Chief Constable of Durham Constabulary

Draft Statement of Accounts

for the year ended 31st March 2026

The status of the statement of accounts for the year ended 31 March 2026 is draft and unaudited and the statement of accounts as published may be subject to change.

Contents

2025/26 Narrative Report

Message from Julie Diamond, Assistant Chief 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 Chief Constable of Durham Constabulary. The financial position of the PCC and the consolidated Group of the PCC and CC are set out in the PCC and Group accounts which is a separate document.

The Constabulary's Purpose is to build trust and confidence by:

- Relentlessly pursuing Criminals.
- Providing a first-class service to victims.
- Being determined to protect vulnerable people.
- Being the best at preventing crime and ASB.
- Strengthening Neighbourhood Policing

External Environment

During 2025/26 the CC continued to operate in a challenging external environment. The CC operates within a national policing and local government environment shaped by government policy, funding arrangements and wider economic conditions. The CC 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 CC works 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.

The national policing landscape is also undergoing significant reform. The Government has announced its intention to abolish Police and Crime Commissioners (PCCs), although detailed arrangements regarding successor governance structures and transition timelines have not yet been confirmed. In addition, discussions are ongoing regarding potential police force mergers and wider structural reform. While the scope and timing of these changes remain uncertain, they introduce increased complexity and risk in relation to future governance, funding arrangements and organisational structures.

Governance

The statement included in this set of accounts is draft. The final version will be agreed at the Executive Board at a future date and will be included in the final published accounts.

Finance

The latest medium term financial plan will require a larger level of efficiency and cash backed savings than have been delivered in the past. A plan has been agreed to deliver savings as part of future budget setting. This will require careful management to ensure that the need for financial stability is aligned with operational policing.

Key financial information for 2025/26 is as follows:

	Original Budget 2025/26	Actual 2025/26	Variance Fav/(unfav)
	£'000	**£'000**	**£'000**
Employees	157,516	158,530	(1,014)
Premises	7,891	8,212	(321)
Transport	3,011	3,097	(86)
Agency Services	3,289	3,678	(389)
Supplies and Services	18,061	19,522	(1,461)
Gross Expenditure	189,768	193,039	(3,271)
Customer, Clients Receipts and Other Income	(8,846)	(13,041)	4,195
Net Expenditure	180,922	179,998	924

The main variations to budget include:

- Employees
  In the main the overspend relates to Police overtime, this was due to a major incident that occurred early in the financial year. This was slightly offset with salary underspends relating to vacancies.
- Agency Services & Supplies & Services
  Additional spend was incurred for agency services in excess of the budgeted allocation relating in the main to mutual aid assistance. The Supplies and Services overspend relates to an increase to the police insurance provision.
- Customer, Clients Receipts and Other Income
  Additional income was also received for reimbursements costs relating to mutual aid assistance and delivery of International Training throughout the financial year over the planned budget.

The operation of the Force is funded by the PCC. The financial position of the PCC and the consolidated position of the Group is shown in the Group accounts which is a separate document.

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 CC 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.

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 CC is at risk of being unable to meet its financial obligations as they fall due.

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, the 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 2026/27 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. At the end of 2025-26 the Uplift target was achieved. This was the final year of the uplift target.

Increase in officer numbers in line with Neighbourhood Policing Guarantee

The PCC has received additional grant funding to increase officer numbers in line with the Neighborhood Policing Guarantee. At the end of 2025/26 the Force met its target.

Business Model

The Constabulary employed 1407 officers as at 31st March 2026, 1,071 staff and 136 PCSOs. This was across the following main areas of policing:

Command Area	Headcount		
	POL	Staff	PCSO
Crime and Justice Command	335	334	2
Digital Data and Technology	4	78	-
EXEC Executive	9	6	-
Governance and Insights Command	56	94	-
NE Regional Special Operations Unit	34	1	-
Operations Command	195	291	-
People Standards and Development Command	120	119	5
Response Command	486	26	-
Neighbourhoods	150	-	129
Secondments	18	1	-
Support Services Command	-	121	-
Chief Constable Total	**1,407**	**1,071**	**136**

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.

Strategy & Resource Allocation

The Constabulary has a medium term financial plan which includes future deficits and is based on the following key assumptions:

- Increasing central government funding.
- A pay rise per annum in 2026/27 of 3.0%, 2.5% in 2027/28 and 2028/29, then 2% in 2029/30 onwards.
- £18.50 band D precept increase for 2026/27 and then £15 thereafter. The £15 assumes that additional precept flexibility will be given to PCC's. It is assumed that the current Council Tax capping criteria will continue.
- Additional officers supported by the Neighbourhood guarantee funded by a £4.1m grant.
- A work force plan to ensure resources are targeted in areas of need.

The PCC is aware that there are potential changes to the Police Funding Formula. This would require a savings plan to compensate for any reduction in funding. Any such plan would clearly identify the operational impact of any savings

The challenge with delivering the above would be to ensure that there is minimal impact on service delivery. This will require careful management and clear leadership.

Risks and Opportunities

The main risks are as described above.

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.
- Review processes to maximise efficiencies.
- Improved workforce plan to align with priorities.
- 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 2024/25 with 2025/26

- Neighbourhood crime – **8% decrease**
- All Theft offences **– 6.3% decrease**
- Domestic-related crime – **2.4% increase**
- Criminal Damage & Arson – **no change**
- Violence against the Person – **3.8% increase**
- Drug offences **– 3.3% decrease**
- Anti-Social Behaviour (ASB) incidents **- 15.8% increase**
- 'Positive Outcome' Rate:

2023/24	**15.0%**
2024/25	**16.4%**
2025/26	**15.6%**

2025-2026 Summary of Achievements

Use of Funding

- **Op DRIVE:** Now fully embedded across all localities. Training and the provision of drug wipe kits for Response officers supported through funded resources has reduced waiting times for Roads Policing Unit support and contributing to the prevention of KSI collisions. A total of 30 officers have now completed the training.
- **ResetU App:** Funding has been secured to support the launch of Oscar Kilo's new wellbeing app, with Durham selected as a pilot Force. The app was launched in April 2026.
- **Op Short Circuit:** Funding was secured through the OPCC's Hotspot Action Fund to deploy four autonomous Safer Pods targeting retail crime over a four-month period. The initiative delivered a 71% overall crime reduction, including a 75% reduction at Tindale Retail Park. The funded approach is now being expanded to tackle issues such as arson, rural crime, and VAWG, has gained national interest, and has been submitted to the College of Policing Practice Bank and the National Problem-Solving Awards.
- **Dementia Wristbands:** The OPCC provided £3,060 in funding to support the introduction of dementia wristbands as a safeguarding measure to reduce 'missing from home' incidents. SPOCs have been identified and trained in each locality to oversee distribution.
- **Reach Out:** OPCC funding enabled the purchase of updated community engagement equipment, including gazebos, branded tablecloths, and children's games, to support visibility and reduce ASB in hotspot areas. Each locality received funded equipment, which has already been used at events such as a recent Op DRIVE engagement in Chester-le-Street.
- **Knife Angel Event:** OPCC funding supported the display of the Knife Angel in Newton Aycliffe for a two-day awareness event focused on the risks and consequences of knife and violent crime. Additional funding supported the development of educational packages for delivery in schools across Newton Aycliffe and the wider force area.
- **Prevention and Problem-Solving Training:** Funded by the OPCC through the Hotspot Action Fund, UCL delivered training to the Prevention & Problem-Solving Team, Community Safety Coordinators, and Local Authority partners (DCC and DBC). This has developed 'champions' with enhanced problem-solving capability to support colleagues.
- **Niche Implementation:** Funding has been secured to implement Niche, delivering an integrated system that will reduce ICT demand, improve data quality, support joined-up working, and ensure compliance with DCF.
- **SharePoint Development:** Funding has been secured to implement a modern, force-wide SharePoint intranet to improve employee engagement, strengthen organisational communication, and provide access to up-to-date information.
- **Data Transformation Programme:** Funding has been secured for the SCOUT system as part of the Data Transformation Programme, improving user experience, enhancing data quality, and strengthening data literacy across the organisation.

