisation	(5,968)

13 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance sheet.

Financial Assets

	Non Current Group		Current Group				Total
	Debtors		Investments		Debtors		31 March 2025
	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	-	-	8,638	4,517	15,347	14,262	18,779
Total financial assets	-	-	8,638	4,517	15,347	14,262	18,779
Non-financial assets	-	-	-	-	5,326	8,671	8,671
Total	-	-	8,638	4,517	20,673	22,933	27,450

	Non Current PCC		Current PCC				Total
	Debtors		Investments		Debtors		31 March 2025
	31 March 2024	31 March 2025	31 March 2024	31 March 2025	31 March 2024	31 March 2025	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Amortised Cost	-	-	8,638	4,517	12,637	11,485	16,002
Total financial assets	-	-	8,638	4,517	12,637	11,485	16,002
Non-financial assets	-	-	-	-	3,573	4,788	4,788
Total	-	-	8,638	4,517	16,210	16,273	20,790

Financial Liabilities

	Current Creditors	
	Group	
	31 March 2024	31 March 2025
	£'000	£'000
Amortised Cost	14,847	16,001
Total financial liabilities	14,847	16,001
Non-financial liabilities	7,185	7,660
Total	22,032	23,661

	Current Creditors	
	PCC	
	31 March 2024	31 March 2025
	£'000	£'000
Amortised Cost	8,508	7,519
Total financial liabilities	8,508	7,519
Non-financial liabilities	3,888	4,338
Total	12,396	11,857

Income, Expense, Gains and Losses

	Group & PCC	Group & PCC
	2023/24	2024/25
	Surplus or Deficit on the Provision of Services	Surplus or Deficit on the Provision of Services
	£'000	£'000
Interest Revenue		
Financial assets measured at amortised cost	(1,545)	(1,495)
Total interest revenue	(1,545)	(1,495)
Interest Expense	1	0
Total fee expense	1	0

The Fair Value of Financial Assets and Financial Liabilities that Are Not Measured at Fair Value (but for which Fair Value Disclosures Are Required)

All the Group's and PCC's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Debtors and Creditors are carried at cost as this is a fair approximation of their value.

There has been no change in the valuation technique used during the year for the financial instruments.

The liquidity risk is that the financial assets are not received, the Group has a robust credit control process that is monitored closely and so debt write offs are rare. All debt write offs must be authorised by the Chief Finance Officer. The level of financial impairment has not changed significantly over the 12 months. The impairment amount is disclosed in note 14. A large proportion of the assets are due from other public bodies who do not typically represent a payment risk. For other bodies, unless they are an existing customer, payment is usually requested in advance of the goods or services being provided. The extent of the risk is the carrying value.

The credit risk is that the Group does not discharge the amounts it owes which could impact upon the Group's credit rating. Third payment terms are adhered to and would only not be met if goods or services were in dispute. The aged creditor report is reviewed regularly to ensure payments are made within the terms. The extent of the risk is the carrying value.

There is no market risk as all are valued at amortised cost.

Financial Liabilities

	Group		Group	
	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors held at amortised cost	(14,847)	(14,847)	(16,001)	(16,001)
Total Financial Liabilities	(14,847)	(14,847)	(16,001)	(16,001)

	PCC		PCC	
	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors held at amortised cost	(8,508)	(8,508)	(7,519)	(7,519)
Total Financial Liabilities	(8,508)	(8,508)	(7,519)	(7,519)

Financial Assets – Loans and receivables

	Group		Group	
	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,920	7,920	2,191	2,191
Short term investments	718	718	2,326	2,326
Receivables held at amortised cost	15,347	15,347	14,262	14,262
Long term debtors	-	-	-	-
Total Financial Assets	23,985	23,985	18,779	18,779

	PCC		PCC	
	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and cash equivalents	7,920	7,920	2,191	2,191
Short term investments	718	718	2,326	2,326
Receivables held at amortised cost	12,637	12,637	11,485	11,485
Long term debtors	-	-	-	-
Total Financial Assets	21,275	21,275	16,002	16,002

14 DEBTORS

	Group		PCC	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Trade receivables	6,060	6,952	3,336	4,196
Prepayments	1,419	2,277	152	63
Other receivable amounts				
Council tax	6,112	7,085	6,112	7,085
Other	10,198	9,826	9,598	7,996
Less: Impairment Allowance				
Council tax	(2,988)	(3,068)	(2,988)	(3,068)
Trade receivables	(128)	(139)	-	-
Total debtors	20,673	22,933	16,210	16,273

15 CASH AND CASH EQUIVALENTS

	Group and PCC	
	31 March 2024	31 March 2025
	£'000	£'000
Cash held by the Commissioner	61	42
Bank current accounts	5,859	2,150
Short term deposits	2,000	-
Total Cash and Cash Equivalents	7,920	2,191

16 CREDITORS

	Group		PCC	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Trade payables	6,148	7,060	2,536	2,186
Other payables	15,884	16,601	9,860	9,671
Total creditors	22,032	23,661	12,396	11,857

17 PROVISIONS

	Group		
	Insurance	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2024	676	1,199	1,876
Increase/ (decrease) during the year	(85)	768	683
Balance at 31 March 2025	591	1,967	2,559

An insurance provision has been established to meet the identified potential cost to the Group of claims of negligence from employees for personal injury sustained during the course of their employment, and from third parties for personal injury or damage to their property. The provision is based on the insurer's estimates of outstanding claims and settlement of the claims is likely to be spread over a number of years. The amount relating to the PCC is insignificant, so this provision is all held by the CC. All other provisions are individually insignificant.

18 PENSIONS LIABILITY

	Group		PCC	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Police Pension Scheme liability	1,263,380	1,139,880	-	-
Local Government Pension Scheme liability	3,049	80	109	-
Total liability	1,266,429	1,139,960	109	-

19 RESERVES

The Group and the Office of the Police and Crime Commissioner for Durham have a number of reserves in the Balance Sheet. Some are needed to comply with proper accounting practice and others have been set up voluntarily to earmark resources for future spending plans. Details of the reserves of the Group and the PCC are as follows:

Group

Reserve	1 April 2024	Net Movement in year	31 March 2025	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
USABLE RESERVES					
Police Fund	6,559	0	6,559	Resources available to meet future running costs	Statement of Movement in Reserves
Usable Capital Receipts	8,794	(1,035)	7,759	Proceeds of fixed asset sales available to meet future capital investment	Statement of Movement in Reserves
Capital Grants Unapplied	2,489	(1,538)	951	Capital grants not yet applied to capital investment	Statement of Movement in Reserves
Capital Contributions Unapplied	70	(70)	0	Capital contributions not yet applied to capital investment	Statement of Movement in Reserves
Earmarked Reserves	14,204	2,674	16,878	Note 10	Note 10
TOTAL USABLE RESERVES	32,116	32	32,148		
UNUSABLE RESERVES					
Capital Adjustment Account	33,752	(44)	33,708	Store of capital resources set aside to meet past expenditure	See below
Revaluation Reserve	8,078	347	8,425	Gains on revaluation of fixed assets	See below
Deferred capital receipt reserve	638	(638)	0	Capital receipt not yet received	
Pensions Reserve (IAS 19)	(1,266,427)	126,469	(1,139,958)	Account to allow inclusion of pensions liability in the balance sheet	Note 29
Accumulated Absences Account	(5,933)	(569)	(6,502)	Account to allow inclusion of police officers and other employees liability in the balance sheet	
Council Tax Adjustment Account	(307)	352	45	Shows relationship between the PCC and Billing Authorities	
TOTAL UNUSABLE RESERVES	(1,230,199)	125,916	(1,104,283)		
TOTAL RESERVES	(1,198,083)	125,949	(1,072,134)		

Reserve	1 April 2023	Net Movement in year	31 March 2024	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
USABLE RESERVES					
Police Fund	6,559	-	6,559	Resources available to meet future running costs	Statement of Movement in Reserves
Usable Capital Receipts	13,034	(4,240)	8,794	Proceeds of fixed asset sales available to meet future capital investment	Statement of Movement in Reserves
Capital Grants Unapplied	2,361	128	2,489	Capital grants not yet applied to capital investment	Statement of Movement in Reserves
Capital Contributions Unapplied	70	-	70	Capital contributions not yet applied to capital investment	Statement of Movement in Reserves
Earmarked Reserves	8,032	6,172	14,204	Note 10	Note 10
TOTAL USABLE RESERVES	30,056	2,060	32,116		
UNUSABLE RESERVES					
Capital Adjustment Account	34,067	(315)	33,752	Store of capital resources set aside to meet past expenditure	See below
Revaluation Reserve	6,653	1,425	8,078	Gains on revaluation of fixed assets	See below
Deferred capital receipt reserve	638	-	638		
Pensions Reserve (IAS 19)	(1,275,322)	8,895	(1,266,427)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 29
Accumulated Absences Account	(5,845)	(88)	(5,933)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
Council Tax Adjustment Account	(369)	62	(307)	Shows relationship between the PCC and Billing Authorities	
TOTAL UNUSABLE RESERVES	(1,240,178)	9,979	(1,230,199)		
TOTAL RESERVES	(1,210,122)	12,039	(1,198,083)		

PCC

Reserve	1 April 2024	Net Movement in year	31 March 2025	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
USABLE RESERVES					
Police Fund	6,559	-	6,559	Resources available to meet future running costs	Statement of Movement in Reserves
Usable Capital Receipts	8,794	(1,035)	7,759	Proceeds of fixed asset sales available to meet future capital investment	Statement of Movement in Reserves
Capital Grants Unapplied	2,489	(1,538)	951	Capital grants not yet applied to capital investment	Statement of Movement in Reserves
Capital Contributions Unapplied	70	(70)	-	Capital contributions not yet applied to capital investment	Statement of Movement in Reserves
Earmarked Reserves	14,204	2,674	16,878	Note 10	Note 10
TOTAL USABLE RESERVES	32,116	32	32,148		
UNUSABLE RESERVES					
Capital Adjustment Account	33,752	(44)	33,708	Store of capital resources set aside to meet past expenditure	See below
Revaluation Reserve	8,078	347	8,425	Gains on revaluation of fixed assets	See below
Deferred capital receipt reserve	638	(638)	-	Capital receipt not yet received	
Pensions Reserve (IAS 19)	(109)	109	0	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 30
Accumulated Absences Account	(57)	1	(56)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
Council Tax Adjustment Account	(307)	352	45	Shows relationship between the PCC and Billing Authorities	
TOTAL UNUSABLE RESERVES	41,996	126	42,121		
TOTAL RESERVES	74,112	158	74,269		

Reserve	1 April 2023	Net Movement in year	31 March 2024	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
USABLE RESERVES					
Police Fund	6,559	-	6,559	Resources available to meet future running costs	Statement of Movement in Reserves
Usable Capital Receipts	13,034	(4,240)	8,794	Proceeds of fixed asset sales available to meet future capital investment	Statement of Movement in Reserves
Capital Grants Unapplied	2,361	128	2,489	Capital grants not yet applied to capital investment	Statement of Movement in Reserves
Capital Contributions Unapplied	70	-	70	Capital contributions not yet applied to capital investment	Statement of Movement in Reserves
Earmarked Reserves	8,032	6,172	14,204	Note 10	Note 10
TOTAL USABLE RESERVES	30,056	2,060	32,116		
UNUSABLE RESERVES					
Capital Adjustment Account	34,067	(315)	33,752	Store of capital resources set aside to meet past expenditure	See below
Revaluation Reserve	6,653	1,425	8,078	Gains on revaluation of fixed assets	See below
Deferred capital receipt reserve	638	-	638		
Pensions Reserve (IAS 19)	(224)	115	(109)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 30
Accumulated Absences Account	(57)	-	(57)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
Council Tax Adjustment Account	(369)	62	(307)	Shows relationship between the PCC and Billing Authorities	
TOTAL UNUSABLE RESERVES	40,708	1,287	41,996		
TOTAL RESERVES	70,764	3,347	74,112		

Revaluation Reserve

The Revaluation Reserve contains the gains made by the group 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:

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

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

	Group and PCC	
	31 March 2024	31 March 2025
	£'000	£'000
Balance at 1 April	6,653	8,078
Upward Revaluation of Assets	2,367	1,042
Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(151)	(216)
Difference between fair value depreciation and historical cost depreciation	(791)	(479)
Accumulated gains on assets sold or scrapped	-	-
Balance at 31 March	8,078	8,425

Capital Adjustment Account

The Capital Adjustment Account provides a balancing mechanism between the different rates as which assets are depreciated under the Code and are financed through the capital controls system.

	Group and PCC	
	31 March 2024	31 March 2025
	£'000	£'000
Balance at 1 April	34,067	33,752
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 and Amortisation of intangible assets	(4,745)	(4,816)
Revaluation losses on Plant Property and Equipment	(976)	(658)
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	(276)	(610)
Movement in value of liabilities relating to finance leases	-	69
Adjusting amounts written out of the revaluation Reserve	791	479
Capital Financing applied in the year		
Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	4,541	2,513
Application of grants to capital financing from the Capital Grants Unapplied Account	-	2,077
Statutory provision for the financing of capital investment charged against the General Fund	350	370
Capital Expenditure charged against the General Fund	-	-
Use of Reserves	-	532
Balance at 31 March	33,752	33,708

Deferred Capital Receipts Reserve

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

	Group and PCC	
	31 March 2024	31 March 2025
	£'000	£'000
Balance at 1 April	638	638
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-
Transfer to the Capital Receipts Reserve upon receipt of cash	-	(638)
Balance at 31 March	638	-

General Reserve

The net accumulated unapplied General Reserve balance is £6.559m and this represents 4.1% of the 2024/25 Budget Requirement. The corresponding balance on 31 March 2024 was £6.559M.

20 PROCEEDS OF CRIME ACT 2002

The PCC has a separate bank account for temporarily holding third party funds seized as suspected proceeds of crime in relation to the Proceeds of Crime Act 2002. On 31 March 2025 the balance on this account was £1,389,819 (£1,205,791 on 31 March 2024). This balance is not included in the Financial Statements.

During 2024/25 the PCC received £467,918 from the Home Office through the Proceeds of Crime "Incentivisation Fund" (£302,140 in 2023/24).

The PCC administers the Delivery Landscape Reform Programme on behalf of the Home Office. The income, expenditure and balances are not reflected in the financial statements. The cash balance held as at 31 March 2025 was £2,674,408 (£2,282,227 as at 31 March 2024).

21 REGIONAL COLLABORATION

The Commissioner has collaborative arrangements with other local Forces as follows:

- **Cleveland and Durham Fingerprint Bureau (CDFB)**
Contribution for 2024/25 was £445,203 (£422,754 in 2023/24). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Forensic Collision Investigation (FCI)**
Contribution for 2024/25 was £531,399 (£473,328 in 2023/24). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Tactical Training Centre (TTC)**
Contribution for 2024/25 was £623,650 at 50% (2023/24 was £578,069), Durham's proportionate share is 50% as set out in the collaborative agreement.
- **North East Regional Special Operations Unit (NERSOU)**
The North East Regional Special Operations Unit (NERSOU) is a collaboration between the Police and Crime Commissioners of Durham, Northumbria and Cleveland to tackle serious and organised crime across the region. NERSOU is financed through a combination of Home Office Grants and contributions from each of the participating Forces. The contribution proportion during 2024/25 was 22.74%

	31 March 2024	31 March 2025
	£'000	£'000
Employees	14,972	17,863
Premises	556	511
Transport	493	492
Supplies and Services	870	1,528
Gross Expenditure	16,891	20,394
Funded by :-		
Income	(6,209)	(7,004)
The Office of the Police and Crime Commissioner for Durham	(2,458)	(3,042)
The Police and Crime Commissioner for Cleveland	(2,595)	(3,252)
The Police and Crime Commissioner for Northumbria	(5,681)	(7,087)
Contribution to/(from) Reserves	52	(9)
	-	-

The Three Forces jointly own a building for NERSOU which houses regional policing assets and enables further joint working with other partners. The premises are held under a Trust Agreement signed by each of the three Police and Crime Commissioners. The relative share of ownership of the asset is determined by the proportion of agreed capital contributions made by each Force. The proportional share forms the basis of the asset held on the PCC's balance sheet. The relative share of ownership is 37.5%

22 MEMBERS' ALLOWANCES

Expenses of £5,705 were paid in the year ending 31 March 2025 to the members of the Police and Crime Panel and the Joint Audit Committee (£5,342 in the year to 31 March 2024).

23 OFFICERS' REMUNERATION

The remuneration paid to the senior staff of the Group is as follows:

31 March 2025	Salary	Benefits	Allowances	Employers	Total
		in kind	/Other	Pension Contributions	
	£	£	£	£	£
Police and Crime Commissioner - J Allen	73,300	707	-	11,243	85,250
Deputy Police and Crime Commissioner from 05/08/2024	37,501	-	-	6,075	43,576
Chief Constable - R Bacon	171,622	-	-	60,583	232,205
Deputy Chief Constable - C Irvine	141,793	-	2,403	50,053	194,250
Assistant Chief Constable up to 12/06/2024	25,859	-	-	9,128	34,987
Assistant Chief Constable - R Allen	119,833	-	-	42,301	162,134
Assistant Chief Constable from 01/06/2024	99,042	-	-	34,962	134,003
Assistant Chief Constable from 24/02/2025	10,525	-	388	3,579	14,492
Assistant Chief Officer	110,793	-	-	17,948	128,741
Chief of Staff	80,605	-	-	13,058	93,663
PCC Chief Finance Officer from 02/04/2024	44,804	-	-	7,258	52,062

31 March 2024	Salary	Benefits in kind	Allowances	Employers Pension Contributions	Total
	£	£	£	£	£
Police and Crime Commissioner - J Allen	73,300	-	-	11,875	85,175
Deputy Police and Crime Commissioner	11,988	-	-	-	11,988
Chief Constable - J Farrell to 8/10/2023	88,388	9,124	1,253	27,400	126,165
Chief Constable - R Bacon from 27/11/2023	55,926	20,818	-	17,337	94,082
Deputy Chief Constable - C Irvine	134,579	6,160	2,403	41,018	184,161
Assistant Chief Constable - T Antonis	121,879	11,364	-	37,482	170,725
Assistant Chief Constable from 7/10/2023	60,951	-	432	16,265	77,648
Assistant Chief Officer - G Ridley	136,236	-	-	22,070	158,306
Chief of Staff	76,294	-	-	12,360	88,653

The Deputy Chief Constable C Irvine was acting Chief Constable from 9th October to 26th November 2023, with the Assistant Chief Constable T Antonis acting Deputy Chief Constable and Chief Superintendent R Allen Acting as Assistant Chief Constable.

The role of the Treasurer was carried out part time by the Assistant Chief Officer.