Shift Patterns

- **Crime Scene Coordinators – Efficiency Savings:** The shift pattern was amended from 1st January 2026, reducing allowances and delivering financial savings. Following centralisation to the Hub in May, two CSI vans were returned to Fleet, with a further vehicle scheduled for return next month, generating additional efficiencies.
- **Force Control Room (FCR):** A dedicated training day is being incorporated into the shift pattern to enhance capability and continuous development. In addition, work is underway to explore the use of AI tools to identify potential threats within calls, supported by the VFR option

Awards

- **Chief Constable Commendations:** Between January 2025 and April 2026, a total of 80 Chief Constable Commendations were awarded across the force, recognising outstanding contributions and performance.
- **Durham Difference Awards 2025:** The Origin Team was recognised as the 'Most Outstanding Team of the Year', highlighting their exceptional work and impact.
- **Prevention and Problem-Solving Recognition:** The Durham City Operational Group (COG) was named the winner at the Force's annual Prevention and Problem-Solving Conference 2025. The initiative also achieved national recognition as runner-up in the 'Police Initiative of the Year' category at the National ASB Awards. COG has successfully brought together partners to address the root causes of anti-social behaviour in Durham City, combining collaboration, shared powers, and a balanced focus on support and enforcement to deliver measurable outcomes, strengthen community confidence, and enhance partnership legitimacy.

Training

- **Wellbeing:** A total of 1,101 serving colleagues have received Trauma-Informed Training Programme (TITP) input, including dedicated trauma awareness sessions to strengthen understanding and support across the workforce.
- **Training Delivery:** Agreed training modules are now being rolled out. Firearms ERP training has become business as usual (BAU) for new recruits, with further development opportunities being explored, including a digital learning module accessible at any time.
- **PLP Training:** The PLP training programme is scheduled through to the end of 2027, with Stage 1 courses delivered monthly and Stages 2 and 3 provided on a demand-led basis. Since its launch in June 2025, 165 attendees have completed the training.
- **PCSO Development:** The Prevention and Problem-Solving Team delivers a two-week attachment for new PCSOs, including two days of training and an 18-week problem-solving project using the O'SARA methodology, contributing towards their Level 4 qualification, with the team also supporting assessment
- **Protecting Against Exploitation and Vulnerability:** 'DA Matters' training has been completed to upskill staff, with further domestic abuse training provision currently being scoped for 2027

Partnerships

- **Local Policing Command:** Continues to maintain strong and effective partnership working, with well-established information-sharing protocols supporting joint activity and outcomes.
- **Op Pave:** Ongoing joint working with partners has delivered high-visibility foot patrols in hotspot areas. Between April 2025 and March 2026, Police and partners collectively conducted over 19,000 hours of additional patrols.
- **Public Confidence Research:** A report on *"Measuring Public Confidence in Relation to Dealing with ASB in Durham and Darlington"* has been completed by Northumbria University. This was delivered in partnership with the OPCC and the Police to support improved understanding and response to ASB.
- **Sleep Pod Initiative:** Innovative sleep pods are now being deployed by all neighbourhood policing teams to support some of the most vulnerable individuals. This initiative originated through a partnership between Bishop Auckland NPT and Cornerstone Supported Housing, combining frontline support with proactive policing to create a stronger safety net for those most at risk.

New Schemes

- **Fraud Process Map:** A new process map has been developed to support officers in navigating fraud reports and ensuring they are handled correctly. This guidance is readily accessible to all officers and staff via the force intranet.
- **ASB Risk Management (AIR):** A new tool (AIR) has been introduced to improve the risk management of ASB victims, ensuring a higher quality of service. It enhances the force's ability to manage ASB investigations, supports bringing offenders to justice, and addresses previous issues in the recording of ASB incidents.
- **Intranet Transformation – 'The Link':** The force intranet is evolving into a new SharePoint-based platform, 'The Link'. Each command and business area now has ownership of their site pages and responsibility for maintaining relevant and up-to-date content.
- **SCOUT Analytics Portal:** Successfully launched in December 2025, the SCOUT analytics portal provides enhanced data insight. Multiple dashboards have completed UAT and are ready for release, including reports on outstanding suspects, crime performance, outcomes, custody performance, Origin duties, and Storm performance.

Outlook

The OPCC and the Group continue to operate in a challenging environment with increasing demand pressures, evolving crime trends and increasing complexity of investigations. The Police and Crime Commissioner and Chief Constable will continue to focus resources towards delivery of the Police Crime and Justice 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 2025/26 (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 2026 and the income and expenditure for the year ended on that date.

The Statement of Accounts comprises the CC financial statements The accounts have been prepared on an accruals basis and are prepared on the assumption that the CC will continue to operate for the foreseeable future as a going concern. The Narrative Report provides a fair, balanced and understandable commentary on the Group's financial performance and position during 2025/26, together with an overview of key risks and future prospects.

Independent Auditor's Report to the Chief Constable of Durham Constabulary

Report on the audit of the financial statements

To follow

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The CC 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 Assistant Chief Officer.
- Manage their affairs to secure economic, efficient and effective use of resources and safeguard their assets.
- Approve the Statement of Accounts.

The Assistant Chief Officer's Responsibilities

The Assistant Chief Officer is responsible for the preparation of the CC'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 2025/26. In preparing this Statement of Accounts, the Assistant Chief Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Assistant Chief Officer's Certificate

I certify that the accounts present a true and fair view of the financial position of the Chief Constable of Durham Constabulary as at 31 March 2026 and of their income and expenditure for the year ended 31 March 2026.

J Diamond ACA BSc (Hons) **Date 30th June 2026**

Assistant Chief Officer

Chief Constable's Certificate

I confirm I have approved these accounts

R Bacon BSc (Hons) **Date**

Comprehensive Income and Expenditure Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2026

Gross Expenditure £'000	2024/25 Income £'000	2024/25 Net Expenditure £'000	2024/25	2025/26 Gross Expenditure £'000	2025/26 Income £'000	2025/26 Net Expenditure £'000
133,918	-	133,918	Employee costs	138,163	-	138,163
29,325	-	29,325	Non employee costs	32,677	-	32,677
-	(13,721)	(13,721)	Income	-	(13,282)	(13,282)
	-	-			-	-
163,243	**(13,721)**	**149,522**	**Net Cost of Services before Funding**	**170,840**	**(13,282)**	**157,558**
5,405		**5,405**	**Charge for use of assets**	**4,639**		**4,639**
	(168,827)	**(168,827)**	**PCC funding for resources consumed**		**(183,007)**	**(183,007)**
168,648	**(182,548)**	**(13,900)**	**Net Cost of Services**	**175,479**	**(196,289)**	**(20,810)**
			Other Operating Expenditure			
28,363	(28,363)	-	Police Pension Top Up Grant	32,142	(32,142)	-
		1,428	Levies			1,708
			Financing and Investment Income and Expenditure			
		59,030	Net interest on defined benefit liability (Note 23)			61,000
		(4)	Interest receivable and similar income (Note 10)			(1)
		46,554	**Chief Constable deficit on Provision of Services**			**41,897**
		(172,345)	Re-measurements of the defined benefit liability (Note 23)			(44,152)
		(172,345)	**Other Comprehensive Income and Expenditure**			**(44,152)**
		(125,791)	**Total Comprehensive Income and Expenditure**			**(2,255)**

This statement shows the accounting cost in the year for the CC of providing services at the request of the PCC in accordance with generally accepted accounting practices. The CC deploys assets, police officers and police staff to deliver the Police and Crime Plan.

Movement in Reserves Statement for the Chief Constable of Durham Constabulary

Current year	Police Fund Balances £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2025	-	-	(1,146,404)	(1,146,404)
Movement in reserves during 2025/26				
Total Comprehensive Income and Expenditure	(41,897)	(41,897)	44,152	2,255
Adjustments between accounting basis & funding basis under regulations (note 9)	41,897	41,897	(41,897)	-
Increase/(Decrease) in year	-	-	2,255	2,255
Balance at 31 March 2026 carried forward	**-**	**-**	**(1,144,149)**	**(1,144,149)**
Comparative year				
Balance at 31 March 2024	**-**	**-**	**(1,272,195)**	**(1,272,195)**
Movement in reserves during 2024/25				
Total Comprehensive Income and Expenditure	(46,554)	(46,554)	172,345	125,791
Adjustments between accounting basis & funding basis under regulations (note 9)	46,554	46,554	(46,554)	-
Increase/(Decrease) in year	-	-	125,791	125,791
Balance at 31 March 2025 carried forward	**-**	**-**	**(1,146,404)**	**(1,146,404)**

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet for the Chief Constable of Durham Constabulary at 31 March 2026

31 March 2025				31 March 2026	
£'000	£'000		Notes	£'000	£'000
-		Property, Plant and Equipment		-	
-		Intangible Assets		-	
	-	**Total Long Term Assets**			-
1,260		Inventories		1,114	
11,804		Short Term Debtors	11	11,370	
-		Cash and Cash Equivalents		-	
	13,064	**Total Current Assets**			12,484
(16,949)		Short term Creditors	12	(16,673)	
	(16,949)	**Total Current Liabilities**			(16,673)
(2,559)		Provisions	13	(2,670)	
-		Other Long Term Liabilities		-	
(1,139,960)		Pensions Liability	14	(1,137,290)	
	(1,142,519)	**Total Long Term Liabilities**			(1,139,960)
	(1,146,404)	**Net Assets**			**(1,144,149)**
	-	Useable Reserves			-
	(1,146,404)	Unusable Reserves	15		(1,144,149)
	(1,146,404)	**Total Reserves**			**(1,144,149)**

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The net assets are matched by the reserves held by the CC.

Cashflow Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2026

2024/25 £'000	2024/25 £'000	OPERATING ACTIVITIES	2025/26 £'000	2025/26 £'000
		Cash Inflow		
11,417		Specific Grants	1,524	
17,585		Cash received for goods and services	11,757	
-		Interest received	-	
204,587		Contribution from PCC to CC for Operating activities	229,657	
	233,588	**Cash Inflows generated from operating activities**		242,938
		Cash Outflow		
(198,615)		Cash paid to employees	(205,716)	
(34,973)		Cash paid to suppliers of goods and services	(37,222)	
	(233,588)	**Cash outflows generated from operating activities**		(242,938)
	-	**Net cash flows from operating activities**		-
		INVESTING ACTIVITIES		
	-	Net cash flows from investing activities		-
		FINANCING ACTIVITIES		
	-	Net cash flows from financing activities		-
	-	**Net increase or decrease in cash and cash equivalent**		-
	-	Cash and cash equivalents at the beginning of the reporting period		-
		Less		
	-	Cash and cash equivalents at the end of the reporting period		-
	-			-

The Cashflow Statement shows the changes in cash and cash equivalents of the CC during the reporting period.

All payments were made and income received into the Bank Account which is held by the PCC.

Notes to the Financial Statements for the Chief Constable of Durham for the year to 31 March 2026

1 ACCOUNTING POLICIES

1.1 General Principles
The Statement of Accounts summarises the CC of Durham's transactions for the 2025/26 financial year and the position at the year-end of 31 March 2026. The CC 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 2025/26, 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 22 November 2012, Durham Police Authority was replaced by two corporation sole bodies: the Office of the Durham Police and Crime Commissioner and the Chief Constable for Durham Constabulary. Both bodies are required to prepare separate Statements of Accounts.

The financial statements cover the 12 months to 31 March 2026.

1.2 Revenue and Expenditure Recognition
Since 1 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:

- 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 of the CC; and
- 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.
- The CC has a de minimis level of £1k for accruals.

1.4 Cash and Cash Equivalents
All cash is held by the PCC.

1.5 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 by the CC for the cost of holiday entitlements (or any form of leave, eg 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 the CC's 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 CC to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. These are charged on an accruals basis to the Net Cost of Services in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

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 CC are members of two separate pension schemes:

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

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 eventually fall due. If the amounts receivable by the pension fund for the year are less than amounts payable, the Durham Police and Crime 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 Durham Police and Crime Commissioner 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 CC and employees pay contributions into a fund, calculated at a level intended to balance the pension's 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 projected 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 pension 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; and
    - 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; and
    - 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 CC at 31 March 2026, and of the basis for assessing those liabilities, are included in Note 23 to the Statement of Accounts.

1.6 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; and
- 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.

1.7 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the CC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The CC has not given any financial guarantees.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the 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); and
- Fair value through other comprehensive income (FVOCI).

The CC grants low value loans to employees to allow them to take advantage of annual travel savings and other purchases. These are valued at amortised cost.

1.8 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 CC when there is reasonable assurance that:

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

Amounts recognised as due to the CC 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.

1.9 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.

1.10 Overheads and Support Services

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

1.11 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.

1.12 Provisions

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 expenditure required to settle the obligation, taking into account 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.

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 2026.

The following standards have been issued but have not yet been adopted at 31 March 2026:

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

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 CC 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 1 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 usable 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 CC of Durham Constabulary's Statement of Accounts contains estimated figures that are based on assumptions made by the CC about the future or that are otherwise uncertain. Estimates are made taking into account 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 CC's Balance Sheets at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

4.1 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 note 22.

The CC, along with other CC's 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 23.

4.2 Stage 2 Transfer on 1 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 the income was allocated to the PCC, the income would decrease by £13.2m

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 CC's Statement of Accounts was authorised for issue by the Assistant Chief Officer on 30th June 2026 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 at 31 March 2026, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

The Pension Schemes Bill 2026, came into force on the 29th April 2026, the bill is expected to have a significant impact on the UK pension landscape. These changes are part of a broader effort to create a more efficient and effective pension system, ensuring that every pound saved is used to support individuals in their retirement.

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.

7 EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE OF DURHAM CONSTABULARY FOR THE YEAR ENDED 31 MARCH 2025

2024/25 Net Expenditure Chargeable to the General Fund £'000	2024/25 Adjustments between the Funding and Accounting Basis £'000	2024/25 Net Expenditure in the Comprehensive Income and Expenditure Statement £'000		2025/26 Net Expenditure Chargeable to the General Fund £'000	2025/26 Adjustments between the Funding and Accounting Basis £'000	2025/26 Net Expenditure in the Comprehensive Income and Expenditure Statement £'000
146,394	(12,476)	133,918	Employee costs	157,266	(19,103)	138,163
29,325	-	29,325	Non employee costs	32,677	-	32,677
(13,721)		(13,721)	Income	(13,282)		(13,282)
5,405	-	5,405	Charge for use of assets	4,639	-	4,639
(168,827)	-	(168,827)	PCC funding for resources consumed	(183,007)	-	(183,007)
(1,424)	**(12,476)**	**(13,900)**	**Net Cost of Services**	**(1,707)**	**(19,103)**	**(20,810)**
	59,030	59,030	**Pension liability costs**		61,000	61,000
1,424	-	1,424	**Other Income and Expenditure**	1,707	-	1,707
--	**46,554**	**46,554**	**Deficit on Provision of Services**	-	**41,897**	**41,897**
-			**Opening General fund and Earmarked Reserves Balance**	-		
-			**Less deficit on General Fund and Earmarked Reserves Balance**	-		
-			**Closing General fund and Earmarked Reserves Balance**	-		

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the CC for the year has been used in providing services in comparison with those resources consumed or earned by the CC 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. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement**.**

7A NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Year ended 31 March 2026				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes £'000**	**Net change for the Pensions Adjustments £'000**	**Other Differences £'000**	**Total Adjustments £'000**
Employee costs	-	19,519	(415)	19,103
Non employee costs		-	-	-
Net Cost of Services	-	19,519	(415)	19,103
Pension liability costs	-	(61,000)	-	(61,000)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	-	(41,481)	(415)	(41,897)
Year ended 31 March 2025				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	**Adjustments for Capital Purposes £'000**	**Net change for the Pensions Adjustments £'000**	**Other Differences £'000**	**Total Adjustments £'000**
Employee costs	-	13,045	(569)	12,476
Non employee costs	-	-	-	-
Net Cost of Services	-	13,045	(569)	12,476
Pension liability costs	-	(59,030)	-	(59,030)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	-	(45,985)	(569)	(46,554)