The Group's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts

Remuneration Band	Number of Employees	
	2023/24	2024/25
£50,000 - £54,999	221	256
£55,000 - £59,999	141	176
£60,000 - £64,999	91	107
£65,000 - £69,999	27	82
£70,000 - £74,999	6	8
£75,000 - £79,999	3	7
£80,000 - £84,999	11	8
£85,000 - £89,999	3	3
£90,000 - £94,999	2	7
£95,000 - £99,999	3	1
£105,000 - £109,999	-	2
£110,000 - £114,999	-	1

The remuneration paid to the senior staff of the Office of the Police and Crime Commissioner for Durham is as follows:

31 March 2025	Salary	Benefits in kind	Allowances /Other	Employers Pension Contributions	Total
	£	£	£	£	£
Police and Crime Commissioner - J Allen	73,300	707	-	11,243	85,250
Deputy Police and Crime Commissioner from 05/08/2024	37,501	-	-	6,075	43,576
Chief of Staff	80,605	-	-	13,058	93,663
PCC Chief Finance Officer from 02/04/2024	44,804	-	-	7,258	52,062

31 March 2024	Salary	Benefits in kind	Allowances	Employers Pension Contributions	Total
	£	£	£	£	£
Police and Crime Commissioner - J Allen	73,300	-	-	11,875	85,175
Deputy Police and Crime Commissioner	11,988	-	-	-	11,988
Chief of Staff	76,294	-	-	12,360	88,654

The PCC's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts

Remuneration Band	Number of Employees	
	2023/24	2024/25
£50,000 - £54,999	-	1
£55,000 - £59,999	-	-
£60,000 - £64,999	1	-
£65,000 - £69,999	1	3

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

Group

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£	£
£0-£20,000	-	-	2	-	2	-	3,547	-
£20,001-£40,000	-	-	1	-	1	-	25,600	-
£40,001-£60,000	-	-	-	-	-	-	-	-
	-	-	3	-	3	-	29,147	-

PCC

There were no exit packages for the PCC during 2024/25 or 2023/24.

24 EXTERNAL AUDIT COSTS

	Group		PCC	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	141	181	94	120

25 GRANT INCOME

The Group and PCC credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2024/25.

	Group	
	2023/24	2024/25
Credited to Taxation and Non-Specific Grant Income	£'000	£'000
Police Grant	52,457	57,339
Ex - DCLG Formula Grant	44,710	45,628
Precepts	45,778	48,755
Retirement Benefits Grant	32,992	21,634
Council Tax Support Grant	6,110	6,110
Capital Grants	341	1,173
	182,388	180,639
Credited to Services		
Other	15,876	18,224
	15,876	18,224

	PCC	
	2023/24	2024/25
Credited to Taxation and Non-Specific Grant Income	£'000	£'000
Police Grant	52,457	57,339
Ex - DCLG Formula Grant	44,710	45,628
Precepts	45,778	48,755
Retirement Benefits Grant	32,992	21,634
Council Tax Support Grant	6,110	6,110
Capital Grants	341	1,173
	182,388	180,639
Credited to Services		
Other	12,992	15,795
	12,992	15,795

26 RELATED PARTIES

The Group is required to disclose material transactions with related parties such as bodies or individuals that have the potential to control or influence or be controlled/influenced by the Group. Disclosure of these transactions allows readers to assess the extent to which the Group may 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 Group. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

The Chief Constable is considered to be a related party of the Police and Crime Commissioner due to the statutory relationship between the two corporations sole and the nature of the financial transactions between them.

Central Government

Central government has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Grants received from Government departments are included within the Comprehensive Income and Expenditure Statement. An analysis of government grants is shown above in Note 25.

The Group obtains part of its income from precepts levied on the collection authorities in its area. During the year transactions with related parties, excluding those disclosed elsewhere in the accounts, were as follows:

Precepts	Group and PCC	
	Receipts	
	2023/24	2024/25
	£'000	£'000
Durham County Council	36,933	39,048
Darlington Borough Council	8,784	9,355
	45,717	48,403

On 31 March 2025, Durham County Council was owed £2,456,125 by the Group in respect of the Collection Fund and owed the Group £3,102,304 in respect of amounts due from council taxpayers.

On 31 March 2025, Darlington Borough Council was owed £873,650 by the Group in respect of the Collection Fund and owed the Group £915,178 in respect of amounts due from council taxpayers.

Durham County Council (DCC) provides some financial services to the Group at a cost of £92,733, various safeguarding and community safety services at a cost of £1,447,009. Darlington Borough Council also provided various safeguarding and community safety services at a cost of £598,351.

27 CAPITAL EXPENDITURE AND CAPITAL FINANCING

The total amount of capital expenditure incurred in the year by the Group is shown in the table below together with the resources that have been used to finance it.

The capital financing requirement represents that part of the value of property, plant and equipment that is to be met from external borrowing and capital cash overdrawn.

The requirement has increased from £29.018m to £32.984m as follows:

	Group and PCC	
	2023/24	2024/25
	£'000	£'000
Opening Capital Financing Requirement	26,091	29,081
Capital Investment		
Property, Plant and Equipment	7,385	7,698
Intangible Assets	496	1,165
Sources of Finance		
Government Grants and Contributions	(4,541)	(4,590)
Sums set aside from revenue:		
Capital Expenditure charged against the General Fund	-	-
MRP	(350)	(370)
Closing Capital Financing Requirement	29,081	32,984
Explanation of movements in the year		
(Reduction)/Increase in underlying need to borrow	2,990	3,903
(Decrease)/Increase in Capital Financing Requirement	2,990	3,903

28 LEASES

Leases

During 2024/25 the PCC and Group implemented IFRS16. In compiling the figures, materiality has been considered and the financial performance of the organisation together with economy/effectiveness and efficiency in its use of resources over the year.

The PCC and Group has acquired a number of buildings and ICT equipment by entering into leases arrangements with typical lives ranging from 1 to 25 years. The lease liability is on the Balance Sheet as at 31st March 2025 for an amount of £37k.

The future minimum lease payments due under non-cancellable leases in future years are:

	Net Book Value at 1 April 2024	Adjustments on transition to IFRS 16	Additions / (Disposals) in year	Depreciation in year	Net Book Value at 31 March 2025
Land and Buildings	0	275	0	-7	268
Vehicles, Plant & Equipment	0	0	0	0	0
Total	0	275	0	-7	268

29 GROUP - DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Durham Police and Crime Commissioner Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to

make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Group participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Durham County Council – this is a funded defined benefit scheme, meaning that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Pension Scheme for police officers – this is an unfunded defined benefit scheme meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. If the amounts receivable by the pensions fund for the year is less than amounts payable, the Commissioner must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If, however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner which then must repay the amount to central government.

The Local Government Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Durham County Council. Policy is determined in accordance with the Pensions fund Regulations. The investment managers of the fund are appointed by the committee.

The principle risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals form the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies.

Transactions Relating to Retirement Benefits

The Group recognises the costs of retirement benefits in the Net Cost of Services part of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year as follows:

	Local Government Pension Scheme		Police Pension Scheme	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)				
Net Cost of Service				
Current service cost	5,966	5,905	10,000	10,060
Past service cost	-	-	720	320
Finance and Investment Income and Expenditure				
Net Interest Expense	646	(1)	57,570	59,030
Total post employment benefit charged to provision of services	6,612	5,904	68,290	69,410
Other post employment benefit charged to the CIES				
Remeasurement of net defined benefit comprising of:				
Return on plan assets	(6,142)	5,791	(33,710)	(28,690)
Actuarial gain/loss from changes in demographic assumptions	(2,933)	(1,444)	-	(1,950)
Actuarial gain/loss from changes in financial assumptions	(8,115)	(39,734)	(26,150)	(139,600)
Other:	2,734	286	15,280	470
Adjustment gain /loss due to restriction surplus	-	32,429	-	-
Net Charge to the CIES	(7,844)	3,232	23,710	(100,360)
Movement in the Reserves Statement				
Reversal of net charges made for retirement benefits accordance with IAS19	(6,612)	(5,904)	(68,290)	(69,410)
Actual amount charged against the General Fund Balance for pensions the year				
Employer's contributions payable to scheme	5,659	6,170	17,667	21,634
Retirement benefits payable to pensioners	32	31	1,403	1,506

Reconciliation of the present value of the liabilities in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000		£'000	£'000
(1,116,530)	(24,540)	(21,490)	(96,180)	(1,258,740)	Opening present value of liabilities	(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)
(450)	(340)	-	(9,210)	(10,000)	Current service cost	(470)	(350)	-	(9,240)	(10,060)
(50,600)	(1,120)	(1,000)	(4,850)	(57,570)	Interest cost	(51,030)	(1,070)	(1,060)	(5,870)	(59,030)
-	-	-	(7,330)	(7,330)	Contributions by participants	-	-	-	(7,990)	(7,990)
					Remeasurement gains and losses:					
-	-	-	-	-	Actuarial gain /(loss) arising from changes to demographic assumptions	1,230	90	80	550	1,950
21,280	450	500	3,920	26,150	Actuarial gain / (loss) arising from changes to financial assumptions	110,210	1,890	4,320	23,180	139,600
(14,110)	1,030	(510)	(1,690)	(15,280)	Actuarial gain / (loss) arising from changes to other assumptions	(1,620)	1,200	(150)	100	(470)
30	-	(160)	(590)	(720)	Past service cost	-	-	(10)	(310)	(320)
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
57,930	1,400	200	580	60,110	Net benefits paid out	57,240	1,530	260	790	59,820
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Closing present value of liabilities	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)

Reconciliation of the present value of the assets in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
-	-	-	-	-	Opening fair value of asset	-	-	-	-	-
-	-	-	-	-	Interest Income	-	-	-	-	-
					Remeasurement gains and losses:					
					The return on plan assets, excluding the amount included in the net interest expense	56,549	24	260	(28,143)	28,690
57,304	(3)	200	(23,791)	33,710	Contributions by employer	691	1,506	-	20,943	23,140
626	1,403	-	17,041	19,070	Contributions by participants	-	-	-	7,990	7,990
-	-	-	7,330	7,330	Net benefits paid out	(57,240)	(1,530)	(260)	(790)	(59,820)
(57,930)	(1,400)	(200)	(580)	(60,110)						
-	-	-	-	-	Closing fair value of assets	-	-	-	-	-