7B 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 CC considers that it has only one operating segment, being the 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 CHIEF CONSTABLE OF DURHAM CONSTABULARY EXPENDITURE AND INCOME ANALYSED BY NATURE

	2024/25 £'000	2025/26 £'000
Expenditure		
Employee benefits expenses	133,918	138,163
Other services expenses	34,730	37,316
Interest payments (including defined benefit liability)	59,030	61,000
Levies	1,428	1,708
Total Expenditure	229,106	238,187
Income		
Fees, charges and other service income	(13,721)	(13,282)
Interest	(4)	(1)
PCC funding for resources consumed	(168,827)	(183,007)
Total Income	(182,552)	(196,290)
Deficit on the Provision of Services	46,554	41,897

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

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

Year ended 31 March 2026	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 *(transferred to or from the Pension Reserve)* :						
- Retirement benefits	(71,970)	-	-	-	(71,970)	71,970
- Employer's pensions contributions and direct payments to pensioners payable in the year	30,489	-	-	-	30,489	(30,489)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(415)	-	-	-	(415)	415
TOTAL ADJUSTMENTS	**(41,897)**	**-**	**-**	**-**	**(41,897)**	**41,897**
(Movement in Reserves Statement)						

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 *(transferred to or from the Pension Reserve)* :						
- Retirement benefits	(75,030)	-	-	-	(75,030)	75,030
- Employer's pensions contributions and direct payments to pensioners payable in the year	29,045	-	-	-	29,045	(29,045)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(569)	-	-	-	(569)	569
TOTAL ADJUSTMENTS (Movement in Reserves Statement)	**(46,554)**	**-**	**-**	**-**	**(46,554)**	**46,554**

10 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance Sheet

Financial Assets

	Current Debtors	
	31 March 2025	**31 March 2026**
	£'000	**£'000**
Amortised Cost	7,921	8,124
Total financial assets	7,921	8,124
Non-financial assets	3,882	3,245
Total	**11,804**	**11,370**

Financial Liabilities

	Current Creditors	
	31 March 2025	31 March 2026
	£'000	£'000
Amortised Cost	13,324	12,551
Total financial liabilities	13,324	12,551
Non-financial liabilities	3,624	4,123
Total	**16,948**	**16,673**

Income, Expense, Gains and Losses

	2024/25	2025/26
	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	(4)	(1)
Total interest revenue	(4)	(1)
Interest Expense	-	-
Total fee expense	-	-

The Fair Values of Financial Assets and Financial Liabilities that Are Not Measured at Fair Value (but for which Fair Value Disclosures are Required)
All the CC's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The risk is that the financial assets are not received. The extent of the risk is their carrying value.

Financial Liabilities

	2024/25		2025/26	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors held at amortised cost	(13,324)	(13,324)	(12,551)	(12,551)
Total Financial Liabilities	(13,324)	(13,324)	(12,551)	(12,551)

Financial Assets

	2024/25		2025/26	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Receivables held at amortised cost	7,921	7,921	8,124	8,124
Total Financial Assets	7,921	7,921	8,124	8,124

11 DEBTORS

	31 March 2025	31 March 2026
	£'000	£'000
Trade receivables	2,755	2,262
Prepayments	2,214	2,864
Other receivable amounts	6,973	6,404
Others		
Less:Impairment Allowance		
Trade receivables	(139)	(160)
Total debtors	11,804	11,370

12 CREDITORS

	31 March 2025	31 March 2026
	£'000	£'000
Trade payables	3,612	3,000
Other payables	11,536	13,673
Total creditors	15,148	16,673

13 PROVISIONS

	Insurance	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2025	592	1,967	2,559
Increase/ (decrease) during the year	1,435	(1,324)	111
Balance at 31 March 2026	2,027	643	2,670

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.

14 PENSIONS LIABILITY

	31 March 2025	31 March 2026
	£'000	£'000
Police Pension Scheme liability	1,263,380	1,137,230
Local Government Pension Scheme liability	2,940	60
Total Liability	1,266,320	1,137,290

15 RESERVES

The CC has a number of reserves in the Balance Sheet. These are needed to comply with proper accounting practice. Details of the reserves of the CC are as follows:

Reserve	1 April 2025	Net Movement in year	31 March 2026	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,139,960)	2,670	(1,137,290)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 23
Accumulated Absences Account	(6,444)	(415)	(6,859)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	**(1,146,404)**	**2,255**	**(1,144,149)**		

Reserve	1 April 2024	Net Movement in year	31 March 2025	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,266,320)	126,360	(1,139,960)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 22
Accumulated Absences Account	(5,875)	(569)	(6,444)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	**(1,272,195)**	**125,791**	**(1,146,404)**		

16 OFFICERS' REMUNERATION

The remuneration paid to the senior staff of the Chief Constable as follows:

31 March 2026	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - R Bacon	184,752	-	-	65,217	249,969
Deputy Chief Constable	154,854	-	2,403	53,815	211,072
Assistant Chief Constable	133,069	-	-	46,973	180,043
Assistant Chief Constable	129,761	61,514	-	45,806	237,081
Assistant Chief Officer	131,331	-	4,803	21,276	157,409

31 March 2025	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - R Bacon	171,622	82,281	-	60,583	314,486
Deputy Chief Constable	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	119,833	-	-	42,301	162,134
Assistant Chief Constable from 01/06/2024	99,042	37,694	-	34,962	171,697
Assistant Chief Constable from 24/02/2025	10,525	-	388	3,579	14,492
Assistant Chief Officer	110,793	-	1,601	17,948	130,342

The 2024-25 remuneration has been restated to include benefit in kind not previously included.

The CC'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	
	2024/25	2025/26
£50,000 - £54,999	255	266
£55,000 - £59,999	176	209
£60,000 - £64,999	107	108
£65,000 - £69,999	`79	108
£70,000 - £74,999	8	37
£75,000 - £79,999	7	9
£80,000 - £84,999	8	6
£85,000 - £89,998	3	7
£90,000 - £94,999	7	2
£95,000 - £99,999	1	2
£100,000 - £104,999	2	2
£105,000 - £109,999	1	3
£110,000 - £114,999	0	1

There were no exit packages for the CC in either 2024/25 or 2025/26.

17 EXTERNAL AUDIT COSTS

	31 March 2025 £'000	31 March 2026 £'000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	61	62

18 GRANT INCOME

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

	2024/25	2025/26
Credited to Services	**£'000**	**£'000**
Other	2,429	1,524
	2,429	1,524

19 RELATED PARTIES

The CC is required to disclose material transactions with related parties ie bodies or individuals that have the potential to control or influence or be controlled/influenced by the CC. Disclosure of these transactions allows readers to assess the extent to which the CC may have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the CC. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

The Group and PCC are considered to be a related party of the CC 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 CC. It is responsible for providing the statutory framework within which the CC operates, provides the majority of its funding in the form of grants which are paid to the PCC and prescribes the terms of many of the transactions that the Group has with other parties. Grants received by the Group from government departments are included within the Comprehensive Income and Expenditure Statement of the PCC and the Group.

All transactions with other public bodies were made with the PCC and are disclosed in the PCC's financial statements.

Officers

There were no related party transactions involving the CC, or chief officers of the Constabulary.

20 DEPRECIATION AND AMORTISATION

The PCC makes charges to the CC for the use of long term assets equivalent to the charges made in the accounts of the PCC for depreciation, impairment and amortisation. For 2025/26 this amounted to £4,639M (2024/25 £5.405M).

21 REGIONAL COLLABORATION

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

- **Cleveland and Durham Fingerprint Bureau (CDFB)**
  Contribution for 2025/26 was £463,922 (£445,203 in 2024/25). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Forensic Collision Investigation (FCI)**
  Contribution for 2025/26 was £576,850 (£531/399 in 2024/25). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Tactical Training Centre (TTC)**
  Contribution for 2025/26 was £662,333 at 50% (2024/25 was £623,650), 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 2025/26 was 22.81%.