Reconciliation of opening and closing surplus/(deficit) in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000		£'000	£'000
(1,116,530)	(24,540)	(21,490)	(96,180)	(1,258,740)	Opening surplus(deficit)	(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)
(450)	(340)	-	(9,210)	(10,000)	Current service cost	(470)	(350)	-	(9,240)	(10,060)
626	1,403	-	17,041	19,070	Contributions by employer	691	1,506	-	20,943	23,140
-	-	-	-	-	Contributions by participants	-	-	-	-	-
30	-	(160)	(590)	(720)	Past Service cost	-	-	(10)	(310)	(320)
(50,600)	(1,120)	(1,000)	(4,850)	(57,570)	Interest cost	(51,030)	(1,070)	(1,060)	(5,870)	(59,030)
-	-	-	-	-	Expected return on assets	-	-	-	-	-
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
					Remeasurement of net defined benefit liability comprising:					
57,304	(3)	200	(23,791)	33,710	Return on plan assets	56,549	24	260	(28,143)	28,690
-	-	-	-	-	Actuarial gain / (loss) arising from changes to demographic assumptions	1,230	90	80	550	1,950
21,280	450	500	3,920	26,150	Actuarial gain / (loss) arising from changes to financial assumptions	110,210	1,890	4,320	23,180	139,600
(14,110)	1,030	(510)	(1,690)	(15,280)	Actuarial gain / (loss) arising from changes to other assumptions	(1,620)	1,200	(150)	100	(470)
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Closing surplus(deficit)	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)

Durham County Council Pension Fund

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	£'000
Opening present value	(195,424)	(195,704)
Current service cost	(5,966)	(5,905)
Interest cost	(8,860)	(9,248)
Contributions by scheme participants	(2,186)	(2,400)
Remeasurement gains and losses:		
Actuarial gains / losses from changes in demographic assumptions	2,933	1,444
Actuarial gains / losses from changes in financial assumptions	8,115	39,734
Other:	(2,734)	(286)
Past service costs	-	-
Liability assumed on entity combinations	-	-
Benefits paid	8,418	8,567
Closing present value	(195,704)	(163,798)

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	£'000
Opening fair value	178,840	192,655
Interest Income	8,214	9,249
Remeasurement gain / loss - Return on plan	6,142	(5,791)
Employer contributions	5,691	6,201
Contributions by scheme participants	2,186	2,400
Benefit paid	(8,418)	(8,567)
Closing fair value	192,655	196,147

Reconciliation of opening and closing surplus / (deficit) of the scheme:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	
Opening deficit	(16,584)	(3,049)
Current Service Cost	(5,966)	(5,905)
Contributions by employer	5,691	6,201
Contributions by participants	-	-
Past service cost	-	-
Interest cost	(8,860)	(9,248)
Expected return on assets	8,214	9,249
Remeasurement gains and losses:		
Return on plan assets	6,142	(5,791)
Actuarial gains / (losses) from changes in demographic assumptions	2,933	1,444
Actuarial gains / (losses) from changes in financial assumptions	8,115	39,734
Other	(2,734)	(286)
Closing fair value	(3,049)	32,349

Pension assets and liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Group's obligation in respect of its defined plans is as follows:

	2023/24	2024/25
	£'000	£'000
Present value of liabilities		
Local Government Pension Scheme	(195,704)	(163,798)
Police Pension Scheme	(1,263,380)	(1,139,880)
Fair value of assets in the Local Government Pension Scheme	192,655	196,147
Unrecognised Asset	0	(32,429)
Surplus / (deficit) in the scheme		
Local Government Pension Scheme	(3,049)	(80)
Police Pension Scheme	(1,263,380)	(1,139,880)
Total	(1,266,429)	(1,139,960)

The above table has been updated to be compliant with the requirements of International Accounting Standard 19 for the disclosure of any unrecognised assets when detailing the position held on the balance sheet in relation to the pension fund.

The Chief Constable and Group account for pensions under IAS 19, this standard stipulates that when an entity has a surplus in a defined benefit plan that it should measure the net defined benefit asset as the lower of the surplus in the defined benefit plan and the asset ceiling.

The definition given of an asset ceiling is the future economic benefits available to the entity in the form of reduced future contributions or a cash refund.

Prior to the financial year 2023/24 the fund has never been in a surplus position and actuaries have applied FRS 102 for recognition of the defined benefit obligation on an entities balance sheet, within FRS 102 the following is noted for dealing with a surplus.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The impact of this approach for the 2023/24 accounts was that a defined benefit asset was recognised on the balance sheet in full as there was no guidance on 'reduced future contributions' or 'refunds' for which an asset ceiling could be calculated. The assumption had been that the employer could cease contributions into the scheme at the accounting date and gain economic benefit equal to the value of prospective service costs.

This assumption has been reconsidered and AON, in line with increasing industry wide practice, have moved to applying the principles of IFRIC 14 which requires an allowance be made for a minimum funding requirement. This limits the amount of economic benefit from reduced contributions to the excess of the value of the prospective current service costs above the funding requirement.

The impact for the Chief Constable is that the asset in relation to the funded scheme has been reduced to nil.

Local Government Pension Scheme assets comprised:

	2023/24	2024/25
	£'000	£'000
Cash and Cash equivalents	3,522	4,315
Equity instruments	106,241	107,488
Bonds by sector:		
Corporate	18,783	17,457
Government	20,152	21,380
Sub-total bonds	38,935	38,837
Multi Asset Credit Fund	29,740	30,403
Property	12,913	12,946
Other	4,304	2,158
Total assets	195,655	196,147

Basis for estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Scheme and the Local Government Fund liabilities have been assessed by independent actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme on 31 March 2022.

The significant assumptions used by the actuaries are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	2023/24	2024/25	2023/24	2024/25
Mortality assumptions				
Longevity at 65 for current pensioners				
Men (years)	21.7	21.6	21.9	21.9
Women (years)	24.0	23.9	23.6	23.9
Longevity at 45 for future pensioners				
Men (years)	23.0	22.5	23.7	23.3
Women (years)	25.1	24.7	25.1	25.2
Rate of inflation (CPI)	2.6%	2.5%	2.6%	2.7%
Rate of increase of salaries	3.6%	3.5%	3.9%	3.5%
Rate of increase to pensions in payment	2.6%	2.5%	2.6%	2.7%
Rate of increase to deferred pensions	2.6%	2.5%	2.6%	2.7%
Rate for discounting scheme liabilities	4.8%	5.8%	4.8%	5.7%

The estimation of defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes

for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practise, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Local Government Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	159,948	167,488
Rate of increase in salaries (increase or decrease by 0.1%)	164,206	163,230
Rate of increase in pensions (increase or decrease by 0.1%)	166,182	161,257
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	160,769	166,670

Impact on the Defined Benefit Obligation in the Police Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	1,164,880	1,114,880
Rate of increase in salaries (increase or decrease by 0.5%)	1,147,880	1,131,880
Rate of increase in pensions (increase or decrease by 0.5%)	1,220,880	1,058,880
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	1,058,880	1,220,880

Duration of Liabilities

The weighted average of the defined benefit obligation to scheme members in the LGPS for 2024/25 is provided in the number of years this figure is 19.5 years, (prior year 2023/24 was 21.9 years).

The weighted average of the defined benefit obligation to members in the Police Pension scheme is 16 years for 2024/25 (prior year 2023/24 was 15 years).

Assets and Liability Matching (ALM) Strategy

The pensions committee of Durham County Council has agreed an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pension's

obligation by investing in long-term fixed-interest securities and index-linked gilt-edged investment with maturities that match the benefits payments as they fall due. This is balanced with the need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (54% of scheme assets) and bonds (20%). The scheme also invests in properties as a part of the diversification of the schemes investment. The ALM strategy is monitored annually, or more frequently if necessary.

Impact on Cash Flows

The objectives of the scheme are to keep employer's contributions at as a constant a rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme considers the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings to pay pensions and other benefits to certain public servants.

The Group is expecting to pay £7.3m contributions to the scheme in 2025/26.

There is a similar process for determining contributions for the Police Pension Scheme. In this case the Government Actuary Department (GAD) determine the contributions that must be paid. This is based on their actuarial calculations.

The Group is expecting to pay £22.4m contributions to the scheme in 2025/26.

McCloud / Sargeant judgement

On 16 July 2020 HM Treasury published their [Public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes](#), which contained the proposed remedy regarding the McCloud/Sargeant remedy.

On 4 Feb 2021 HM Treasury published their [response](#) to the consultation. This response confirmed: that the legacy schemes would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and, eligibility criteria for members to access the remedy.

On 19 July 2021 the [Public Service Pensions and Judicial Offices Act 2022](#) was taken to the House of Lords. This got royal assent on 10 March 2022 and the [Act](#) came into force from 1 April 2022. HMT directions to accompany the act were published on 14th December 2022.

The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023.

The Home Office have consulted during 2023 on the secondary regulations to bring the police determined by the act into force from 1 October 2023.

Technical consideration

The impact of McCloud has been factored into IAS19 liability estimate since 2018/19. The introduction of the [PSOJOA 2022](#) following the consultation confirms the remedy methodology to be on the deferred choice basis, which was the basis of assumption following the consultation for the 2020/21 accounts.

As a result, there is no underlying change in method/approach to the IAS19 liability estimate. The IAS 19 liability estimate will therefore roll-forward the McCloud impact with a further 1 year of benefits recognised.

Compensation Claims

In addition to the remedy, claimants have lodged claims for compensation for injury to feelings. Claims are separated into two litigation cases:

1. Aarons and Ors claims bought by Leigh Day representing individual officers in a group claim.
2. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

Update on Aarons cases

Injury for feelings claims for Aarons were due to be heard by the Employment Tribunal in December 2021, and on 25 November 2021 the Home Secretary sought agreement from Chief Officers to settle on behalf of forces. This authority was given, and the Government Legal Department (GLD) have since settled on behalf of forces.