	31 March 2025	31 March 2026
	£'000	£'000
Employees	17,863	19,843
Premises	511	481
Transport	492	501
Supplies and Services	1,528	1,234
Gross Expenditure	20,394	22,059
Funded by :-		
Income	(7,004)	(9,210)
The Office of the Police and Crime Commissioner for Durham	(3,042)	(3,258)
The Police and Crime Commissioner for Cleveland	(3,252)	(3,440)
The Police and Crime Commissioner for Northumbria	(7,087)	(7,588)
Contribution to/(from) Reserves	(9)	1,437
	-	-

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 PCC's. 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 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

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

The CC participates in two pension schemes:

- 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 pensions liabilities with investment assets.
- 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 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 CC recognises the costs of retirement benefits in the Net Cost of Services as 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	
	2024/25	2025/26	2024/25	2025/26
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement				
Net Cost of Service				
Current service cost	5,620	3,740	10,060	6,870
Past service cost	-	230	320	130
Finance and Investment Income and Expenditure				
Net Interest Expense	-	(2,030)	59,030	63,030
Total post employment benefit charged to provision of services	5,620	1,940	69,410	70,030
Other post employment benefit charged to the CIES				
Remeasurement of net defined benefit comprising of:				
Return on plan assets	5,675	(12,209)	(28,690)	(32,372)
Actuarial gain/loss from changes in demographic	(1,420)	290	(1,950)	-
Actuarial gain/loss from changes in financial	(38,970)	(2,700)	(139,600)	(38,810)
Other:	280	16,070	470	22,670
Adjustment gain /loss due to restriction surplus	31,860	2,909	-	-
Net Charge to the CIES	3,045	6,300	(100,360)	21,518
Movement in the Reserves Statement				
Reversal of net charges made for retirement benefits accordance with IAS19	(5,620)	(1,940)	(69,410)	(70,030)
Actual amount charged against the General Fund				
Employer’s contributions payable to scheme	5,874	6,291	21,364	22,530
Retirement benefits payable to pensioners	31	30	1,506	1,638

Police Pension Scheme

Reconciliation of the present value of the liabilities in the scheme

2024/25						2025/26				
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**
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Opening present value of liabilities	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)
(470)	(350)	-	(9,240)	(10,060)	Current service cost	(350)	(300)	-	(6,220)	(6,870)
(51,030)	(1,070)	(1,060)	(5,870)	(59,030)	Interest cost	(54,040)	(1,080)	(1,070)	(6,840)	(63,030)
-	-	-	(7,990)	(7,990)	Contributions by participants	-	-	-	(8,410)	(8,410)
				-	**Remeasurement gains and losses:**					-
1,230	90	80	550	1,950	Actuarial gain /(loss) arising from changes to demographic assumptions	-	-	-	-	-
110,210	1,890	4,320	23,180	139,600	Actuarial gain / (loss) arising from changes to financial assumptions	32,340	660	1,520	4,290	38,810
(1,620)	1,200	(150)	100	(470)	Actuarial gain / (loss) arising from changes to other assumptions	(63,840)	(110)	(16,000)	57,280	(22,670)
-	-	(10)	(310)	(320)	Past service cost	-	-	(10)	(120)	(130)
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
57,240	1,530	260	790	59,820	Net benefits paid out	62,190	1,640	250	870	64,950
(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)	**Closing present value of liabilities**	(1,010,590)	(19,020)	(34,330)	(73,290)	(1,137,230)

Reconciliation of the present value of the assets in the scheme

2024/25						2025/26				
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:					
56,549	24	260	(28,143)	28,690	The return on plan assets, excluding the amount included in the net interest expense	61,498	2	250	(29,378)	32,372
691	1,506	-	20,943	23,140	Contributions by employer	692	1,638	-	21,838	24,168
-	-	-	7,990	7,990	Contributions by participants	-	-	-	8,410	8,410
(57,240)	(1,530)	(260)	(790)	(59,820)	Net benefits paid out	(62,190)	(1,640)	(250)	(870)	(64,950)
-	-	-	-	-	**Closing fair value of assets**	-	-	-	-	-

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

2024/25						2025/26				
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
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Opening surplus(deficit)	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)
(470)	(350)	-	(9,240)	(10,060)	Current service cost	(350)	(300)	-	(6,220)	(6,870)
691	1,506	-	20,943	23,140	Contributions by employer	692	1,638	-	21,838	24,168
-	-	-	-	-	Contributions by participants	-	-	-	-	-
-	-	(10)	(310)	(320)	Past service cost	-	-	(10)	(120)	(130)
(51,030)	(1,070)	(1,060)	(5,870)	(59,030)	Interest cost	(54,040)	(1,080)	(1,070)	(6,840)	(63,030)
-				-	Expected return on assets	-				-
				-	Loss on curtailments					-
					Remeasurement of net defined benefit liability comprising:					
56,549	24	260	(28,143)	28,690	Return on plan assets	61,498	2	250	(29,378)	32,372
1,230	90	80	550	1,950	Actuarial gain / (loss) arising from changes to demographic assumptions	-	-	-	-	-
110,210	1,890	4,320	23,180	139,600	Actuarial gain / (loss) arising from changes to financial assumptions	32,340	660	1,520	4,290	38,810
(1,620)	1,200	(150)	100	(470)	Actuarial gain / (loss) arising from changes to other assumptions	(63,840)	(110)	(16,000)	57,280	(22,670)
(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)	**Closing surplus(deficit)**	(1,010,590)	(19,020)	(34,330)	(73,290)	(1,137,230)

Durham County Council Pension Fund

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening present value	(192,770)	(161,210)
Current service cost	(5,620)	(3,740)
Interest cost	(9,110)	(9,190)
Contributions by scheme participants	(2,290)	(2,450)
Remeasurement gains and losses:		
Actuarial gains / losses from changes in demographic assumptions	1,420	(290)
Actuarial gains / losses from changes in financial assumptions	38,970	2,700
Other	(280)	(16,070)
Past service costs	-	(230)
Liability assumed on entity combinations	-	-
Benefit paid	8,470	8,130
Closing present value	(161,210)	(182,350)

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening fair value	189,830	192,990
Interest Income	9,110	11,220
Remeasurement gain / loss - Return on plan assets	(5,675)	12,209
Employer contributions	5,905	6,321
Contributions by scheme participants	2,290	2,450
Assets assumed on entity combinations	-	-
Benefit paid	(8,470)	(8,130)
Closing fair value	192,990	217,060

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

	Local Government Pension Scheme	
	2024/25	2025/26
	£'000	£'000
Opening surplus (deficit)	(2,940)	31,780
Current Service Cost	(5,620)	(3,740)
Contributions by employer	5,905	6,321
Contributions by participants	-	-
Interest cost	(9,110)	(9,190)
Expected return on assets	9,110	11,220
Remeasurement gains and losses:		
Return on plan assets	(5,675)	12,209
Actuarial gains / losses from changes in demographic assumptions	1,420	(290)
Actuarial gains / losses from changes in financial assumptions	38,970	2,700
Other: Liability Experience	(280)	(16,070)
Past Service Cost	-	(230)
Net Assets / liabilities assumed on entity combinations	-	-
Closing fair value	31,780	34,710

Pension assets and liabilities recognised in the balance sheet.

The amounts included in the balance sheet arising from the CC's obligation in respect of the defined benefit plans are as follows:

	2024/25	2025/26
	£'000	£'000
Present value of liabilities		
Local Government Pension Scheme	(161,210)	(182,350)
Police Pension Scheme	(1,139,880)	(1,137,230)
Fair value of assets in the Local Government Pension Scheme	192,990	217,060
Unrecognised Asset	(31,860)	(34,770)
Surplus / (deficit) in the scheme		
Local Government Pension Scheme	(80)	(60)
Police Pension Scheme	(1,139,880)	(1,137,230)
Total	(1,139,960)	(1,137,290)

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 law 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 the actuaries have applied FRS 102 for recognition of the defined benefit obligation of an entity's 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 value of planned assets at that date, the plan has a surplus. An entity shall recognise a planned surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduction contributions in the future or through refunds from the plan.

The impact of this approach for the 2023/24 accounts was at the 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 the employer would 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 practise, have moved to applying the principles of IFRIC 14 which requires an allowance being made from a minimum funding requirement. This limits the amount of economic benefit from reduced contributions to the excess of the value of the prospective current services cost above the funding requirement.

The impact for the chief constable is that the asset in relation to be funded scheme has been reduced to nil with a liability for the unfunded scheme being the value shown on the balance sheet.

Local Government Pension Scheme assets comprised:

	2024/25	2025/26
	£'000	£'000
Cash and Cash equivalents	4,246	4,341
Equity instruments	105,759	123,941
Bonds by sector:		
Corporate	17,176	15,628
Government	21,036	21,055
Sub-total bonds	38,212	36,683
Multi Asset Credit Fund	29,913	31,908
Property	12,737	17,799
Other	2,123	2,388
Total assets	192,990	217,060

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 Local

Government Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuaries are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	2024/25	2025/26	2024/25	2025/26
Mortality assumptions				
Longevity at 65 for current pensioners				
Men (years)	21.6	21.9	21.9	22.0
Women (years)	23.9	24.4	23.9	24.0
Longevity at 45 for future pensioners				
Men (years)	22.5	22.8	23.3	23.4
Women (years)	24.7	25.1	25.2	25.3
Rate of Inflation (CPI)	2.5%	2.8%	2.7%	3.0%
Rate of increase of salaries	3.5%	3.8%	3.5%	3.7%
Rate of increase to pensions in payment	2.5%	2.8%	2.7%	3.0%
Rate of increase to deferred pensions	2.5%	2.8%	2.7%	3.0%
Rate for discounting scheme liabilities	5.8%	6.2%	5.7%	6.1%

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)	178,280	186,300
Rate of increase in salaries (increase or decrease by 0.1%)	182,650	181,930
Rate of increase in pensions (increase or decrease by 0.1%)	185,210	179,560
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	179,190	185,570

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)	1,164,230	1,110,230
Rate of increase in salaries (increase or decrease by 0.5%)	1,145,230	1,129,230
Rate of increase in pensions (increase or decrease by 0.5%)	1,216,230	1,058,230
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	1,059,230	1,215,230

Duration of Liabilities

The weighted average of the defined benefit obligation to scheme members in the LGPS for 2025/26 is provided in the number of years this figure is 17.4 years, (prior year 2024/25 was 17.8 years).

The weighted average of the defined benefit obligation to members in the Police Pension scheme is 15 years for 2025/26 (prior year 2024/25 was 16 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 (57% of scheme assets) and bonds (17%). 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 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 2028.

The scheme takes into account 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 CC is anticipated to pay £5.4M expected contributions to the schemes in 2026/27

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 CC is expecting to pay £22.9m contributions to the scheme in 202.

McCloud / Sargeant judgement

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation:

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 the 1st 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.

Penningtons

As at 31st March 2026, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of the compensation claims is recognised in these accounts.

Pension Remedy

The public service Pensions and Judicial Office 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 the main public service pension schemes in response to the Court of Appeal judgement 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 ends, all those in service in main unfunded schemes will be members of the reformed pension scheme, ensuring equal treatment form 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 effects 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.

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 an 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 Chief Constable is concerned. The Chief Constable 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 Chief Constable 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 Chief Constable'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 Chief Constable's Balance Sheet.

Police Officer Pension Fund Account 2025/26

2024/25	2024/25		2025/26	2025/26
£'000	£'000		£'000	£'000
		Contributions receivable		
(21,487)		From local policing body	(22,505)	
		Additional funding payable by local policing body to meet the deficit for the year.		
-		Reimbursement of unabated pensions (30+ police officers)	-	
(8,160)		From Officers	(8,504)	
	(29,647)			(31,009)
		Transfers in		
	(313)	Transfers in from other schemes		(176)
		Recharges to other local Authorities		
	(30)	Net recharges		(20)
		Benefits payable		
49,889		Pensions	51,409	
8,367		Commutations and lump sum retirement benefits	11,782	
-		Lump Sum Death Benefit	-	
	58,256			63,191
		Payments to and on account of leavers		
56		Transfers out to other schemes	78	
41		Refund of Contributions	78	
	97			156
	28,363	**Net amount payable for the year**		32,142
	(28,363)	**Contribution from policing body in respect of the deficit**		(32,142)
	-	**Year end balance**		-

Police Officer Pension Fund Net Asset Statement 2024/25

As at 31 March 2025		As at 31 March 2026
£'000		£'000
	Current Assets	
-	Funding to meet deficit due from the local policing body	-
-	Cash Held	-
	Current Liabilities	
36	Unpaid Pension Benefits	37
-	Recharges to other Authorities	-
-	Surplus for the year owing to the local policing body	-
36	**Net Current Assets/Liabilities**	37

The carrying amounts of current assets is shown below:-

	2025	2026
	£'000	£'000
Debtors	-	-
Government Departments	-	-
Local Authorities	-	-
	-	-

Net Current Liabilities

	2025	2026
	£'000	£'000
Payables		
Government Departments	-	-
	-	-
Others	36	37
	36	37

The balance reflects the cash overdrawn

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 2025/26.

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 14 and 15 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% of pensionable pay. For 2025/26 the employee's contributions are dependent on salary: 12.44%, 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.
Budget
The CC's plans and policies expressed in financial terms.
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 in 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.
Contingency
The sum of money set aside to meet unforeseen expenditure or liability.
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 CC.
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 CC. 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.
Interest Income
The money earned from the investment of surplus cash.
International Financial Reporting Standards (IFRS)
The CC'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 (SIC)

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.

Outturn
The actual amount spent in the financial year.

Payables
Persons or bodies to whom sums are owed by the CC.

Payments in Advance
These represent payments up to 31st March for supplies and services received after 31 March.

Receipts in Advance
These represent income received prior to 31st March for supplies and services provided after 1st April.

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.

Revenue Expenditure and Income
Expenditure and income arising from the day to day operation of the CC's service.

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 accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.

CHIEF CONSTABLE OF DURHAM

ANNUAL GOVERNANCE STATEMENT 2025/26

EXECUTIVE SUMMARY

The Annual Governance Statement (AGS) provides an overview of the governance arrangements for Durham Constabulary throughout the financial year to 31st March 2026, and up to the date of the approval of the Statement of Accounts.

Durham Constabulary is responsible for ensuring that its business is conducted in accordance with the financial governance arrangements outlined in the Financial Management Code of Practice for the Police Service of England and Wales (2013) as revised in July 2018. The police service also has a statutory duty to secure value for money in the use of public funds.

In discharging this overall responsibility, Durham Constabulary is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes the management of risk.

The annual review of effectiveness, informed by internal audit, external audit, inspection findings and oversight bodies including the Joint Independent Audit Committee, provides limited assurance that the governance framework is operating effectively. Whilst core arrangements are in place, weaknesses have been identified in the design and/or consistent operation of internal controls which require improvement. The Force is allocating additional resources to strengthen the monitoring of internal controls.

Key governance challenges during the year relate to:

- financial sustainability and short to medium-term deficits
- capital funding pressures and reliance on reserves
- managing the financial uncertainty
- managing the level of change required to deliver savings in the medium to long term
- internal control effectiveness and responsiveness to audit findings
- wider national reform of policing governance and funding

1. SCOPE OF RESPONSIBILITY

Durham Constabulary 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, Durham Constabulary is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes the management of risk.

Durham Constabulary established a Corporate Governance Framework through which the Chief Constable can be assured that the Force's systems, policies and people are operating in a way that is driving the delivery of agreed corporate objectives, are focused on the key risks to the delivery of those objectives and are economic, efficient and effective.