This was welcomed by forces as a major step forward for the Chief Officers, NPCCs position has been consistently that Government should agree to meet the cost of compensating the claimants for the discrimination, settling the Aarons case sets a helpful precedent that Government should pay.

A preliminary hearing for the pecuniary loss in the Aarons cases which was set for 20 December 2022 was stayed pending introduction of the remedy from 1 October 2023. It is felt that the settlement of the injury to feelings on the Aarons cases has set a very helpful precedent to also settling pecuniary loss.

Update on Roderick and Slade cases

As the Roderick and Slade cases were lodged after the finding of discrimination by the government, NPCC will look to defend these cases on the basis that they were 'out of time'. It is not possible to estimate the extent of this claim being successful, however if the time point were not to succeed, then NPCC would look towards the government to indemnify chiefs. This has been their position throughout this litigation, and it is felt the settlement of the Aarons cases has set a very helpful precedent.

No date at present has been set to hear the Roderick and Slade cases.

Contingent liability

In accordance with the Code (8.2.2.2) a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The claims would meet this definition, and therefore should be considered for disclosure. The Code (8.2.4.2) permits authorities not to provide specific disclosure if information is not material. Given the existence of the claims is adequately disclosed in the accounts, and it is not considered material, no contingent liability will be disclosed.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. On 31 March 2025, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Valuation 2020 – Employer Contributions

In HMT written statement [HCWS757](#), it was confirmed that changes to employer contribution rates resulting from the 2020 valuations will be delayed from April 2023 to April 2024. The 2020 valuation remains unpublished. The employer contributions will depend on a set of variables which will include but not limited to:

- The outcome of the discount rate consultation, which continues the current methodology and the WMS HCWS697 which confirms the new SCAPE discount rate is 1.7%.
- The cost of remedy.
- 4.9% employer contributions already made from April 2019 to include the cost cap correction costs that were paused.

The WMS confirms that the effect of the discount rate will be to increase employer contribution rate and commits to funding increases as a consequence of changes to the discount rate. It does not confirm whether funding from the increase to employer contributions under the 2016 valuation will continue to be funded.

“The Government is aware that the updated SCAPE discount rate will generally lead to higher employer contribution rates for most unfunded public service pension schemes resulting from the 2020 valuations. In recognition of the cost pressure that an increase to the employer contribution rate would bring to existing departmental budgets, the Government has committed to providing funding for increases in employer contribution rates resulting from the 2020 valuations as a consequence of changes to the SCAPE discount rate; this commitment is for employers whose employment costs are centrally funded through departmental expenditure. These funds will be used to pay for employer contributions and therefore will contribute to meeting the costs of public service pensions provision which means this will be cost neutral for the Exchequer.”

Legal Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent.

Therefore, no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022.

Penningtons

As of 31 March 2025, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

The [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases.
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on Pension Liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Durham Constabulary, this affects 1170 members.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2025/26, although this timetable is subject to change.

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

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the Office of the Durham Police and Crime Commissioner offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Office of the Durham Police and Crime Commissioner has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Office of the Durham Police and Crime Commissioner participates in the Local Government Pension Scheme for civilian employees, administered by Durham County Council – this is a funded defined benefit final salary scheme, meaning that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pension’s liabilities with investment assets.

Transactions Relating to Retirement Benefits

The Office of Durham Police and Crime Commissioner recognises the costs of retirement benefits in the Net Cost of Services part of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year:

	2023/24	2024/25
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Net Cost of Service		
Current service cost	236	285
Past service cost	-	-
Finance and Investment Income and Expenditure		
Net Interest expense	6	(1)
Total post employment benefit charged to provision of services	242	284
Other post employment benefit charged to the CIES		
Remeasurement of net defined benefit comprising of:		
Return on plan assets	(67)	116
Actuarial gain/loss from changes in demographic assumptions	(43)	(24)
Actuarial gain/loss from changes in financial assumptions	(65)	(764)
Other:	44	6
Adjustment gain /loss due to restriction surplus	-	569
Total post employment benefits charged to the CIES	111	187
Movement in the Reserves Statement		
Reversal of net charges for retirement benefits accordance with IAS19	(242)	(284)
Actual amount charged against the General Fund Balance for pensions in the year		
Employer's contributions payable to scheme	226	296
Benefits paid direct to beneficiaries	-	-

Reconciliation of present value of the scheme liabilities:

	2023/24	2024/25
	£'000	£'000
Opening present value	(2,564)	(2,934)
Current service cost	(236)	(285)
Interest cost	(120)	(138)
Contributions by scheme participants	(86)	(110)
Remeasurement gains and losses:		
Actuarial gains / losses from changes in demographic assumptions	64	24
Actuarial gains / losses from changes in financial assumptions	-	764
Other:	-	(6)
Past service costs	-	-
Liabilities assumed on entity combinations	-	-
Benefit paid	8	97
Closing present value	(2,934)	(2,588)

Reconciliation of fair value of the scheme assets:

	2023/24	2024/25
	£'000	£'000
Opening fair value	2,340	2,825
Expected rate of return	114	139
Remeasurement gain / loss - Return on plan assets	67	(116)
Employer contributions	226	296
Contributions by scheme participants	86	110
Benefit paid	(8)	(97)
Assets assumed on entity combinations	-	-
Closing fair value	2,825	3,157

Reconciliation of opening and closing surplus / (deficit) of the scheme:

	2023/24	2024/25
	£'000	£'000
Opening surplus (deficit)	(224)	(109)
Current Service Cost	(236)	(285)
Contributions by employer	226	296
Contributions by participants	-	-
Past service cost	-	-
Interest cost	(120)	(138)
Expected return on assets	114	139
Remeasurement gains and losses:		
Return on plan assets	-	(116)
Actuarial gains / losses from changes in demographic assumptions	-	24
Actuarial gains / losses from changes in financial assumptions	131	764
Other: Liability Experience	-	(6)
Net assets/ liabilities assumed on entity combinations	-	-
Closing fair value	(109)	569

Pension assets and liabilities recognised in the balance sheet

The amount included in the balance sheet arising from the group's obligation in respect of its defined benefit plan is:

	2023/24	2024/25
	£'000	£'000
Present value of liabilities	(2,934)	(2,588)
Fair value of assets in the Local Government Pension Scheme	2,825	3,157
Unrecognised Asset	0	(569)
Surplus / (deficit) in the scheme	(109)	0

The above table has been updated to be compliant with the requirements of International Accounting Standard 19 for the disclosure of any unrecognised assets when detailing the position held on the balance sheet in relation to the pension fund.

The Chief Constable and Group account for pensions under IAS 19, this standard stipulates that when an entity has a surplus in a defined benefit plan that it should measure the net defined benefit asset as the lower of the surplus in the defined benefit plan and the asset ceiling.

The definition given of an asset ceiling is the future economic benefits available to the entity in the form of reduced future contributions or a cash refund.

Prior to the financial year 2023/24 the fund has never been in a surplus position and actuaries have applied FRS 102 for recognition of the defined benefit obligation on an entities balance sheet, within FRS 102 the following is noted for dealing with a surplus.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The impact of this approach for the 2023/24 accounts was that a defined benefit asset was recognised on the balance sheet in full as there was no guidance on 'reduced future contributions' or 'refunds' for which an asset ceiling could be calculated. The assumption had been that the employer could cease contributions into the scheme at the accounting date and gain economic benefit equal to the value of prospective service costs.

This assumption has been reconsidered and AON, in line with increasing industry wide practice, have moved to applying the principles of IFRIC 14 which requires an allowance be made for a minimum funding requirement. This limits the amount of economic benefit from reduced contributions to the excess of the value of the prospective current service costs above the funding requirement.

The impact for the Chief Constable is that the asset in relation to the funded scheme has been reduced to nil.

Local Government Pension Scheme assets comprised:

	2023/24	2024/25
	£'000	£'000
Cash and Cash equivalents	51	70
Equity instruments	1,535	1,730
Bonds by sector:		
Corporate	271	281
Government	291	344
Sub-total bonds	562	625
Multi Asset Credit Fund	429	489
Property	186	208
Other	62	35
Total assets	2,825	3,157

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Scheme and the County Council Fund liabilities have been assessed by independent actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme on 31 March 2022.

The significant assumptions used by the actuary are detailed below:

	2023/24	2024/25
Mortality assumptions		
Longevity at 65 for current pensioners		
Men (years)	21.7	21.6
Women (years)	24.0	23.9
Longevity at 45 for future pensioners		
Men (years)	23.0	22.5
Women (years)	25.1	24.7
Rate of Inflation (CPI)	2.6%	2.5%
Rate of increase of salaries	3.6%	3.5%
Rate of increase to pensions in payment	2.6%	2.5%
Rate of increase to deferred pensions	2.6%	2.5%
Rate for discounting scheme liabilities	4.6%	5.8%

The estimation of defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain

constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practise, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, ie on actuarial basis using the projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Local Government Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	2,528	2,648
Rate of increase in salaries (increase or decrease by 0.1%)	2,596	2,580
Rate of increase in pensions (increase or decrease by 0.1%)	2,632	2,547
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	2,539	2,640

Assets and Liability Matching (ALM) Strategy

The pensions committee of Durham County Council has agreed an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pension's obligation by investing in long-term fixed interest securities and index linked gilt edged investment with maturities that match the benefits payments as they fall due. This is balanced with the need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (54% of scheme assets) and bonds (20%). The scheme also invests in properties as a part of the diversification of the scheme's investment. The ALM strategy is monitored annually or more frequently if necessary.

Impact on Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme will need to consider the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing

public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings to pay pensions and other benefits to certain public servants.

The PCC is expecting to pay £357k contributions to the scheme in 2025/26.

PENSION FUND ACCOUNTS

The funding arrangements for the Police Pension Scheme in England and Wales changed from 1 April 2006. Before 1 April 2006 each Police Authority was responsible for paying the pensions of its former officers on a pay as you go basis rather than a percentage of pensionable earnings as employer's contributions. Under the current funding arrangements, the Scheme remains unfunded but no longer on a pay-as-you-go basis as far as an individual CC is concerned. The CC no longer meets the pension outgoings directly, instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each individual CC is required to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulations.

Under the new arrangements the Pension Fund is balanced to nil at the end of the year by transferring from the CC's Income and Expenditure Account an amount equivalent to the deficit on the Fund. There are no investment assets relating to the Police Pension Fund.

The transactions of the Police Pension Fund are as follows. Net assets are included within the CC's Balance Sheet.

Police Officer Pension Fund Account 2024/25

2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(17,424)		Contributions receivable		
		From local policing body	(21,487)	
-		Additional funding payable by local policing body to meet the deficit for the year.	-	
(7,566)		Reimbursement of unabated pensions (30+ police officers) From Officers	(8,160)	
	(24,990)			(29,647)
		Transfers in		
	(704)	Transfers in from other schemes		(313)
		Recharges to other local Authorities		
	(41)	Net recharges		(30)
45,731		Benefits payable		
12,711		Pensions	49,889	
-		Commutations and lump sum retirement benefits	8,367	
		Lump Sum Death Benefit	-	
	58,442			58,256
		Payments to and on account of leavers		
76		Transfers out to other schemes	56	
209	285	Refunds of Contributions	41	97
	32,992	Net amount payable for the year		28,363
	(32,992)	Contribution from policing body in respect of the deficit		(28,363)
	-	Year end balance		-

Police Officer Pension Fund Net Asset Statement

As at 31 March 2024		As at 31 March 2025
£'000		£'000
	Current Assets	
-	Funding to meet deficit due from the local policing body	-
-	Cash Held	-
	Current Liabilities	
13	Unpaid Pension Benefits	36
-	Recharges to other Authorities	-
-	Surplus for the year owing to the local policing body	-
13	Net Current Assets/Liabilities	36

Net Current Assets

The carrying amounts of current assets is shown below:

	As at 31 March 2024	As at 31 March 2025
	£'000	£'000
Debtors		
Government Departments	-	-
Local Authorities	-	-
	-	-

Net Current Liabilities

	As at 31 March 2024	As at 31 March 2025
	£'000	£'000
Payables		
Government Departments	-	-
Local Authorities	-	-
Others	13	36
	13	36

1 Basis of Preparation

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

The financial statements do not take account of liabilities to pay pensions and other benefits which fall due after the end of the financial year.

The Net Assets Statement does not include liabilities to pay pension and other benefits after the Balance Sheet date. The liabilities of the Pension scheme are accounted for under IAS19 and details can be found above. Details of the long-term pension fund obligation are provided in Notes 18 and 19 of the main statements.

2 Accounting Policies

The principal accounting policies are as follows:

Contributions

Contributions represent the total amount receivable from the CC and pensionable employees. The contributions are made at rates determined by the Government Actuary's Department.

The employer's contributions are set at a nationally applied rate of 35.3% pensionable pay. For 2024/25 the employee's contributions are dependent on salary: 12.44% or 13.44% and 13.78% for the Police Officers' Pension Scheme 2015.

The CC is also required to make payments into the Pension Fund in respect of ill-health retirements when they are granted.

Benefits

In accordance with the accruals concept benefits are accounted for in the year in which they become due for payment.

Transfer Values

Transfer values are those sums payable by or receivable from, other pension schemes for individuals only and relate to periods of previous pensionable employment. Transfers are accounted for on a receipts and payments basis.

GLOSSARY

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money happens to be received or paid.

Actuarial Gains and Losses

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

Actuarial Valuation

A valuation by an actuary on behalf of a pension fund of assets held, estimate of the present value of benefits to be paid and estimate of required future contributions.

Amortisation

The measure of the wearing out, consumption, or other reduction in the useful economic life of an intangible fixed asset, whether arising from use, effluxion of time or obsolescence through technical or other changes.

Budget

The Commissioner and Group's plans and policies expressed in financial terms.

Capital Adjustment Account

A capital reserve that reflects the difference between the cost of property, plant and equipment consumed and the capital financing set aside to pay for them.

Capital Charge

A charge to the revenue account to reflect the cost of property, plant and equipment used.

Capital Expenditure

Expenditure on the acquisition of property, plant and equipment or expenditure which adds to and not merely maintains the value of existing property, plant and equipment.

Capital Grant

Grant from Central Government used to finance capital schemes.

Capital Receipts

Proceeds from the sale of property, plant and equipment.

Cash

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

Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local authority finance.

Collection Funds

Funds administered by Durham County Council and Darlington Borough Council into which individuals' Council Tax payments are paid. The Commissioner raises precepts on the funds to finance part of net revenue expenditure.

Collection Fund Adjustment Account

The account through which to implement the accruals basis for recording the precept without affecting the bottom line for taxpayers.

Component Accounting

Component accounting requires that where an asset has several components, which can be physically separated from the principal asset and which have significantly different useful lives, these should be recognised separately and should be depreciated based on their respective useful lives. Component accounting aims to improve depreciation accounting and improve the measurement of operating results.

Contingency

The sum of money set aside to meet unforeseen expenditure or liability.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Commissioner or 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 Commissioner or Group, or 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 Assets

A contingent asset arises where an event has taken place that gives the Commissioner or Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner or Group.

Council Tax

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Current Assets

Items that can be readily converted into cash.

Current Liabilities

Items that are due immediately or in the short-term.

Debtors

Persons or bodies who owe sums to the Commissioner or Group

Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Depreciation

The measure of the wearing out, consumption or other reduction in the useful economic life of property, plant and equipment, whether arising from use, passage of time or obsolescence through technical or other changes.

Earmarked Reserves

These represent monies set aside that can only be used for a specific purpose.

Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salary, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which the employee renders service to the Commissioner. An accrual is made for the cost of the benefit earned by

an employee but not taken before the year end. The accrual is charged to the surplus or deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement.

Financial Instruments

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another.

GAD - The Government Actuary's Department

They provide estimates of the liabilities of the Police Officers Pension Scheme.

Government Grants

Assistance by Government in the form of cash in return for past or future compliance with certain conditions relating to the activities of the PCC and CC.

Impairment

A reduction in the value of an asset from the balance sheet value occurring as a result of a change in the condition and consumption of the asset or as a result of market conditions.

Interest Income

The money earned from the investment of surplus cash.

International Financial Reporting Standards (IFRS)

The Commissioner and Group's financial statements have been prepared in accordance with the following statutory accounting standards adopted by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)
- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of the Standing Interpretations Committee

Leasing

A method of financing capital expenditure where a rental charge for an asset is paid for a specific period. There are two main types of leases: 'finance leases' which transfer substantially all the risks and rewards of ownership to the lessee, and other leases, which are known as 'operating leases'. With finance leases, assets acquired are included within property, plant and equipment in the balance sheet at the market value of the asset involved; monies owing to the lessor are included within deferred liabilities on the balance sheet. With an operating lease an annual rent is charged to the relevant service revenue account.

Minimum Revenue Provision

The minimum amount which must be charged in year for the repayment of debt.

National Non-Domestic Rates (NNDR)

The business rate is set annually by the government. Income from business rates goes into a central government pool that is then distributed to authorities according to resident population.

Net Book Value

The amount at which property, plant and equipment are included in the balance sheet, ie 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 replacement or of the nearest equivalent asset adjusted to reflect the current condition of the existing asset.

Non-Operational Assets

Property, plant and equipment not directly occupied, used or consumed in the delivery of services. These are assets under construction and surplus assets and assets held for sale.

Operational Assets

Property, plant and equipment held and occupied, used or consumed by

Outturn

The actual amount spent in the financial year.

Payables

Persons or bodies to whom sums are owed by the Commissioner.

Payments in Advance

These represent payments up to 31 March for supplies and services received on or after 1st April.

Precept Income

The Commissioner obtains part of its income from precepts levied on its billing authorities (Durham County Council and Darlington Borough Council). Precepts, based on the Council Tax base of each council, are levied on a collection fund, administered separately by each council.

Property, Plant and Equipment

Tangible and intangible assets that yield benefits to the Commissioner and the services it provides for a period of more than one year.

Provisions

Sums set aside to meet any liabilities or losses which are likely or certain to be incurred, but uncertain as to the amounts or dates on which they will arise.

Receipts in Advance

These represent income received up to 31 March for supplies and services provided on or after 1st April.

Reserves

Sums set aside for purposes falling outside the definition of a 'provision'. There are two categories of reserves - see 'Usable Reserves' and 'Unusable Reserves' for further definition.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revaluation Reserve

Capital reserve to hold unrealised revaluation gains arising (since 1 April 2007) from holding property, plant and equipment.

Revenue Contributions to Capital

Contribution from revenue to finance capital expenditure, thus reducing the requirement to borrow.

Running Expenses

All expenses other than those relating to employees and the financing costs of capital expenditure (capital financing costs and revenue contributions). Running expenses include expenditure on maintenance of buildings, consumable supplies, transport etc.

Termination Benefits

Amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accrual's basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.

UK GAAP – Generally Accepted Accounting Standards

As IFRS is primarily drafted for the commercial sector and therefore does not address all accounting issues relevant to local government in the UK, the Code prescribes a hierarchy of alternative standards on which the accounting treatment and disclosures should be based where appropriate

Unusable Reserves

Reserves the Commissioner is not able to use to provide services e.g. reserves that hold unrealised gains and losses, e.g. the Revaluation Reserve, where amounts would only become available to provide services if the assets are sold.

Usable Reserves

Reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use, e.g. Capital Modernisation Reserve.



**DURHAM POLICE AND CRIME
COMMISSIONER**

ANNUAL GOVERNANCE STATEMENT 2024/25

ANNUAL GOVERNANCE STATEMENT

The Annual Government Statement (AGS) reviews the governance environment throughout the financial year to 31st March 2025, and up to the date of the approval of the Statement of Accounts. The features of that environment are set out as follows:

1. SCOPE OF RESPONSIBILITY

The Police and Crime Commissioner (PCC) is responsible for ensuring that their business 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 also responsible for putting in place proper arrangements for the governance of their affairs and facilitating the exercise of their 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 places reliance on the CC to support the governance and risk management processes.

The PCC has developed an overarching code of corporate governance to ensure that it reflects current governance arrangements, and which is consistent with the principles of the CIPFA/SOLACE 2016 Framework — "Delivering Good Governance in Local Government". This includes:

- Scheme of Delegation
- Financial Regulations
- Contract Procedure Rules
- Counter Fraud and Corruption Strategy
- Whistle-blowing Policy
- Decision Making Policy and Procedures

This statement explains how the PCC has complied with the Code and meets the requirements of the Accounts and Audit (England) Regulations 2024 in relation to the publication of a statement on internal control.

In preparing the PCC's AGS, reliance has been placed on the governance processes within Durham Constabulary, as reflected in the CC's AGS which is published alongside the PCC Group Accounts.

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, which the PCC adopts and the activities through which they account to and engage with the community. It enables the PCC to monitor the achievement of their strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. While it cannot eliminate all risk of failure to achieve policies, aims and objectives, it can provide reasonable though not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the PCC's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently, effectively and economically.

3. THE GOVERNANCE FRAMEWORK

The Good Governance Standard for Public Services sets out the seven principles of good governance. The key elements of the systems and processes that comprise the PCC's governance arrangements and how these systems and processes adhere to the seven principles are set out below:

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

To achieve this, the PCC:

- ensures that they and their staff carry out their respective roles in a climate of openness, support, and respect.
- has developed standards of conduct and personal behaviour expected between the PCC, officers and staff of the OPCC and the Constabulary which are defined and communicated through appropriate codes of conduct and protocols.
- has required third party grant recipients to sign acceptance of compliance with grant terms and conditions, which includes adherence to appropriate codes of conduct and protocols.
- has adopted the Force's policy on integrity, and conduct, which encompasses counter fraud and corruption, which clearly sets out the procedures to be operated and which is designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent and/or corrupt practices or behaviour.

- has established a Values Framework in their Office, which includes Openness and Honesty, Respect and Trust, Drive and Commitment.
- has appropriate whistle-blowing arrangements and processes in place within the OPCC and Constabulary.
- has established procedures within the OPCC and Constabulary for dealing with and investigating complaints which are in line with national legislation and guidance.
- has adopted the force integrity health check personal development review objective.

Principle B: Ensuring openness and comprehensive stakeholder engagement.

To achieve this, the PCC:

- has arrangements to make clear to all staff what they are accountable for and to whom.
- ensures arrangements are in place to engage and consult effectively with partners, stakeholders, and all sections of the community, recognising that different sections of the community have different priorities and different information needs.
- ensures that processes for taking decisions about matters where there are competing demands from different sections of the community openly recognise and address those differences.
- engages in a wide range of community settings, making appropriate arrangements for discussion that for good reasons require confidentiality; regularly publishes information on the PCC and Constabulary's work, achievements, and satisfaction of users, and offers clear explanations about changes in recorded crime statistics.
- has invested in dedicated staffing capacity in communications and community engagement across the whole
 - maps PCC engagement across the whole Force area.
- consults with individuals and communities through the Area Action Partnerships.
- holds discussions via online media such as Facebook; and publishes online all decisions of public interest and reports them to the Police and Crime Panel.
- has appointed community champions in relation to Anti-Social Behaviour, Domestic Abuse and Victims to ensure that the victims voice is heard when developing policy and commissioning plans.

Principle C: Defining outcomes in terms of sustainable economic, social, and environmental benefits.

To achieve this, the PCC:

- has produced a Police and Crime Plan for their Office which sets out their vision for the period 2022 to 2024 the outcomes they wish to achieve, and twelve key priorities which they will focus on over the period.

- monitors the delivery of the Police and Crime Plan objectives.
- has clear contact details on the website for the public to raise concerns directly with them.
- engages with and visits neighbourhood wards to better understand the specific needs of the local public.
- publishes annual reports to communicate their activities and achievements and financial position and performance.
- promotes their mission, vision, and values.
- maintains an Executive Board comprising of themselves, the CC, Deputy PCC, Chief Executive, Chief Finance Officers, and key officers to determine matters at law required in respect of service delivery and its impact on the community.
- is working to ensure that the work the PCC and Constabulary undertake in partnership with others is underpinned by a common vision.
- engages at an appropriate level with key partners and partnership forums, drawing together relevant agencies to support delivery of shared objectives.
- decides how the quality of service for users is to be measured and ensures that the information needed to review service quality effectively and regularly is available.
- continuously monitors processes to ensure that the information needed to review performance in achieving value for money effectively and regularly is available.
- considers the environmental impact of policies, plans and decisions.
- has effective arrangements in place to ensure that the Constabulary performs to high standards and to identify and deal with failure in service delivery.
- has established a Medium-Term Financial Plan supported by multi-year budgets; to identify future deficits where savings plans are required to ensure balanced budgets.
- widely communicates their vision in all statutory reports and plans as well as on the PCC website and on all marketing communications.
- uses appropriate indicators to measure performance against local policing priorities as determined through any needs assessments with partners, internal scrutiny and review processes, and a comprehensive consultation programme with local people. Performance against the Plan is effectively monitored. Performance data is published for public scrutiny.
- has established a robust framework for consideration of Statutory Financial Statements and other published performance information.
- has established a commissioning framework.
- Holds the CC to account and scrutinises the performance of the Constabulary to ensure delivery of the PCC's strategic priorities.

Principle D: Determining the interventions necessary to optimise the achievement of the intended outcomes.

To achieve this, the PCC:

- has approved a detailed medium-term financial plan, to identify potential future deficits where savings plans are required to ensure balanced budgets and financial sustainability.
- has developed, and monitors, a performance management framework, to ensure the Police and Crime Plan is delivered and where necessary remedial action taken.
- has processes in place to ensure data quality is high, to enable objective and rigorous decision making, including access to force crime pattern information systems.
- uses victim and community feedback to identify areas for improvement.
- holds a monthly Executive Board meeting where performance is reported, issues are raised, and actions agreed.
- supports the use of a risk management process to identify where interventions may be required.
- uses their Office resources to support the Force in its continued monitoring of demand (current and future), as well as evidence-based approaches, which informs resource allocation decisions.

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

To achieve this, the PCC:

- ensures that the Force has robust Human Resources arrangements in place, Conditions of Employment, and remuneration issues in respect of the PCC's own staff are also adequately managed through the Force's HR team as part of the Shared Services Agreement.
- ensures that the Constabulary issues contracts of employment to all police staff, each role is covered by a job description, all of which are processed through the Constabulary job evaluation scheme to determine the appropriate remuneration for the role. Any exceptions to this are clearly and appropriately authorised. All changes to terms and conditions of contracts or to job descriptions are negotiated through the police staff group as necessary.
- Police Officers are servants of the Crown, their terms and conditions are provided for under national police regulations. The Constabulary has a range of policies to support the implementation of the national regulations: and any changes to these policies are negotiated/subject to consultation through the Personnel User Group.
- has established clear roles and responsibilities for the CC and holds annual reviews with them in addition to regular accountability meetings; ensures that there are robust

performance management arrangements within the Constabulary which enables training and development requirements to be identified and delivered.

- ensures that officers have the resources and support necessary to perform effectively in their roles and functions subject to overall affordability.
- ensures that induction programmes are tailored to individual needs as well as ensuring that opportunities for officers to update their knowledge are available on an ongoing basis.
- ensures there are effective community engagement arrangements in place designed to encourage individuals from all sections of the community to engage with, contribute to, and participate in the work of the PCC.
- ensures there is a clear understanding of the respective roles and responsibilities of the PCC, senior officers and staff of the Office of the Police and Crime Commissioner (OPCC) and the Force and reviews the effectiveness of these roles and responsibilities.
- has reviewed their organisational structure, defined responsibilities, and terms of reference.
- works with the Constabulary as well as its stakeholders and communities to develop and deliver against clearly defined strategic plans, priorities, and targets to drive improvements in policing services.
- ensures that there are effective mechanisms in place to monitor service delivery.
- has established a system of objective setting and appraisal within their office, including the identification of personal development objectives, and providing the support necessary to meet them.
- ensures when working in partnership that the arrangements for governance and accountability for performance and financial administration are clearly articulated and disseminated as a Code of Corporate Governance and a protocol governing the relationship with the Constabulary.
- has produced an Asset Strategy which includes Estates, Fleet and Environment, in addition to a linked ICT Strategy.
- has in place home working arrangements for staff.

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

To achieve this, the PCC:

- develops and maintains effective mechanisms for documenting evidence for decisions and recording the criteria, rationale, and considerations.
- develops and maintains effective arrangements to challenge and scrutinise the Constabulary's performance and compliance with other requirements.
- ensures that they work with the Constabulary to obtain objective and timely information which is necessary to take balanced and informed decisions.

- ensures through the Joint Audit Committee that risk management is used effectively to inform and focus its decision making, scrutiny and monitoring work.
- ensures there are effective, transparent, and accessible arrangements in place for dealing with complaints, including those made against the Chief which are lawfully handled by the OPCC.
- provides an Independent Complaints Adjudicator function through the Head of Private Office to undertake statutory complaint reviews against the Constabulary.
- reviews and revises as appropriate key governance documents, i.e. the Scheme of Corporate Governance which includes financial regulations and contract procedure rules.
- maintains a Joint Audit Committee with responsibility for monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure internal control systems are effective and that policies and practices follow statutory and other regulations and guidance. This includes considering the work of External Audit, Internal Audit and Risk Management and making recommendations concerning relevant governance arrangements and advising the PCC according to good governance principles and adoption of appropriate risk management arrangements in accordance with proper practices and consideration of the internal and external audit reports.
- has in place a Chief Finance Officer to the PCC who is professionally qualified and suitably experienced. They play a key role in providing a strategic insight to the direction and control of business decisions affecting financial resources. They ensure compliance with financial standards and give due consideration to both the risk to and economic, efficient, and effective use of resources. They work closely with the CC CFO and Force in ensuring the Finance function provided is fit for purpose and that the management of the PCC's funds are robust.
- is fully compliant with the principles outlined in the CIPFA Statement on the Role of the Chief Finance Officer of the Police and Crime Commissioner (2012).
- has in place a Chief of Staff who fulfils the role of the Head of Paid Service and ensures compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful and in accordance with financial regulations and procedural rules.
- publishes key business decisions on their website.
- publishes details of allowances and expenses incurred by the PCC and staff and maintains a Register of Gifts and Hospitality.
- maintains joint governance arrangements with neighbouring police forces and the fire and rescue service in respect of collaboration.
- maintains a performance monitoring and a public reporting mechanism which is published on the PCC website quarterly.
- uses Executive Board as performance management meetings to hold the CC to account.
- engages with the Police and Crime Panel (PCP) whose role it is to scrutinise the work of the PCC and how they carry out their statutory responsibilities. The Panel has a key role

in supporting the Commissioner in their role in enhancing public accountability of the police force.

- ensures all relevant disclosures in terms of information are included on the PCC website including but not limited to contracts, payments over £500, public interest issues etc.

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

To achieve this, the PCC:

- has, with the CC, an established Corporate Governance Framework that clarifies the way in which their two corporations sole, will govern both jointly and separately, to do business in the right way, for the right reason at the right time.
- publishes relevant information relating to salaries, decisions, business interests and performance data on their website.
- has a well-established community engagement process and social media presence.
- has a Joint Audit Committee that operates in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Home Office's Financial Management Code of Practice.
- publishes information online and to the Police and Crime Panel as part of established accountability mechanisms.
- maintains a log of key decisions made.
- acts upon the findings/recommendations of HMIC Inspections and Internal Audit/External Audit Reports.
- actively seeks media and press interest in their work to increase public awareness of their role and impact.
- prepares an Annual Governance Statement for scrutiny.

4. REVIEW OF EFFECTIVENESS

The PCC has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the systems of internal audit and internal control. The review of effectiveness is informed by the work of Senior Officers in the Constabulary and OPCC who have responsibility for the development and maintenance of the governance environment. The Head of Internal Audit's Annual Report, and comments made by the Chief Finance Officer, external auditors and other review agencies and inspectorates also inform this review.

Joint Audit Committee

The PCC and CC established a Joint Audit Committee with Terms of Reference that include responsibility for monitoring and reviewing the risk, control and governance processes and associated assurance processes to ensure internal control systems are effective and that policies and practices are in compliance with statutory and other regulations and guidance. This includes considering the work of External Audit, Internal Audit and Risk Management where the following reports apply.

- Police and Crime Commissioner Annual Governance Statement
- Chief Constable Annual Governance Statement
- Joint Independent Audit Committee Annual Report
- Annual Internal Audit Report
- Fraud and Corruption Annual Report
- Annual Review of the System of Internal Audit
- Internal Audit Progress Reports
- External Audit Progress Reports
- PCC Risk Register Updates
- Force Risk Register Updates
- Budget Monitoring Updates
- Treasury Management Updates
- Commissioning Updates
- Investigative Hub Updates
- Estates Updates
- Medium Term Financial Plan and Revenue & Capital Budgets
- Professional Standards Updates
- Annual Review of Gifts and Hospitality
- PCC Decision Records
- Internal Audit Plan

Police and Crime Panel (PCP)

The Police and Crime Panel (PCP) was established by the Constituent Local Authorities to provide scrutiny of the work of the PCC and how they carry out their statutory responsibilities. The Panel has a key role in supporting the Commissioner in their role in enhancing public accountability of the police force.

5. SIGNIFICANT GOVERNANCE ISSUES

The PCC is fully committed to the principles of corporate governance, establishing at its core a Corporate Governance Framework, most recently revised in September 2024 following consultation with the Joint Independent Audit Committee to reflect changes in practice and to enable self-assessment against it.

The Joint Audit Committee (JAC) has a full work programme developed with assistance from Internal Audit and External Auditors. Ongoing training is provided to ensure that the Committee can properly discharge its responsibilities.

It is imperative that External and Internal Audit's work continues to fulfil their statutory responsibilities, whilst at the same time adding value to the two corporate bodies. Regular meetings with auditors over the course of the year ensure that potential duplication resulting from the 'two corporations' sole arrangements' is minimised.

Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a moderate overall assurance opinion on the adequacy and effectiveness of internal control operating across the Office of the Police and Crime Commissioner and a moderate overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control operating across the Constabulary in 2024/25.

The moderate opinion provides assurance that there is a sound system of control in place however there are some weaknesses and evidence of ineffective controls.

Following measures introduced by Government to tackle the public sector audit backlog, a backstop date of 28th February was put into place for 2023/24 audits. Whilst work around value for money was undertaken, a full audit was not completed by the backstop date and a disclaimed audit opinion was issued by external audit on the 2023/24 financial statements. We await national guidance on how assurance will be rebuilt and will continue to work closely with our external auditors.

A summary of how the significant issues identified in 2023/24 Annual Governance Statement, which, in the main, are of a recurrent nature, have been progressed is provided below:

Issues Raised	Current Position
Generating savings to fund predicted deficits	In the short-term budgets are balanced with the use of reserves but savings are required to fund deficits faced in the medium-term. A strategic workforce plan is being finalised by the Force to identify police staff efficiencies and work is ongoing to identify further savings and review their operational impact.

	Budgets will be closely monitored throughout the year to
Income generation and maximisation	In addition to staff efficiencies and cost savings, income generation and maximisation are also being considered to improve the financial position.
Use of Reserves	<p>In the short-term, revenue reserves will be utilised to balance the budget. This is not sustainable and cost savings and income generation plans are being developed to reduce future reliance on reserves.</p> <p>With no capital funding, short-life assets within the capital programme will be funded by reserves with long-life assets funded from self-financed borrowing. The capital plan currently outlines that capital reserves will be depleted during 2027/28.</p>
Further Real Terms Funding Reductions	The PCC and Force agreed its Medium-Term Financial Plan with the Executive Board. The Force monitors progress made to deliver efficiency savings via budget monitoring processes. Whilst the Medium-Term Financial Plan is in balance over the short term, the plan shows deficits for 2026/27 and beyond. Plans are being developed as outlined in the sections above. There remains uncertainty moving forward in relation to grant levels, pay awards, precept flexibility but it is hoped that more certainty will be provided when the Comprehensive Spending Review is published in June 2025.
Funding Formula Review	<p>Although it is not anticipated that the funding formula will change in the short-term, a review of the police funding formula continues to be raised and discussed in Parliament. This therefore remains to be a significant risk to Durham and could potentially lead to an adverse impact on future grant income.</p> <p>This would be particularly challenging when future medium-term deficits are predicted and would require further savings and efficiencies.</p>
Collaboration with Other Forces and Organisations	<p>The Force has already delivered a number of joint initiatives with neighbouring Forces in Cleveland and Northumbria as well as with the County Durham and Darlington Fire & Rescue Service.</p> <p>The Government have placed an increased emphasis on collaboration and the Policing Efficiency and Collaboration Programme recently launched to further encourage collaboration between forces, fire services, local Councils and others.</p>

	Work will continue to explore increasing partner working and collaboration which will save money and increase capacity and resilience.
Estates	<p>The Estate is aging placing pressure on revenue and capital budgets to maintain.</p> <p>The Estate and Asset Delivery Group, is a strategic governance group recently set up and chaired by the DCC. Members are senior leaders from both the OPCC and Force. The Group will own the Estate strategy, maintain oversight of the delivery plan and report into Executive Board.</p>
The Strategic Policing Requirement (SPR)	<p>The Force has carried out an internal assessment and business continuity plans are in place as required by the Strategic Policing Requirement (SPR).</p> <p>Whilst there is a sound understanding of the requirements of the SPR there will be an ongoing need to ensure that its key elements are adequately resourced, where necessary, and as such this issue remains one of significance.</p>

Further to the work undertaken as outlined above, the following matters, identified in preparing the Statement and relevant at the time of its adoption, are significant.

Future Funding Pressures

The 2025/26 grant settlement includes the following:

- An increase in core grant of £8m
- Of this increase £2.3m Neighbourhood Policing Grant was received. This funding will support the recruitment of additional officers in 2025/26 and therefore will be offset by additional costs. Any unspent grant will be returned.
- £2.4m relates to National Insurance Grant to offset additional costs associated with NI rate and threshold increases.
- £14 precept increase per annum.
- No capital grant.

Despite an increase in funding, the costs of pay awards and rising inflation mean that the increase is insufficient and reserves are required to balance the 2025/26 budget.

The MTFP indicates future deficits from 2026/27 onwards and work is well underway to identify savings and efficiencies to reduce these deficits. Budgets will be continue to be closely monitored to achieve in year savings where possible. Income generation and maximisation opportunities are being explored to ensure we move become financially sustainable without reliance on reserves.

The Comprehensive Spending Review is due to be published in June 2025 when more clarity will be given over future funding levels and the assumptions built into our plans.

I propose to address the above matters to further enhance my governance arrangements and will monitor the implementation and operation of these improvements over the course of the year.

Signed:

Date: 25th February 2026

A handwritten signature in black ink, appearing to read 'Joy Allen', written in a cursive style.

Joy Allen
Police and Crime Commissioner for Durham