This statement meets the requirements of the Accounts and Audit Regulations 2025 in relation to internal controls the publication of an Annual Governance Statement (AGS).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Force is directed and controlled and the activities through which it accounts to and engages with and leads its community. It enables the Force to monitor the achievement of its 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 level. It cannot eliminate all risk of failure to achieve policies, aims and objectives. It can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Force's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically. The Force has put additional resources into monitoring and improving internal controls.

3. THE GOVERNANCE FRAMEWORK

Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel, and for putting in place proper arrangements for the governance of the Force, the Police and Crime Commissioner (PCC) is required under the Police Reform and Social Responsibility Act 2011 to hold her to account for the exercise of those functions and those of the persons under her direction and control.

The Annual Governance Statement (AGS) provides a summary of the extent to which the Force meets the seven principles of good governance as identified in the Delivering Good Governance in Local Government: Guidance Note for Police (2016).

Overview of Effectiveness

Durham Constabulary has assessed governance arrangements against the seven principles and concludes that:

- Ethical standards and behaviours are well established, supported by codes of conduct, policies, training and oversight arrangements
- Decision-making is transparent, evidence-based and appropriately documented
- Stakeholder engagement mechanisms are embedded and effective in informing priorities
- Performance management arrangements enable effective oversight of delivery against strategic priorities
- Whilst financial management has improved, the Medium-Term Financial Plan identifies a requirement to deliver further savings over the planning period. While a proportion of these savings has been identified, further work is required to fully develop and deliver sustainable savings proposals. This represents a recognised financial sustainability risk which is being actively managed through established governance and oversight arrangements.
- The Force is investing significant resources to improve the effectiveness and consistency of internal control arrangements, particularly in relation to responding to internal audit findings and key governance processes, including workforce planning. Improvements have been noted in external audit arrangements.

- Risk management processes are embedded, though further development of maturity continues
- Governance by the Office of the Police and Crime Commissioner covers all Force outcomes.
- Additional governance through Strategic and Operational meetings and Boards are in place for key areas of work
- Accountability arrangements, including scrutiny by the Joint Independent Audit Committee are becoming more effective.

Areas for Development

The review has identified areas where governance arrangements will continue to be strengthened:

- Delivering long-term financial sustainability
- Enhancing risk management maturity and strategic alignment
- Maintaining robust internal and external audit assurance
- Ensuring governance remains adaptable to national policing reforms

4. REVIEW OF EFFECTIVENESS

The Chief Constable has conducted an annual review of the effectiveness of governance arrangements.

Sources of Assurance

This review is informed by:

- Scrutiny by the Office of the Police and Crime Commissioner
- Head of Internal Audit annual opinion
- External audit findings
- HMICFRS inspections
- Joint Independent Audit Committee scrutiny
- Risk management processes
- Financial monitoring and the Medium-Term Financial Plan

These sources are utilised to provide triangulated assurance across governance, risk management and internal control.

Office of the Police and Crime Commissioner

The PCC holds regular review meetings with the Chief Constable and the Force Executive where the performance of the Force is held to account. These meetings cover operational, enabling and finance functions and performance against targets.

The Office of the Police and Crime Commission has access to the performance data of the Force and can raise specific areas for clarification.
The PCC provides challenge and feedback on the Force's performance and decision-making and holds the Chief Constable and Force to account.

Internal Audit

The Internal Audit function provides independent assurance on the adequacy and effectiveness of the Force's framework of governance, risk management and internal control.

The Head of Internal Audit's Annual Report for 2025/26 provides a Limited (report to be received but indication that assurance level will be limited) assurance opinion. This indicates that, whilst elements of the framework are in place, significant weaknesses have been identified in the design and/or operation of key internal controls, such that there is an increased risk that objectives may not be achieved.

Internal Audit work has been delivered in accordance with the approved audit plan and has included reviews of key financial systems, governance arrangements and risk management processes.

Force Management has accepted the findings and recommendations arising from Internal Audit work. Actions to address these recommendations have been agreed and are being monitored through established governance processes, including regular reporting to the Joint Independent Audit Committee and through the PCC raising these issues directly with the Chief Constable.

The Force recognises that further work is required and a focused and sustained programme of improvement to strengthen internal control arrangements has been initiated to ensure that recommendations are implemented effectively and in a timely manner. This includes but is not limited to a dedicated Assurance and Audit Manager and Commander oversight and ultimate signoff of audit actions.

External Audit Assurance

External audit assurance had previously been affected by the national public sector audit backlog, which resulted in disclaimed audit opinions for earlier years.

During 2025/26, additional audit work has been undertaken on outstanding accounts, resulting in the issuance of an unqualified audit opinion for 2024/25.

This represents a significant improvement and confirms that appropriate financial reporting and governance arrangements are in place. The PCC is now operating within a more stable and sustainable audit cycle.

The focus going forward is to maintain this position through continued strong governance, robust financial management and effective engagement with external audit.

Inspection and Review Activity

HMICFRS inspections form a key source of independent assurance.

During the year, an HMICFRS inspection on integrity identified areas of concern, including aspects assessed as inadequate.

An action plan has been developed to address the issues identified and strengthen arrangements in this area. Progress against this plan is being monitored through established Force governance structures, including oversight by senior leaders and reporting to the Police and Crime Panel and Joint Independent Audit Committee.

The findings from this inspection have been considered as part of the overall review of governance effectiveness.

Joint Independent Audit Committee

The Joint Independent Audit Committee (JIAC) provides independent oversight of governance, risk management and internal control arrangements for both the PCC and the Chief Constable.
The Committee receives regular reports throughout the year, including:

- Internal Audit reports and annual opinion
- External Audit updates
- Risk management reports
- Financial monitoring
- Governance reports, including the AGS

The JIAC reviews and challenges these reports and provides recommendations for improvement where required.

The Committee produces an annual report summarising its work and confirming that it has been able to discharge its responsibilities effectively.

The Force has considered the work and conclusions of the JIAC as a key component of the overall assurance framework.

5. SIGNIFICANT GOVERNANCE ISSUES

Significant governance issues are defined as those matters which have, or could have, a material impact on the Force’s ability to achieve their objectives, maintain effective governance arrangements, or deliver value for money.

The following issues have been identified through the annual review of effectiveness, informed by internal and external audit, financial planning, risk management processes, and scrutiny by the Police and Crime Commissioner and Joint Independent Audit Committee.

These issues are largely strategic and long-term in nature and will continue to require active management and oversight.

Financial Sustainability

While the 2026/27 budget is balanced, this relies on £1m use of reserves and delivery of £2m of efficiencies.

The Medium-Term Financial Plan identifies projected deficits of:

- £3m in 2026/27
- £3m in 2027/28

These pressures are driven by inflation, demand and limited funding growth as well as having a low tax base from which funding can be maximised.

Use of Reserves

Reserves have strengthened in the short-term; however, their use to support the revenue budget past beyond the medium term is not sustainable.

Reserves are forecast to reduce over the medium-term, reducing financial flexibility. A revised reserves strategy has been implemented to support prudent financial management.
The Force is investing to save over the next two years to generate future recurring savings to negate the use of reserves to balance the revenue budget from 2028/29 onwards. The details of the savings will be quantified over the coming year.

Capital Sustainability

The absence of central government capital funding presents a significant challenge.
Capital reserves are forecast to reduce substantially by 2027/28, resulting in increased reliance on borrowing and revenue contributions, placing additional pressure on future budgets. The savings identified in revenue budget from 2028/29 onwards are also expected to partly fund short life.

Future Financial and Operational Pressures

Future pressures may arise from requirements not yet fully reflected within financial plans, including Emergency Services Network (ESN) transition costs, sustainability and decarbonisation requirements, major estates investment and ongoing ICT pressures.
Additional precept flexibility was provided by government for Durham Constabulary recognising that it had below average precept. This was provided for 2026/27, however it is not known if this will be available for any future years.

Funding Uncertainty

Uncertainty remains in relation to future including police reform and reform of police structures, police funding settlements, potential changes to the police funding formula and future precept flexibility decisions. These factors may materially impact future financial sustainability.

Governance Structure and Board Arrangements

During the year, changes to the governance structure were implemented through the establishment of additional boards to strengthen oversight, coordination and decision-making across key areas of business.

The revised arrangements provide clearer lines of accountability, improve the management of cross-cutting risks and support more effective challenge and assurance. The boards are operating within defined terms of reference and are embedded within the wider governance framework.

Their effectiveness will continue to be kept under review as part of the ongoing assessment of governance effectiveness.

HMICFRS Integrity Inspection

A HMICFRS inspection on integrity undertaken during the year identified weaknesses in arrangements, including areas assessed as inadequate.

Integrity and ethical standards are fundamental to effective governance. In response to the findings, an action plan has been developed and is being implemented to address identified issues and strengthen governance arrangements.

Progress is subject to ongoing monitoring through established governance structures, with oversight provided by senior leadership and reporting to the Police and Crime Commissioner and the Joint Independent Audit Committee.

Police Reform and Future Governance Arrangements

The Government has announced its intention to abolish Police and Crime Commissioners from May 2028, subject to further legislation and the development of detailed transition arrangements.

At this stage, there is limited clarity regarding the replacement governance model, transitional accountability arrangements, or the implications for staff, assets and liabilities. This creates a level of strategic uncertainty for medium-term governance, financial planning and organisational arrangements.

While no immediate changes are required, this issue has been identified as a significant governance consideration. The Chief Constable will continue to monitor developments closely and engage with national guidance as it emerges to ensure that governance arrangements remain robust and that the organisation is suitably prepared for any future transition.

6. PROGRESS AGAINST PRIOR YEAR ISSUES

This section provides an update on progress made in relation to the significant governance issues identified in the 2024–25 Annual Governance Statement. Many of these issues are structural and long-term in nature and therefore remain relevant, although progress has been made during the year.

Financial Sustainability and Delivery of Savings

The financial sustainability challenges identified in the previous year continue to be actively managed.

In the short-term, budgets have been balanced through the managed use of reserves and improved in-year financial performance, providing stability while longer-term arrangements continue to be developed.

A workforce plan has been completed during the year to provide assurance that workforce capacity and capability are correctly aligned to organisational priorities, demand and risk. In parallel, process reviews are being undertaken across key areas of activity to identify opportunities to improve efficiency, reduce duplication and ensure resources are deployed appropriately. Together, these approaches support financial sustainability while seeking to mitigate operational impact and maintain effective service delivery.

Despite this progress, the Medium-Term Financial Plan continues to identify deficits in later years, and the delivery of sustainable, recurring savings remains a key ongoing risk.

Income Generation and Financial Resilience

Alongside expenditure controls, work has continued to explore opportunities for income generation and maximisation to support financial resilience. This includes the international training programme which under the circumstances of conflict in some parts of the world recognises the Force's positive position and the esteem it is held in for this area of work.

While these measures contribute positively to the overall financial position, they are not sufficient in isolation to offset medium-term financial pressures. Income generation therefore remains a supporting rather than primary mechanism within the financial strategy.

Use of Reserves

Revenue reserves have continued to support short-term financial balance. The reserves position strengthened in-year due to improved financial performance, providing additional resilience entering 2026–27.

However, reliance on reserves is not sustainable in the longer term. Capital reserves are forecast to be depleted by 2027–28, driven by the absence of central government capital funding and ongoing investment requirements. Long-life assets are increasingly funded through self-financed borrowing, creating additional pressure on future revenue budgets.

A comprehensive review of the reserves strategy has been undertaken to improve transparency and ensure reserves are aligned to current organisational priorities. Nevertheless, reserves usage remains a significant governance issue requiring ongoing oversight.

Further Real-Terms Funding Reductions

The Force has maintained a robust Medium-Term Financial Plan, with regular monitoring of savings delivery through established governance processes.

While the short-term position is balanced, the MTFP continues to show medium-term deficits. These pressures are exacerbated by uncertainty relating to future grant levels, pay awards and precept flexibility, and continue to represent a significant governance challenge.

Police Funding Formula Review

The potential review of the police funding formula remains a strategic risk.

Although no immediate changes are anticipated, any reform could adversely affect Durham's funding allocation, particularly in the context of existing financial pressures. This issue remains unresolved and continues to be monitored.

Collaboration with Other Forces and Organisations

Collaborative arrangements with neighbouring forces and partner organisations, including Cleveland, Northumbria and County Durham and Darlington Fire & Rescue Service, remain in place.

While no material expansion of collaboration has been implemented during the year, existing arrangements continue to operate and provide opportunities to share capacity, capability and resilience where appropriate.

The Government continues to place increased emphasis on collaboration across policing and the wider public sector. The Force continues to keep collaborative opportunities under review to ensure that existing arrangements remain effective and that further collaboration is pursued where it demonstrates clear operational or financial benefit.

Estates Strategy

The ageing estate continues to place pressure on both revenue and capital budgets.

To strengthen governance arrangements in this area, an Estates and Asset Delivery Group has been established, chaired by the Assistant Chief Officer and comprising senior leaders from both the Office of the PCC and the Force. The Group owns the estates strategy, oversees delivery plans and reports to Executive Board.

While this has improved governance oversight, future investment requirements remain a significant medium-term risk. In addition, a planning condition exists which requires the PCC to re-erect the disused Grade II Listed Telecommunications Mast which is recognised as a risk due to the unknown costs which could be well beyond £1m.

Strategic Policing Requirement (SPR)

The Force has undertaken internal assessments against the Strategic Policing Requirement and maintains appropriate business continuity arrangements.

Although there is a sound understanding of SPR requirements, ensuring that all elements can be adequately resourced remains an ongoing governance consideration.

Overall Assessment

Progress has been made during the year in strengthening governance arrangements, particularly in relation to financial monitoring, reserves management, collaboration and oversight.

However, many of the issues identified in the 2024–25 Annual Governance Statement remain ongoing and structural in nature, especially those relating to financial sustainability, funding uncertainty and capital pressures. These issues continue to require active management and are reflected elsewhere in this Annual Governance Statement.

7. FUTURE GOVERNANCE CHALLENGES AND OUTLOOK

The Force recognises that the governance environment will continue to evolve over the medium-term, with a number of significant factors likely to shape future arrangements and require continued oversight.

Key areas of focus include:

Maintaining strengthened external audit assurance, following the successful restoration of an unqualified audit opinion for 2024/25, and ensuring that governance and financial reporting arrangements remain robust and timely in future years.

Ensuring there is a consistent and proactive approach to working with Internal Audit and that the Force are responsive to audit findings and track improvements.

Ensuring governance arrangements are effective in supporting delivery of long-term financial sustainability, including effective oversight of medium-term deficit recovery plans and efficiency programmes identified within the Medium-Term Financial Plan.

Managing future capital and asset sustainability, including the implications of declining capital reserves, increased reliance on borrowing and revenue contributions, and the ongoing absence of central government capital funding.

Preparing governance and accountability arrangements for potential transition arising from national police reform.

Responding to potential changes in police force structures, including increased collaboration or merger proposals, which may have implications for future governance, accountability and financial arrangements.

Anticipating the impact of future funding reform, including potential changes to the police funding formula and precept flexibility, and ensuring that the organisation remains resilient to different funding scenarios.

Planning for emerging financial and operational pressures, including Emergency Services Network requirements, estates investment, sustainability and decarbonisation commitments, and ongoing ICT pressures, as greater clarity becomes available.

Preparing for the forthcoming HMICFRS PEEL inspection during 2026, which will provide an important source of independent assurance. The PCC and Force will continue to strengthen governance, performance and internal control arrangements to support effective engagement with external scrutiny.

Overseeing any other HMICFRS Inspections eg Child Protection Inspection which identified a 'Requires Improvement' outcome for Investigating child abuse, neglect and exploitation.

The Force will continue to monitor developments closely and ensure that governance arrangements remain robust, flexible and capable of adapting to change.

Oversight and assurance will continue to be provided through established governance structures, including the Joint Independent Audit Committee and the Police and Crime Panel.

8. CONCLUSION

Ongoing improvement has been agreed in relation to the areas outlined within this Annual Governance Statement with specific attention to internal audit

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:

Rachel Bacon
Chief Constable of Durham Constabulary

Date:
