

Official
FOIA – Open



Independent Audit Committee

Meeting: **Wednesday 18th June 2025, Lunch 13.00-14.00, Meeting 14:00 pm – 17:00pm**

Venue: Conference Room, Winfrith Police Headquarters, Dorset

AGENDA

1. **Apologies for absence**
To record apologies for absence received from members.
2. **Declarations of Interest, Equality and Health and Safety Obligations**
To receive new declarations by members of (a) personal interest [including their nature] and (b) prejudicial interests and to remind members of their responsibility to consider equality and health and safety in all their decisions.
3. **Minutes** [FOIA - Open]
To confirm the open minutes from the previous meeting.
To be presented by the Chair.
4. **Action Log** [FOIA - Open]
To review the action log and receive updates for ongoing actions.
To be presented by the Chair.

Action 305 Update - Annual Charter [FOIA – Open]
To be presented by Charlotte Wilson
5. **Significant Committee Business (Verbal)** [FOIA - Open]
6. **Internal Audit Opinion (SWAP)** [FOIA - Open]
To be presented by Charlotte Wilson
7. **Internal Audit Quarterly Report** [FOIA - Open]
To be presented by Charlotte Wilson
8. **Internal Audit –Quality Assurance Improvement Plan (QIAP) – SWAP** [FOIA - Open]
To be presented by Charlotte Wilson
9. **Governance implications from Dorset Police Cost Challenges** [FOIA – Open]
To be presented by Neal Butterworth
10. **External Audit Accounts Joint Audit Plan - Dorset** [FOIA - Open]
To be presented by Grace Hawkins
11. **External Audit Accounts Joint Audit Plan – Devon & Cornwall** [FOIA - Open]
To be presented by Grace Hawkins
12. **Draft Statement of Accounts for Dorset** [FOIA - Open]
A) The PCC Group Accounts

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- To be presented by Julie Strange
B) The Chief Constable's Accounts
To be presented by Neal Butterworth

13. Draft Statement of Accounts for Devon and Cornwall [FOIA -Open]

- A) The PCC Group Accounts
To be presented by Nicola Allen
B) The Chief Constable's Accounts
To Be presented by David Wilkin

14. Going Concern Report and Resilience Review Dorset [FOIA - Open]
To be presented by Julie Strange

15. Going Concern Report and Resilience Review Devon and Cornwall [FOIA – Open]
To be presented by Nicola Allen

16. HMICFRS Value for money Profiles - Data [FOIA - Open]
To be presented by Robin Wheeler
Appendix A Value for Money Profiles Devon and Cornwall
Appendix B Value for Money Profiles Dorset

17. Annual report on Insurance Claims Data / Latest Renewal [FOIA - Mixed]
To be presented by Robin Wheeler
Appendix A Insurance Claims Data [FOIA – Closed]

18. Treasury Management [FOIA - Open]
A) Dorset – To be presented
B) by Julie Strange
C) Devon & Cornwall – To be presented by Nicola Allen
D) Treasury Management Assurance – To be Presented by Nichola Allen

19. Fraud and Corruption Investigations (Inc NFI) Report [FOIA - Mixed]
To be presented by Robin Wheeler
Appendix A Fraud and Corruption Investigations [FOIA – Closed]

20. Audit Action Report [FOIA - Open]
To be presented by Robin Wheeler
Appendix A Audit Action Report [FOIA – Closed]

21. Verbal Update by the Chief Constable / PCC (Open Invitation) D&C [FOIA – Open]
To be presented by the PCC/Chief Constable

22. Verbal Update by the Chief Constable / PCC (Open Invitation) Dorset [FOIA – Open]
To be presented by the PCC/ Chief Constable

23. Feedback to Corporation Sole [FOIA - Open]
To be presented by the Chair

Attendance

Tom Grainger (TG)	Chair
Phil Rook (PR)	Vice Chair
Gordon Mattocks (GM)	Committee Member
Mark Taylor (MT)	Committee Member
Steve O'Connell (SO)	Committee Member

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Robin Wheeler (RW)	Strategic Alliance Head of Finance
Lucinda Hines (LH)	Head of Technical Accounting Alliance
Jo George (JG)	Acting Head of Audit & Insurance Alliance
Julie Strange (JS)	Treasurer OPCC Dorset
Amanda Pearson (AP)	Chief Constable, Dorset
Simon Bullock (SB)	Chief Executive OPCC Dorset
Neal Butterworth	Chief Finance Officer Dorset
Nicola Allen (NA)	Treasurer OPCC D&C
Frances Hughes (FH)	Chief Executive OPCC D&C
Hayley Denham (HD)	Policy and Projects Officer (OPCC D&C) - minutes
Charlotte Wilson (CW)	Assistant Director (Emergency Services), SWAP
Rich Clarke (RC)	Chief Executive, SWAP
Grace Hawkins (GH)	Director, Grant Thornton
Apologies:	
James Vaughan (JV)	Chief Constable, Devon & Cornwall
Alison Hernandez (AH)	Police and Crime Commissioner, D&C
David Sidwick (DS)	Police and Crime Commissioner, Dorset
Simon Bullock (SB)	Chief Executive, OPCC Dorset
Rachel Farrell (RF)	Deputy Chief Constable, Dorset
David Wilkin (DW)	Director of Finance and Resources D&C
Tracey Kirkpatrick (TK)	Principal Auditor, SWAP

The Public Sector Equality Duty (PSED) as set out in **section 149 of the Equality Act 2010** requires public bodies to have **due regard** to the need to:

Eliminate unlawful discrimination, harassment, victimisation and any other prohibited conduct prohibited by the Act; and

Advance equality of opportunity between people who share a protected characteristic and people who do not share it; and

Foster good relations between people who share a protected characteristic and people who do not share it.

Protected Characteristics are age; disability; gender reassignment; pregnancy and maternity; race (including ethnic or national origins, colour or nationality; religion or belief (including lack of belief); sex and sexual orientation.

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**DORSET
POLICE**



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall



DORSET
POLICE & CRIME
COMMISSIONER

**Independent Audit Committee
Wednesday 2nd April 2025, 09.30 am - 12.30 pm.
Via Microsoft Teams**

Minutes (Draft)

Attendance

Tom Grainger (TG)	Chair
Phil Rook (PR)	Vice Chair
Gordon Mattocks (GM)	Committee Member
Mark Taylor (MT)	Committee Member
Steve O'Connell (SO)	Committee Member
Amanda Pearson (AP)	Chief Constable, Dorset
Simon Bullock (SB)	Chief Executive, OPCC Dorset
Neal Butterworth (NB)	Chief Financial Officer (Dorset)
Julie Strange (JS)	Treasurer (OPCC Dorset)
Teri Roberts (TR)	Strategic Risk Manager, Dorset Police
Nicola Allen (NA)	Treasurer (OPCC Devon and Cornwall)
David Wilkin (DW)	Director of Finance & Resources (CFO), Devon and Cornwall
Hayley Denham (HD)	OPCC and Minutes
Phil Rigg (PR)	Planning and Performance Manager, Devon and Cornwall Police
Robin Wheeler (RW)	Alliance - Head of Finance
Lucinda Hines (LH)	Alliance - Head of Technical Accounting
Jo George (JG)	Alliance - Acting Head of Audit & Insurance
Grace Hawkins (GH)	Director, Grant Thornton
Tracey Kirkpatrick (TK)	South West Audit Partnership

Apologies

James Vaughan (JV)	Chief Constable, Devon & Cornwall
David Sidwick (DS)	Police and Crime Commissioner, Dorset
Alison Hernandez (AH)	Police and Crime Commissioner, Devon and Cornwall
Frances Hughes (FH)	Chief Executive OPCC D&C
Charlotte Wilson (CW)	Assistant Director (Emergency Services), SWAP

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02/25/01 Election of Chair [FOIA – Open]

RW opened nominations for Chair of the Committee to the floor. PR nominated TG for chair. The nomination was seconded by SO. TG was elected as Chair.

02/25/01 Election of Vice Chair [FOIA – Open]

The chair proposed PR for Vice Chair, MT seconded the nomination. PR was elected Vice Chair.

02/25/02 Apologies for Absence

As recorded above.

02/25/03 Declarations of Interest, Equality and Health and Safety Obligations [FOIA – Open]

Annual declarations of interest were requested and noted as follows:

JS declared that she sits on the owner's board of SWAP on behalf of both forces and OPCCs in the capacity of her employment only. She holds no pecuniary interest in the company.

02/25/04 Minutes of the last meetings [FOIA – Open]

December Minutes: The minutes of the meeting held on 4th of December 2024 were agreed as a true and accurate record.

The chair invited NA to give an update on item 5 of December's minutes, concerning the challenges of the force and governance.

NA informed the committee of the current status of the Chief Constable role within Devon & Cornwall. DW added that the force executive had a firm oversight of the work require by HMRCFRS to exit the engage status.

February Minutes: The draft minutes from the meeting held on 19th of February 2025 were agreed as a true and accurate record.

02/25/05 Action Log [FOIA -Open]

The open action log was reviewed, and updates provided on open actions.

Action 309. GM noted that KPIs on vetting were not available for the April meeting and sought assurance that they would be ready for the June meeting, since vetting was a high-profile issue. NB informed the committee that work is ongoing but couldn't commit to that work being complete by the June meeting. TG requested that the committee received a written update from the PSD at the next meeting, understanding that the work may not be complete, but the committee would like to understand the process and timescales.

ACTION: NB to arrange an update from the PSD to the next committee on progress on vetting KPIs, framework and timescale.

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Action 316 SO sought assurance from NB that his report around the impact of savings on governance would return to the June meeting. NB confirmed the report will be available then.

02/25/06 Significant Committee Business [Verbal] [FOIA - Open]

TG provided an update on committee membership. He formally welcomed SO as a full committee member as of the 1/4/25. This date was moved forward as RT resigned with effect from the 31/3/25. TG formally thanked her for her service and contribution to the committee. GM's tenure has been extended to 2027.

02/25/07 Internal Audit Quarterly Report [FOIA - Open]

TK advised that item 7b (the external assessment paper) will be dealt with at the next meeting in June. SWAPs new Chief Executive needed time to provide a considered response to the assessment.

TK introduced the internal audit quarterly report. Since it was submitted two more final reviews have been completed, with the final reports issued. The ICT change management report will be published at the end of the week, and then the last ICT review that was in the plan will be started. The only review outstanding is the occupational health review, due to a lack of staff availability. Once the force is ready it will start. JG added that she will discuss this with the S151s.

TK noted that the regional recruitment and retention benchmarking review is complete and that should be out at the end of the week. The vetting review has been cancelled as a similar review was completed on behalf of the regional collaboration board. This will be replaced by another review to be selected by the director of finance. The regional telematics review has been drafted and should be delivered to forces soon. GM enquired as to the independence of the body undertaking the vetting review. TK confirmed it was the regional vetting co-ordinator who performed the review for the South West Collaboration Board.

GM raised the limited assurance given on temporary stores and enquired whether the issues in recording items has affected availability for court proceedings. TK advised that this point did not fall within the scope of the review. DW informed the committee that in Devon and Cornwall work had been undertaken by the property stores staff and all items that could not be located during the audit had now been found or accounted for. A chief superintendent has now been allocated responsibility to ensure temporary stores audit processes are applied. NB was able to say that work has been undertaken in Dorset on this issue but could not comment on whether this impacted on items availability for court.

Action: NB to provide an update to the next meeting on storage issues and its impact on the availability of items/ exhibits for prosecutions.

GM remarked that he had read an advisory report for Dorset Police on the business case to purchase a new contract system. He noted that there was a high organisational risk in the business case and that it stated senior managers, and the audit committee should consider the key audit conclusions and resulting outcomes. NB explained that he had commissioned this work by SWAP as the contract will be very significant and

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the force wanted independent assurance around the business case. He is ensuring the findings are considered.

TK introduced the internal audit charter. TG remarked that the charter could not be approved in its current format. The governance of police bodies differs from other organisations and the wording of the charter did not reflect the special nature of audit committees in the police sector – in particular the recognition that Police audit committees have no executive role in the corporations sole and could not be considered the equivalent of the board in other organisations.

02/25/08 External Audit [FOIA – Open]

GH introduced the Grant Thornton progress update report. GH informed the committee the financial accounts for the 2023/24 year for both Dorset and Devon & Cornwall were signed off following the exceptional IAC meeting in February. Planning work is underway for the audit of the 2024/25 accounts, and the audit plan would be shared at the next IAC Meeting.

GH gave assurance to the committee they are confident that the audits will be completed by December, and that they are running both forces audit in parallel to obtain maximum efficiencies.

02/25/9 Statement of Accounts Preparation [FOIA – Open]

RW introduced his paper on the preparation of statement of accounts. He informed the committee that the team review previous years lessons learnt and any changes to the CIPFA codes of practice. A significant change this year is the IFRS 16 regulations, and LH is reviewing all the information, which is complex.

RW informed the committee that the statutory deadline to complete the draft accounts is the end of June 2025, but it is likely to be completed by the end of May 2025.

TG asked if any progress has been made around CIPFA simplifying accounts produced by public bodies. It was noted that no real progress had been made but discussions were continuing.

02/25/10 Dorset Risk Management [FOIA – Open]

TR informed the committee that Dorset had reviewed their risk reporting and governance and stated that they will be reporting quarterly to the DCC Ops Board. This new process will begin in April. The information provided will be improved and will cover force strategic risks and department risks from operational and enabling services function. Dorset have a risk SharePoint site with a handbook on the risk management process and a glossary of risk management terms. TR also discussed the forces approach to undertaking a deep dive review process and explained that the findings will be reported to both strategic boards and the DCC Ops Board. Two strategic risks will be subject to this deep dive review and presented to each sitting of the board, so the executive and strategic business leads will be fully cited on the reporting schedule. Dorset are rewriting their risk management policy and procedure, but it has not been circulated yet.

For Alliance services, TR advised that PR and TR are mapping governance arrangements for these departmental risks, to help the executive identify and close

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gaps. Alliance risks will continue to go to the joint executive board for deep dives. Regarding Risk Appetite both forces are working together to develop a risk appetite set of tools to standardise the way it will be dealt with.

02/25/11 Risk management D&C [FOIA – Open]

PR informed the committee that the Devon & Cornwall Force Management Risk Register (FMRR) process is stable and is embedded into business as usual. For historic reasons reporting to the executive was previously set to a 4-month cycle. The executive has agreed to move to 6 monthly reporting cycle.

Risk management training for the force has been delivered by SWAP to the force executive board and business board members. The performance management team and other risk practitioners were given refresher training by the Institute of Risk Management in November 2024.

PR informed the committee that he will be retiring next year, but gave assurance that the force has already begun the process to recruit a replacement and it is hoped to have the new dedicated Risk Manager in post before PR leaves, to ensure a thorough handover.

GM remarked he was disappointed the work defining the risk appetite had not been completed and gave advice that the measures to define a risk appetite should be kept simple.

MT asked for clarification regarding the update in paragraph 1.2.1 of the report, raising his concerns that controls are not being recorded against the risks. PR stated that whilst the controls are known, they are not formally recorded and linked on the risk management software. PR assured the committee that whilst this work is not complete it is in progress. This work has been delayed due to other work required to embed the new process for FMRR.

JG informed the Committee that SWAP will be auditing the effectiveness and embeddedness of risk management in quarter one of the 2025/26 internal audit plan, this report will come back to the Committee.

02/25/15 ITEM 12 Draft Annual Governance Statement Devon & Cornwall OPCC [FOIA – Open]

NA introduced the Devon and Cornwall OPCC draft AGS. NA shared with the committee that this is the first occasion the OPCC has produced a separate AGS to the force, stating there was a need for the OPCC to make statements that didn't apply to both corporations sole.

Further changes are likely to be made the current draft document. One such change is the OPCC governance structure, which has changed. The previous Joint Executive Board is now known as the Commissioner's Accountability Board, as the commissioner wants to delve deeper into her holding to account function. The AGS will continue to be updated when any significant governance changes occur before final publication with the finalised accounts for 2024/25.

02/25/16 ITEM 13 Draft Annual Governance Statement Devon & Cornwall Force [FOIA – Open]

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DW introduced the draft AGS for Devon & Cornwall Force. DW noted that core governance mechanisms are embedded in the force which was reassuring.

The Chair acknowledged that all AGS documents were draft.

02/25/13 ITEM 14 Draft Annual Governance Statement Dorset OPCC [FOIA – Open]

SB introduced the draft AGS for Dorset OPCC. SB noted that the OPCC have stable leadership and delivery and the OPCC have a good relationship with the force attending most of their decision-making boards.

SB noted that the force is receptive to evidence-based concerns once they are understood. The OPCCs suggestions as hoped, but the force act when necessary. The rise in cost of living through interest rates and national insurance pressure influences the cost of OPCC commissioned services. The year has been challenging, but the governance arrangements for the OPCC are mature and appropriate.

SO raised a question regarding the areas of potential development for 2025/26. SB explained the governance of the strategic alliance which is led by the Chief Constables with the support of the PCCs. Decision making sits with all 4 corporations' sole. Alliance operational activity is governed by the Chief Constable, which the OPCC hold to account. SB confirmed that the AGS could be further developed to define these governance areas.

GM sought assurance on how Dorset's race action plan was overseen. AP gave assurance to the Committee sharing that nationally the action plan is owned by the NPCC. Locally the governance sits within the Legitimacy and EQI Board. The community are also involved within the Joint Race Board.

TG sought clarification on what evidence lies behind the statements made in all four AGS statements and what the governance framework was. JG explained that the principles of good governance are set out by CIPFA, the evidence to meet these principles is collated and recorded in the Governance Framework documents for each force. If no evidence can be found to substantiate the principles, the issue is raised as an area for development and addressed. GH added that the auditors examine evidence to support the AGSs as part of the annual audit.

02/25/14 ITEM 15 Draft Annual Governance Statement Dorset Force [FOIA – Open]

NB presented to committee the Dorset Force draft 24/25 AGS and invited questions. NB reiterated that the statement is draft and that all information in the AGS will be updated up to the point of publication.

02/25/17 ITEM 16 Commissioner's Commissioning Intentions Plan [FOIA – Open]

NA presented the OPCC commissioning intentions plan. This is an annual process and is presented to the Police and Crime Panel as assurance of what the OPCC will do for the forthcoming year. This document covers many decisions.

£9.3 million is spent on commissioning by the OPCC, which comes from different streams. The activity in the plan is linked to the Police and Crime Plan. The document

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gives a flavour of what the OPCC does, each individual area has either a grant agreement or a contract and there are expectations around what the PCC expects to be delivered. Some grant funding is very prescriptive on what it must be spent on.

NA confirmed that governance of this area was set out. Quarterly contract meetings take place and the annual MOJ grant is audited by SWAP on an annual basis.

TG sought assurance that the Dorset OPCC had an equivalent document. SB stated that Dorset do not have a commissioning intentions plan currently. However they intend for a commissioning plan to be signed off in April 2025. SB confirmed that he would present an update on Dorset OPCCs current commissioning position to the next IAC meeting.

Action: SB to bring the Dorset Commissioning Intentions Plan to IAC in June.

02/25/19 ITEM 17 Audit Action Report [FOIA – Open]

RW presented the audit action report, setting out the delays for completion.

Actions 3643, 3369 and 3691 requested further extensions until the end of June 2025, with reassurance that the L&D and HR Resources team have a plan to progress these actions. Other actions relating to D&C only have been progressed with an overall options paper that needs to go through Force governance. Recruitment of a new manager is now in place for this area which has caused the delay on these actions. An extension was agreed until the end of May 2025 to allow the paper to go to the DCCs Board.

TG requested that if the audit actions allocated to L&D and HR Resources are not completed by the next IAC meeting, they come to the meeting to explain the delay.

On appendix B there are 2 actions that would like a short extension until the end of June to allow some ops work which have been agreed.

Action: L&D and HR Resources report to the next IAC meeting on any further delays to the completion of their audit actions

**02/25/18 ITEM 18 Verbal Update by the Chief Constable / PCC (Open Invitation)
D&C FOIA – Open]**

Apologies were sent.

02/25/19 ITEM 19 [FOIA – Open]

AP presented to the committee an overview of Dorset's current position. Dorset is in a positive position, predicting a balanced budget, reducing crime and ASB, solving more crime and are responding to 999 calls more quickly. There are investigative challenges. Difficult choices have had to be made, including losing staff to keep the budget on track. Dorset are awaiting the results of their PEEL report, it is expected to say that Dorset are stable and improving, this external view will demonstrate a continuing improvement journey.

AP reiterated that further savings need to be made next year. The priority-based budgeting process will examine alliance functions beginning later this month.

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Dorset await confirmation from the Home Office on their neighbourhood policing guarantee. A proposal has been submitted which centres on returning officers to frontline roles, recruiting police staff to backfill those posts left vacant.

AP discussed the processes for risk management. Confirming that in Dorset they score risks against strategic risks, financial risk and whether they are delivering against the police and crime plan, which gives a very informed position.

MT commented on the excellent staff he had met in Dorset, which was acknowledged by the chief constable. She stated that many of them are willing to go the extra mile, which is positive but cannot replace being appropriately resourced.

02/25/21 ITEM 20 Feedback to Corporations Sole [FOIA – Open]

Members discussed the salient issues to be fed back to the corporations sole.

Meeting closed at 12.30.

The next meeting of the Internal Audit Committee will be on the 18th of June at 2pm, at Dorset Police Headquarters in Winfrith.

Independent Audit Committee Decision and Action List Open Actions						
Action No	Minute Reference/Item Name	Date	Action Required	Owner	Due date	Remarks
305	03/24/06	25/10/2024	To review the audit Charter taking into consideration the comments and to bring a revised Charter back to the Committee	Charlotte Wilson	04/12/2024	Audit Charter is being brought to the IAC Meeting on 18th June 2025. The IA Charter has been reviewed, revised and is presented within the June-25 IAC papers for annual review, and endorsement.
311	04/24/07	04/12/2024	CW to feedback the outcome of the audit provision benchmarking exercise to the Committee.	Charlotte Wilson	02/04/2025	This report has been prepared and SWAP have issued it. Verbal update will be given at the committee.
316	01/25/03	19/02/2025	NB to bring a report to April's meeting outlining where cost savings have been made and the impact the savings have on governance.	Neil Butterworth	18/06/2025	The report will be presented to the June Committee meeting.
317	02/25/05	02/04/2025	NB to arrange an update from the PSD to the next committee on progress on vetting KPIs, framework and timescales.	Neil Butterworth	18/06/2025	NB will update the Committee once the information is available.

318	02/25/08	02/04/2025	NB to provide an update to the next meeting on storage issues and its impact on the availability of items/ exhibits for prosecutions.	Neil Butterworth	18/06/2025	NB has received assurance that all necessary actions raised under the audit have been completed for Dorset (one action remaining for DCP). The Head of Crime has overarching responsibility for the stores, and provides clear guidance to ensure that correct processes are maintained for all evidential property stored within TEPS to ensure prosecutions and investigations are safeguarded. There is no known instance of issues in the Dorset property store having a negative impact on prosecutions.
319	02/25/17	02/04/2025	SB to bring the Dorset Commissioning Intentions Plan to IAC in June.	Simon Bullock	18/06/2025	This report has been delayed and will be brought to the September IAC meeting, due to resource issues within the department.
320	02/25/19	02/04/2025	L&D and HR Resources report to the next IAC meeting on any further delays to the completion of their audit actions.	Robin Wheeler	18/06/2025	A verbal update will be given at the meeting.

Internal Audit Charter for SWAP Internal Audit Services (SWAP)

Background

SWAP Internal Audit Services are the internal auditors for both Dorset Police and Devon and Cornwall Police (the Force) and the Office of the Police and Crime Commissioner (OPCC) for both areas in line with the Home Office Financial Management Code of Practice for the Police Forces of England and Wales.

This Charter defines Internal Audit's purpose, authority, responsibility and scope of activity and sets out SWAP's position within the Force and OPCC. It explains the nature of the SWAP Assistant Director (chief audit executive), as the Head of Internal Audit, reporting relationship with "those charged with governance" i.e. the Police and Crime Commissioner (PCC) and the Chief Constable. The PCC and Chief Constable are required to maintain an effective internal audit of their affairs by the Accounts and Audit (England) Regulations 2015, which states that a relevant body must "undertake an adequate and effective internal audit of its accounting records and of its systems of internal control in accordance with the proper practices in relation to internal controls".

The PCC's Chief Financial Officer (CFO) and the Force Director of Finance (DoF) have statutory responsibility under Section 151 of the Local Government Act 1972 for ensuring an effective system of internal financial control and proper financial administration of the PCC's and Force's affairs.

The Financial Management Code of Practice for the Police Forces of England and Wales recommends a Joint Internal Audit Service to cover both the OPCC and Force.

This Charter covers engagement with the; Force Executive, OPCC Statutory Roles, the Internal Audit Group¹, and the Independent Audit Committee.

Definitions

The Global Internal Audit Standards in the UK Public Sector apply the following definitions:

The Board – 'the governing body authorised to provide the internal audit function with the appropriate authority, role, and responsibilities.' For the Force and OPCC this shall mean the Police and Crime Commissioner and Chief Constable.

Senior Management – 'the highest level of executive management of an organisation that is ultimately accountable to the Board for executing the organisation's strategic decisions, typically a group of persons that includes the Chief Executive Officer or Head of Organisation'. For the Force this shall mean the Force Executive, and for the OPCC this shall mean the Police and Crime Commissioner, the Chief Executive & Monitoring Officer, and Chief Finance Officer.

Independent Audit Committee – The independent audit committee appointed to provide the Chief Constable and the Police and Crime Commissioner with reassurance in respect of their internal control measures and environment.

¹ The Internal Audit Group consists of the PCC's Chief Financial Officer and the Force Director of Finance for both Forces and OPCCs.

Purpose

SWAP Internal Audit Services creates, protects, and sustains value by providing the Independent Audit Committee (IAC) and senior management with independent, risk-based, and objective assurance; advice, insight, and foresight, that meets rigorous professional standards.

The internal audit function enhances:

- Successful achievement of the Forces' objectives.
- Governance, risk management, and control processes.
- Decision-making and oversight.
- Reputation and credibility with the Forces' stakeholders.
- Ability to serve the public interest.

The internal audit function is most effective when:

- Internal auditing is performed by competent professionals in conformance with the Institute of Internal Auditors Global Internal Audit StandardsTM which are set in the public interest.
- The internal audit function is independently positioned with direct accountability to the PCC, Chief Constable and Audit Committee.
- Internal auditors are free from undue influence and committed to making objective assessments.

Commitment to Adherence to the Professional Standards

The Accounts and Audit (England) Regulations, state that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account the public sector internal auditing standards or guidance."*

The internal audit function will adhere to the mandatory elements of The Institute of Internal Auditors' International Professional Practices Framework, which are the Global Internal Audit Standards and Topical Requirements as well as the Public Sector Internal Audit Standards (PSIAS). The chief audit executive will report annually to the partner audit committee and senior management regarding the internal audit function's conformance with the Standards, which will be assessed through a quality assurance and improvement program, managed and monitored by the SWAP senior management team and the SWAP board.

Mandate

Authority

The PCC, Chief Constable and Audit Committee grants the internal audit function the mandate to provide the audit committee and senior management with objective assurance, advice, insight, and foresight.

The internal audit function's authority is created by its direct reporting relationship to the audit committee. Such authority allows for unrestricted access to the PCC, Chief Constable and audit committee.

The PCC, Chief Constable and audit committee authorises the internal audit function (subject to the appropriate vetting and security requirements for access) to:

- Have full and unrestricted access to all functions, data, records, information, physical property, and personnel and premises pertinent to carrying out internal audit responsibilities. Internal auditors are accountable for confidentiality and safeguarding records and information. Access extends to partner bodies and external contractors working on behalf of both organisations.
- Allocate resources, set frequencies, select subjects, determine scopes of work, apply techniques, and issue communications to accomplish the function's objectives.
- Obtain assistance from the necessary personnel of the Force and OPCC and other specialised services from within or outside both organisations to complete internal audit services.

Independence, Organisational Position, and Reporting Relationships

The chief audit executive will be positioned at a level in the organisation that enables internal audit services and responsibilities to be performed without interference from management, thereby establishing the independence of the internal audit function. The chief audit executive will report functionally to the audit committee and administratively (for example, day-to-day operations) to the Directors of Finance and the Chief Finance Officers (OPCC). This positioning provides the authority and status to bring matters directly to senior management and escalate matters to the audit committee, when necessary, without interference and supports the internal auditors' ability to maintain objectivity.

The chief audit executive will confirm to the audit committee, at least annually, the organisational independence of the internal audit function. If the governance structure does not support organisational independence, the chief audit executive will document the characteristics of the governance structure limiting independence and any safeguards employed to achieve the principle of independence. The chief audit executive will disclose to the audit committee any interference internal auditors encounter related to the scope, performance, or communication of internal audit work and results. The disclosure will include communicating the implications of such interference on the internal audit function's effectiveness and ability to fulfil its mandate.

Changes to the Mandate and Charter

Circumstances may justify a follow-up discussion between the chief audit executive, audit committee, and senior management on the internal audit mandate or other aspects of the internal audit charter. Such circumstances may include but are not limited to:

- A significant change in the Global Internal Audit Standards.
- A significant acquisition or reorganisation within the organisation.
- Significant changes in the chief audit executive, audit committee, and/or senior management.
- Significant changes to the organisation's strategies, objectives, risk profile, or the environment in which the organisation operates.
- New laws or regulations that may affect the nature and/or scope of internal audit services.

Audit Committee and Internal Audit Group Oversight

To establish, maintain, and ensure that the internal audit function has sufficient authority to fulfil its duties, the audit committee will:

- Discuss with the chief audit executive and senior management the appropriate authority, role, responsibilities, scope, and services (assurance and/or advisory) of the internal audit function.
- Ensure the chief audit executive has unrestricted access to, communicates, and interacts directly with the audit committee, including in private meetings without senior management present.
- Ensure arrangements are in place to notify the chief audit executive of all suspected or detected fraud, corruption, or impropriety.
- Discuss with the chief audit executive and senior management other topics that should be included in the internal audit charter.
- Participate in discussions with the chief audit executive and senior management about the "essential conditions," described in the Global Internal Audit Standards, which establish the foundation that enables an effective internal audit function.
- Endorse the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Review the internal audit charter [annually] with the chief audit executive to consider changes affecting the organisation, such as the employment of a new chief audit executive / head of internal audit or changes in the type, severity, and interdependencies of risks to the organisation; and endorse the internal audit charter [annually].
- Endorse the risk-based internal audit plan.
- Collaborate with senior management to determine the budgets, qualifications, and competencies the organisation expects in a chief audit executive, as described in the Global Internal Audit Standards.

- Review the chief audit executive's performance, provide feedback to the SWAP CEO, plus senior management, and the organisation's CEO.
- Receive communications from the chief audit executive about the internal audit function including its performance relative to its plan.
- Ensure a quality assurance and improvement program has been established.
- Review of the results of the quality assurance and improvement program annually.
- Make appropriate enquiries of management and the chief audit executive to determine whether scope or resource limitations are inappropriate.

In addition to the duties list above, the Internal Audit Group will:

- Approve the internal audit function's charter, which includes the internal audit mandate and the scope and types of internal audit services.
- Approve the risk-based internal audit plan.

Chief Audit Executive Roles and Responsibilities

Ethics and Professionalism

The chief audit executive will ensure that internal auditors:

- Conform with the Global Internal Audit Standards, including the principles of Ethics and Professionalism: integrity, objectivity, competency, due professional care, and confidentiality.
- Understand, respect, meet, and contribute to the legitimate and ethical expectations of the Partner organisation and be able to recognise conduct that is contrary to those expectations.
- Encourage and promote an ethics-based culture in the organisation.
- Report organisational behaviour that is inconsistent with the organisation's ethical expectations, as described in applicable policies and procedures.

Objectivity

The chief audit executive will ensure that the internal audit function remains free from all conditions that threaten the ability of internal auditors to carry out their responsibilities in an unbiased manner, including matters of engagement selection, scope, procedures, frequency, timing, and communication. If the chief audit executive determines that objectivity may be impaired in fact or appearance, the details of the impairment will be disclosed to appropriate parties.

Internal auditors will maintain an unbiased mental attitude that allows them to perform engagements objectively such that they believe in their work product, do not compromise quality, and do not subordinate their judgment on audit matters to others, either in fact or appearance.

Internal auditors will have no direct operational responsibility or authority over any of the activities they review. Accordingly, internal auditors will not implement internal controls, develop procedures, install systems, or engage in other activities that may impair their judgment, including:

- Assessing specific operations for which they had responsibility within the previous year.
- Performing operational duties for the Partner organisation or its affiliates.
- Initiating or approving transactions external to the internal audit function.
- Directing the activities of any Partner organisation's employee that is not employed by the internal audit function, except to the extent that such employees have been appropriately assigned to internal audit teams or to assist internal auditors.

Internal auditors will:

- Disclose impairments of independence or objectivity, in fact or appearance, to appropriate parties and at least annually, such as the chief audit executive, audit committee, management, or others.
- Exhibit professional objectivity in gathering, evaluating, and communicating information.
- Make balanced assessments of all available and relevant facts and circumstances.
- Take necessary precautions to avoid conflicts of interest, bias, and undue influence.

Managing the Internal Audit Function

The chief audit executive has the responsibility to:

- At least annually, submit a risk-based internal audit plan to the audit committee and senior management for review and approval.
- Communicate the impact of resource limitations on the internal audit plan to the audit committee and senior management.
- Review and adjust the internal audit plan, as necessary, in response to changes in the Partner organisation's business, risks, operations, programs, systems, and controls.
- Communicate with the audit committee and senior management if there are significant interim changes to the internal audit plan.
- Ensure internal audit engagements are performed, documented, and communicated in accordance with the Global Internal Audit Standards.
- Follow up on engagement findings and confirm the implementation of recommendations or action plans and communicate the results of internal audit services to the audit committee and senior management [annually] and for each engagement as appropriate.

- Ensure the internal audit function collectively possesses or obtains the knowledge, skills, and other competencies needed to meet the requirements of the Global Internal Audit Standards and fulfil the internal audit mandate.
- Identify and consider trends and emerging issues that could impact the Partner organisation and communicate to the audit committee and senior management as appropriate.
- Consider emerging trends and successful practices in internal auditing.
- Establish and ensure adherence to methodologies designed to guide the internal audit function.
- Ensure adherence to the Partner organisation's relevant policies and procedures unless such policies and procedures conflict with the internal audit charter or the Global Internal Audit Standards. Any such conflicts will be resolved or documented and communicated to the audit committee and senior management.
- Coordinate activities and consider relying upon the work of other internal and external providers of assurance and advisory services. If the chief audit executive cannot achieve an appropriate level of coordination, the issue must be communicated to senior management and if necessary escalated to the audit committee.

Communication with the Audit Committee and Senior Management

The chief audit executive will report [annually] to the audit committee and senior management regarding:

- The internal audit function's mandate.
- The internal audit plan and performance relative to its plan.
- Significant revisions to the internal audit plan.
- Potential impairments to independence, including relevant disclosures as applicable.
- Results from the quality assurance and improvement program, which include the internal audit function's conformance with The IIA's Global Internal Audit Standards and action plans to address the internal audit function's deficiencies and opportunities for improvement.
- Significant risk exposures and control issues, including fraud risks, governance issues, and other areas of focus for the audit committee.
- Results of assurance and advisory services.
- Management's responses to risk that the internal audit function determines may be unacceptable or acceptance of a risk that is beyond the Partner organisation's risk appetite.
- Clarification over the responsibility to complete a fraud risk assessment, and presentation of this where responsibility belongs to SWAP.

Quality Assurance and Improvement Program

The SWAP Senior Leadership Team, in collaboration with the chief audit executive, will develop, implement, and maintain a quality assurance and improvement program that covers all aspects of the internal audit function. The program will include external and internal assessments of the internal audit function's conformance with the Global Internal Audit Standards, as well as performance measurement to assess the internal audit function's progress toward the achievement of its objectives and promotion of continuous improvement. The program also will assess, if applicable, compliance with laws and/or regulations relevant to internal auditing. Also, if applicable, the assessment will include plans to address the internal audit function's deficiencies and opportunities for improvement.

Annually, the chief audit executive will communicate with the audit committee and senior management about the internal audit function's quality assurance and improvement program, including the results of internal assessments (ongoing monitoring and periodic self-assessments) and external assessments. External assessments will be completed at least once every five years by a qualified, independent assessor or assessment team from outside both SWAP and the Partner Organisation; qualifications must include at least one assessor holding an active Certified Internal Auditor credential.

Scope and Types of Internal Audit Services

The scope of internal audit services covers the entire breadth of the organisation, including all the Partner organisation's activities, assets, and personnel. The scope of internal audit activities also encompasses but is not limited to objective examinations of evidence to provide independent assurance and advisory services to the audit committee and management on the adequacy and effectiveness of governance, risk management, and control processes for the Partner organisation.

The nature and scope of advisory services may be agreed with the party requesting the service, provided the internal audit function does not assume management responsibility. Opportunities for improving the efficiency of governance, risk management, and control processes may be identified during advisory engagements. These opportunities will be communicated to the appropriate level of management.

Internal audit engagements may include evaluating whether:

- Risks relating to the achievement of the Partner Organisation's strategic objectives are appropriately identified and managed.
- The actions of the Partner organisation's officers, directors, management, employees, and contractors comply with the Partner organisation's policies, procedures, and applicable laws, regulations, and governance standards.
- The results of operations and programs are consistent with established goals and objectives.
- Operations and programs are being carried out effectively and efficiently.
- Established processes and systems enable compliance with the policies, procedures, laws, and regulations that could significantly impact the Partner organisation.

- The integrity of information and the means used to identify, measure, analyse, classify, and report such information is reliable.
- Resources and assets are acquired economically, used efficiently and sustainably, and protected adequately.

Approval/Signatures

Chief Audit Executive

Date

Audit Committee Chair

Date

Chief Executive Officer (SWAP)

Date

Devon & Cornwall Police and The Office of the Police & Crime Commissioner (OPCC)

Dorset Police and The Office of the Police & Crime Commissioner (OPCC)

Internal Audit Annual Opinion Report 2024/25

Internal Audit Annual Opinion 2024/25 'At a Glance'

Annual Opinion



There is generally a sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives.

Client Feedback

Overall Score

97%

*Questionnaire return rate 44.5%

The Headlines



Two significant risks identified in year.
Seven limited assurance opinions reported during the year.
(Appropriate actions have been agreed in all instances.)



26 reviews delivered as part of the 2024/25 Internal Audit Plan plus 4 reviews completed in year for 2023/24.
Three 2024/25 audit reviews in progress (HR Employee Records, Main Accounting and Cryptocurrency), and one at reporting stage (Alliance Recharges) at the time of reporting.



Sustained improvements in reporting timescales and the implementation of agreed actions.
The Force continues to update agreed internal audit actions directly within our Audit Management System, with SWAP conducting quarterly reviews of evidence for a sample of completed actions.



Stakeholder Engagement and Collaboration
Regular meetings continue with both Force Directors of Finance and the Chief Financial Officers of both PCCs, alongside pre-committee discussions with a representative from the Independent Audit Committee.



Innovations and Enhancements
Ongoing enhancements to the SWAP dashboards have improved oversight of Force Management Statement assurance coverage, incorporating insights from SWAP, HMICFRS, and internal Force reviews

Internal Audit Assurance Opinions 2024/25

Substantial	0
Reasonable	13
Limited	7
No Assurance	0
Advisory/Grant	10
Support Activities	2

Internal Audit Agreed Actions 2024/25

Priority 1	2
Priority 2	49
Priority 3	30
Total	81

Executive Summary

Internal Audit provides an independent and objective opinion on the effectiveness of the Force's risk management, control and governance processes.



Purpose

Global Internal Audit Standard 11.3 and section 10B of the UK Public Sector Application Note direct Chief Audit Executives (at SWAP: the Assistant Director) to provide an annual conclusion at the level of the whole organisation. That conclusion must incorporate the following components, listed below with additional information as to where in this report we have also met the requirement:

- *An explanation of why the conclusion is requested.*
 - o We provide this conclusion both because of the specific direction at section 10B noted above, and to support Dorset Police and Office of the Police and Crime Commissioner (OPCC) and Devon and Cornwall Police and OPCC in preparing its Annual Governance Statement.
- *The criteria used as the basis for the conclusion.*
 - o We have based the conclusion around our familiar assurance ratings, as defined in this report at page 9.
- *The scope of the conclusion, and any limitations to that scope.*
 - o This conclusion refers to the full breadth of Dorset Police and OPCC and Devon and Cornwall Police and OPCC's operations across the financial year 2024/25. However, internal audit's work cannot address all risks across the Forces and OPCCs and so make best use of inevitably limited resources. In approving our audit plan the Forces and OPCCs recognised this limitation. Beyond this general disclaimer we have no specific limitations of scope to report.
- *A summary of the information that supports the conclusion.*
 - o We have provided further detail on specific work supporting the conclusion on pages 3-4.
- *A disclosure of reliance on the work of other assurance providers, if any.*
 - o We have gathered intelligence from various publications by external regulators to help with our planning and prioritisation but have placed no specific reliance on any other assurance provider.
- *Confirmation that the conclusion informs the Annual Governance Statement.*
 - o We provided our conclusion to the Force Directors of Finance and the PCC Chief Financial Officers to inform the Annual Governance Statement.
- *Confirmation that the conclusion addresses the effectiveness of governance, risk management and control.*
 - o We can confirm that page 3 is a combined conclusion addressing the effectiveness of governance, risk management and control.

Executive Summary

- *Confirmation that audit work completed is in conformance with relevant professional standards.*
 - o Until 31 March 2025, the relevant Standards for UK public sector internal audit were the Public Sector Internal Audit Standards. Standard 1312 required auditors to commission an external quality assessment on conformance with the Standards at least every five years. SWAP's most recent assessment was published in December 2024 and concluded that SWAP "generally conforms", the highest grade then available in the IIA's Quality Manual. We can therefore confirm that our work for 2024/25 was completed in conformance with relevant professional standards.
 - o From 1 April 2025 the new Global Internal Audit Standards apply, alongside the UK Public Sector Application Note and the CIPFA Code of Practice for the Governance of Internal Audit in UK Local Government. We will report conformance against these new Standards as part of our 2025/26 conclusion.

Internal Audit Annual Opinion 2024/25

The Head of Internal Audit (SWAP Assistant Director) is required to provide an opinion to support the Annual Governance Statement.



Annual Opinion

On the balance of our 2024/25 audit work for Dorset Police & OPCC and Devon and Cornwall Police & OPCC, enhanced by the work of external agencies, I am able to offer a **Reasonable Assurance** opinion in respect of the areas reviewed during the year.

For the work completed for 2024/25, the Head of Internal Audit is required under the Public Sector Internal Audit Standards (PSIAS) and linked in with the Chartered Institute of Internal Audit IPPF Standard 2450, to provide an annual opinion on the adequacy and effectiveness of the organisations' framework of governance, risk management and internal control.

Our internal audit opinion is a balanced reflection rather than a snapshot in time. Information to support this assessment is obtained from multiple engagements and sources (including advice and consultancy work). The results of these engagements, when viewed together, provide an understanding of the organisations' risk management processes and their effectiveness.

On the basis of all assurance opinions provided, as a result of internal audit work completed in 2024/25, and giving consideration to the adequacy and effectiveness of the wider governance and risk management arrangements at the Forces and OPCCs, I am able to offer a Reasonable Annual Opinion (our Opinion). There are currently no significant issues that Internal Audit is aware of which would require inclusion within the Annual Governance Statement.

It is important to note that Internal Audit has not reviewed all risks and assurances relating to Dorset Police & OPCC and Devon and Cornwall Police & OPCC and therefore cannot provide absolute assurance on the internal control environment. Senior Management are ultimately responsible for ensuring an effective system of internal control.

The Annual Opinion is based on the following sources of information:

- Completed audits (during the year 2024/25) which evaluate risk exposures relating to the organisations' governance, information systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.
- Observations from consultancy/advisory support.
- Follow up of previous audit activity, including agreed actions.
- Notable changes to the organisation's strategy, objectives, processes, or IT infrastructure.

Opinion on Internal Control

Whilst we consider the breadth of our audit plan adequate to inform an overall opinion, coverage of some more operational areas of both Forces' work has been limited and our opinion should be considered in this context. A summary of the assurance opinions awarded during the course of the year, together with details of the number of actions agreed, is included at the end of this report.

Summary of Audit Work 2024/25

Internal audit is only one source of assurance; therefore, where we have highlighted gaps in our coverage, assurance should be sought from other sources where possible, such as HMICFRS, in order to ensure sufficient and appropriate assurances are received.

Figure 1 highlights how the audits from the 2024/25 Internal Audit Plan provide coverage of the key components set out in the Force Management Statement (FMS).

The Internal Coverage shown in the first column depicts all the reviews undertaken by the internal force inspection teams, and the second column illustrates the coverage provided by HMICFRS.



Audit Coverage

Figure 1: Audit Coverage by Police Area

Police Area	Internal Coverage	HMICFRS Coverage	SWAP Coverage	Average SWAP Opinion
FMS 1 - Finance	Good	Adequate	Good	Reasonable
FMS 2 - Wellbeing	None	Some	None	
FMS 3 - Responding to the Public	Good	Good	None	
FMS 4 - Prevention and Deterrence	Some	Good	None	
FMS 5 - Investigations	Good	Good	None	
FMS 6 - Protecting the Vulnerable	None	Good	Good	Reasonable
FMS 7 - Managing Offenders	None	Good	Some	Reasonable
FMS 8 - Managing Serious and Organised Crime	None	Adequate	None	
FMS 9 - Major Events	None	Good	None	
FMS 10 - Knowledge Management and ICT	Good	Some	Good	Limited
FMS 11 - Force-wide Functions	Good	Good	Good	Reasonable
FMS 12 - Collaboration	None	Some	Some	Reasonable

Coverage	Description
Good	Good audit coverage completed
Adequate	Adequate audit coverage completed
Some	Some aspects of audit coverage completed
In Progress	Some aspects of audit coverage in progress
None	No audit coverage to date

Assurance	Description
Substantial	Sound system of governance, risk management and controls exist
Reasonable	Generally sound system of governance, risk management and control in place
Limited	Significant gaps, weaknesses or non-compliance were identified
No Assurance	Fundamental gaps, weaknesses or non-compliance identified

Summary of Audit Work 2024/25

Definitions of Corporate Risk

High Risk

Issues that we consider need to be brought to the attention of both senior management and the Audit Committee.

Medium Risk

Issues which should be addressed by management in their areas of responsibility.

Low Risk

Issues of a minor nature or best practice where some improvement can be made.

Significant Corporate Risks

During the course of the year, we have identified two risks which we consider to be a significant/high corporate risk, one for Devon and Cornwall Police only, and one for Dorset Police only, as outlined below:

DCP Temporary Stores

To provide assurance that there is a sound framework in place when storing goods and cash in temporary evidential property stores (TEPS), and that national guidance is followed.

We considered the following areas as part of the audit:

- An evaluation of policies and procedures which help direct staff in their duties of managing goods and cash in temporary stores. We also compared the Force policy to relevant Police and Criminal Evidence (PACE) guidance.
- Security controls and access arrangements to the temporary stores.
- Processes around storage, transfer and disposal of goods and cash within temporary stores.
- Inventory management controls ensuring stock held is accurately reflected within Force Niche and File Property Tracking System (FPTS) records.
- Management information available for this area.

Due to the number of TEPS across the Devon & Cornwall Police estate, we agreed with the Senior Audit Manager to focus testing on one TEPS.

The following risk was reviewed as part of this audit and an assessment made of the residual risk.

Risk Reviewed	Assessment
Ineffective management of stored goods and cash within temporary stores leads to potential delays in locating and transferring items and the potential loss of items which could result in operational failure, legal challenge and financial loss.	High

All six actions agreed as part of this review, including one Priority 1 action, have been reported as complete.

Summary of Audit Work 2024/25

We keep our audit plans under continuous review to ensure we are auditing the right things at the right time.

DP Accounts Payable – Future Contact System

To review the current version of Dorset Police's Future Contact System Outline Business Case (OBC) and identify potential omissions and/or inaccuracies.

This short non-opinion audit was requested to ensure the outline business case (OBC) was comprehensive and associated benefits were clearly evaluated. We evaluated the OBC against HM Treasury Guidance and public sector best practice guides.

We did not request evidence to support the content of the OBC, due to this being a non-assurance review, but cross-checked content across sources and assessed for omissions.

The following risk was reviewed as part of this audit and an assessment made of the residual risk.

Risk Reviewed	Assessment
Specific procurements are not managed effectively leading to uncontrolled spend and system failure that result in financial loss and operational disruption.	High

No actions were proposed as a part of this review, however, a number of key observations were raised for consideration, and a response from the Force sought in relation to these.

Agreed Actions

Over the year, we have found the organisation to be supportive of Internal Audit findings and responsive to the actions agreed as part of the audit process. Turnaround times for finalising reports remain strong as we continue to apply an agile approach to the audit process, with actions being discussed and agreed prior to or during the close-out of our reviews. This approach reduces the need for prolonged discussions on draft reports.

Actions continue to be followed-up by the Alliance Audit, Insurance & Risk Team, with SWAP completing a dip sample verification exercise each quarter. A schedule of outstanding Priority 1 and 2 actions is presented quarterly to the IAC by the Alliance Audit, Insurance & Risk Team. Any exceptions we identify with regard to the implementation status of actions due to lack of evidence to support the status would be reported at the quarterly meeting of the IAC.

Summary of Audit Work 2024/25

Changes to the Internal Audit Plan

The schedule provided at the end of this report contains a list of all audits agreed for delivery as part of the 2024/25 Audit Plan and the outturn to date, as well as four reported in year from the 2023/24 Internal Audit Plan. In total, 30 Force and OPCC audits, plus two support activities, have been completed, with four further audits in progress at the time of reporting.

It is important that Members are aware of the status of all audits and that this information helps place reliance on the work of Internal Audit and its ability to complete the rolling plan as agreed. In addition to some minor scheduling amendments in the 2024/25 Internal Audit Plan, two audits have been deferred to the 2025/26 Internal Audit Plan, one audit is currently on hold due to other priorities within the Force, and one audit has been removed and replaced with another audit.

Summary of Audit Work 2024/25

At the conclusion of audit assignment work each review is awarded a "Control Assurance Definition";

Assurance Definitions

No Assurance	Immediate action is required to address fundamental gaps, weaknesses or non-compliance identified. The system of governance, risk management and control is inadequate to effectively manage risks to the achievement of objectives in the area audited.
Limited	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
Reasonable	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
Substantial	A sound system of governance, risk management and control exist, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

Summary of Audit Opinion

Table 1: Summary of Audit Opinions

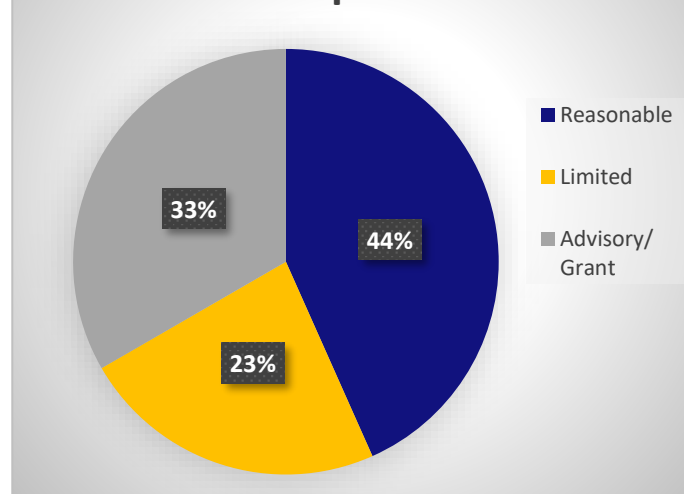


Table 1 above indicates the spread of assurance opinions across our work completed during the past year.

Table 2: Audit Work by Type

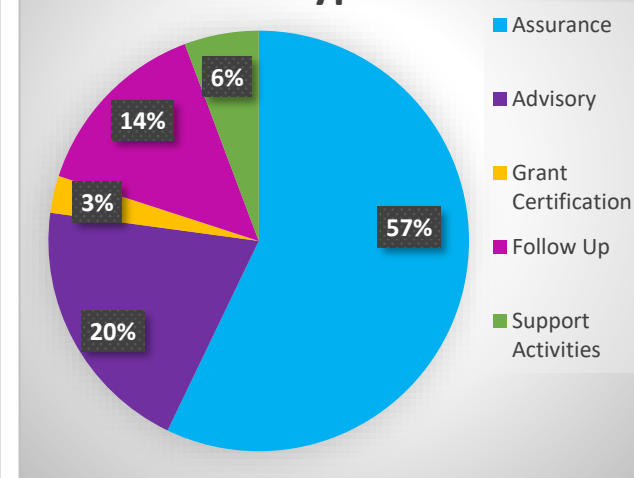


Table 2 indicates the completed audit work by type. Whilst assurance work is the main focus of Internal Audit, in an ever-changing landscape, Internal Audit has the knowledge and skills to be able to provide advisory work that supports the organisation in understanding these changes.

Summary of Audit Work 2024/25

SWAP Performance - Summary of Audit Actions by Priority

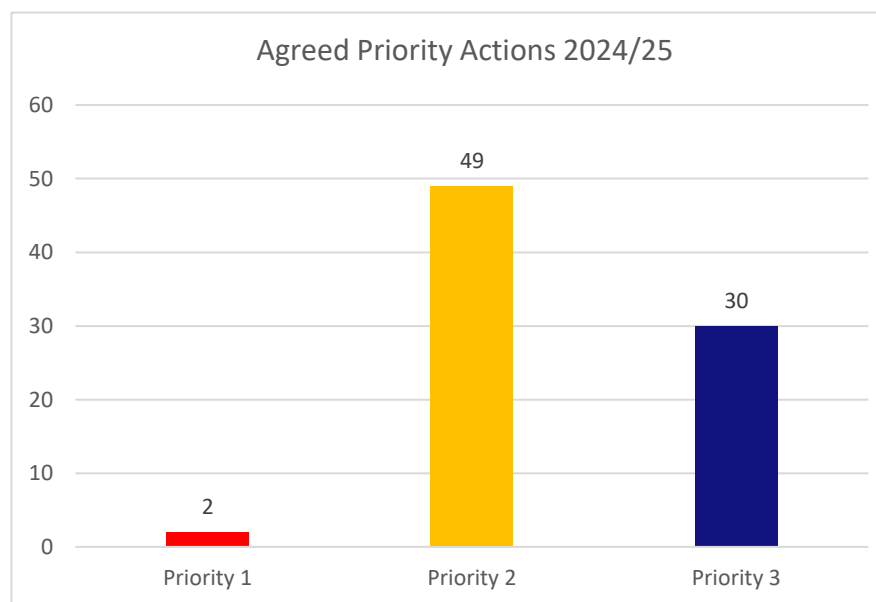


Priority Actions

We rank our actions on a scale of 1 to 3, with 3 being medium or administrative concerns to 1 being areas of major concern requiring immediate corrective action.

Follow up work confirms the responsive nature of management in implementing agreed actions to mitigate exposure to areas of risk.

We only seek evidence for action taken against Priority 1 and 2 actions, with a verbal update sought for Priority 3 actions.



Added Value 2024/25

Added Value

Extra feature(s) of an item of interest (product, service, person etc.) that go beyond the standard expectations and provide something more while adding little or nothing to its cost.



Added Value

Throughout the year, SWAP strives to add value wherever possible i.e. going beyond the standard expectations and providing something 'more' while adding little or nothing to the cost.

Innovations and Enhancements to our Audit Process

During 2024/25, we have continued to utilise 'Agile Auditing' in our audit process. With increased collaboration and a joint commitment with the service under review, it is possible to complete audits faster and more efficiently. With the support of SWAP's Data Analytics Team, we continue to include analysis of data as part of our auditing wherever possible.

We have also continued to introduce Force access to our audit management system AuditBoard, with Committee Members and a number of Senior Management staff now given access. We have produced a variety of dashboards to enable better transparency and oversight of our work.

Benchmarking, Surveys and Data Analytics

During the year, as part of our audit work, we have looked to provide additional information on top of our standard audit report. This might be benchmarking across the SWAP partnership or the wider reach of the Police Audit Group and the Chief Internal Auditors Network. It could also take the form of undertaking surveys across appropriate internal groups to further evidence and enhance our work and using the SWAP's Data Analytics Team to undertake analysis and enhance the way in which information is presented to the Force.

Additional Activities

- Conducted an analysis of the internal audit provision for Police Forces and OPCCs across the UK.
- Delivered fraud awareness training to the Finance Department in September 2024.
- Completed two regional benchmarking reviews within the period.
- Reviewed risk areas and audits undertaken with other partners to inform our 2025/26 audit plan.
- Held regular meetings with the Chief Finance Officers as well as the Alliance Assurance, Audit and Risk Team.
- Held regular meetings with an Audit Committee Member prior to each IAC.
- Attended and contributed to national Police Audit Group conferences.

Regular Updates

To help key officers in the Force keep abreast of changes, SWAP produces a monthly newsletter that provides information on topical areas of interest for public sector organisations.

Counter Fraud Team

SWAP's Counter Fraud team have delivered fraud awareness training to the Finance Teams during the year. Furthermore, the team also provide regular fraud bulletins to our partners on the latest intelligence on fraud targets.

Plan Performance 2024/25

Internal audit is responsible for conducting its work in accordance with the Code of Ethics and Standards for the Professional Practice of Internal Auditing as set by the Institute of Internal Auditors and further guided by interpretation provided by the Public Sector Internal Audit Standards (PSIAS).



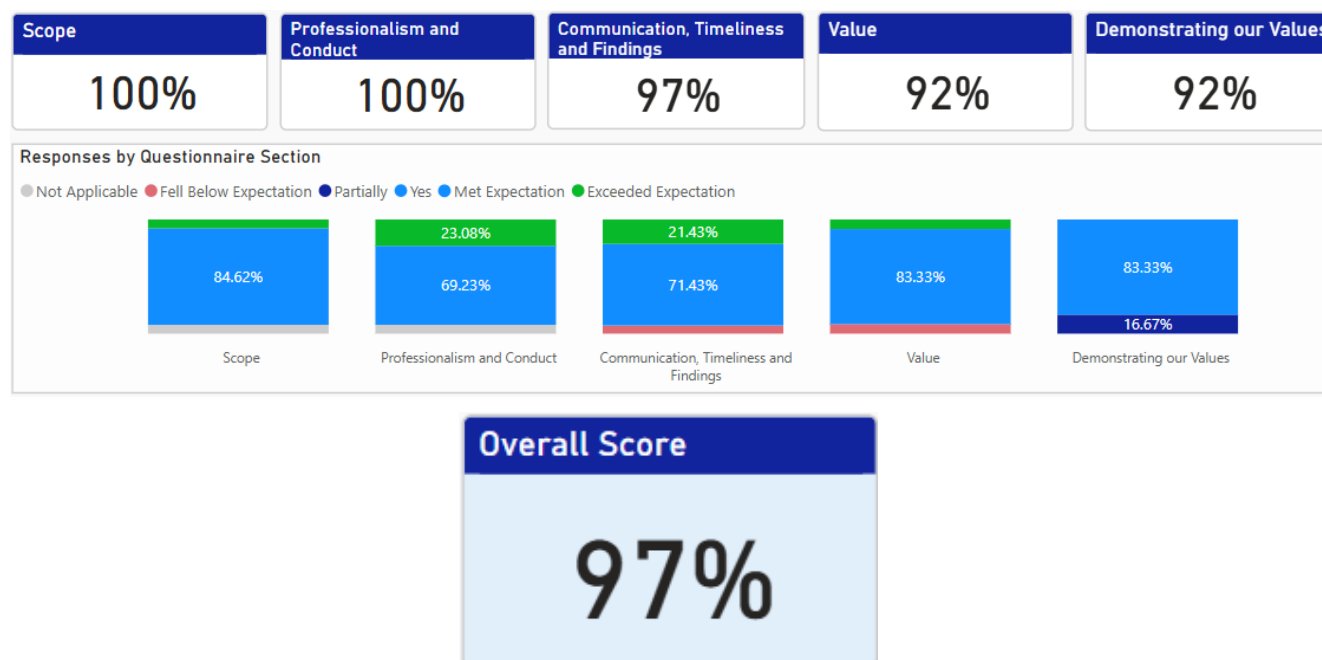
SWAP Performance

SWAP's performance is subject to regular monitoring and review by both the SWAP Board of Directors and the Owners Board. The respective outturn performance results for Dorset Police and OPCC and Devon and Cornwall Police and OPCC for the 2024/25 year are as follows:

Client Feedback

A total of 27 Post Audit Questionnaires (PAQ) have been issued, with a return rate of 44.5% (12 PAQs returned).

The performance for Dorset Police and OPCC and Devon and Cornwall Police and OPCC for the 2024/25 year is as follows:



Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium
							Action		
							1	2	3
Completed Work									
Finance/ Knowledge Management & ICT/ Force-Wide Functions	Make every penny count	Improving Your Policing Service/ Working Together to Reduce Crime	Fleet ERP Integration with Agresso	Completed	Low Limited	12	0	8	4
Finance	-	Improving Your Policing Service	DCP Temporary Stores	Completed	Medium Limited	6	1	4	1
Finance	Make every penny count	-	DP Temporary Stores	Completed	Medium Limited	4	1	3	0
Finance	Make Policing More Visible & Connected/ Make Every Penny Count	Improving Your Policing Service	Force Dog Arrangements – Value for Money Review (2023/24)	Completed	High Limited	4	0	3	1
Finance	-	Improving Your Policing Service	DCP Custody Meals – Value for Money Review	Completed	High Limited	3	0	2	1
Knowledge Management & ICT	Make every penny count	Improving Your Policing Service	On Premises Hosting (Data Centres) (2023/24)	Completed	High Limited	8	0	2	6

Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
							Action		
							1	2	3
Knowledge Management & ICT	Make every penny count	Improving Your Policing Service	ICT Change Management	Completed	High Limited	7	0	6	1
Finance	Make every penny count	Improving Your Policing Service	DP Custody Meals – Value for Money Review	Completed	Low Reasonable	2	0	1	1
Force-Wide Functions/ Collaboration	Make every penny count	Improving Your Policing Service	Police Transferees into Force	Completed	Low Reasonable	2	0	2	0
Finance/ Collaboration	Make Policing More Visible & Connected/ Make Every Penny Count	Improving Your Policing Service/ Working Together to Reduce Crime	Supply Chain Defence	Completed	Low Reasonable	2	0	0	2
Force-Wide Functions	Make Policing More Visible & Connected	Improving Your Policing Service	Grievance Process Review	Completed	Low Reasonable	4	0	3	1
Protecting the Vulnerable/ Managing Offenders	Make Policing More Visible & Connected	-	DP Clinical Governance in Custody	Completed	Low Reasonable	6	0	3	3
Protecting the Vulnerable/ Managing Offenders	-	Improving Your Policing Service	DCP Clinical Governance in Custody	Completed	Low Reasonable	2	0	2	0

Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium
							Action		
							1	2	3
Knowledge Management & ICT/ Force-Wide Functions	Make every penny count	Improving Your Policing Service	Data Quality – Post Implementation Review (2023/24)	Completed	Medium Reasonable	8	0	3	5
Finance/ Protecting the Vulnerable/ Collaboration	Put Victims & Communities First/ Make Every Penny Count	-	DP Ministry of Justice Victims Services Grant	Completed	Medium Reasonable	1	0	0	1
Finance/ Protecting the Vulnerable/ Collaboration	-	Improving Your Policing Service	DCP Ministry of Justice Victims Services Grant	Completed	Medium Reasonable	0	0	0	0
Finance	Make every penny count	-	DP (Force) Asset Disposal – Estates	Completed	Medium Reasonable	1	0	1	0
Finance	-	Improving Your Policing Service	DCP (OPCC) Asset Disposal – Estates	Completed	Medium Reasonable	1	0	0	1
Finance	Make every penny count	Improving Your Policing Service	Asset Disposal – Fleet	Completed	Medium Reasonable	2	0	2	0
Finance	Make every penny count	Improving Your Policing Service	Accounts Payable – Exception Reporting	Completed	High Reasonable	1	0	0	1

Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major	↔	3 = Medium
							Action		
							1	2	3
Finance/ Protecting the Vulnerable	-	Improving Your Policing Service	DCP OPCC Victim Support Contract Follow Up	Completed	Follow Up	N/A	-	-	-
Knowledge Management & ICT/ Force-Wide Functions	Make every penny count	Improving Your Policing Service	Implementation of ICT Projects (2023/24)	Completed	Advisory	N/A	-	-	-
Finance/ Force-Wide Functions	Make every penny count	Improving Your Policing Service	Ghost Employee Checks	Completed	Advisory	N/A	-	-	-
Finance/ Force-Wide Functions	Make every penny count	Improving Your Policing Service	Fraud Awareness Training	Completed	Advisory	N/A	-	-	-
Finance	Make every penny count	Improving Your Policing Service	IFRS 16 Review	Completed	Advisory	N/A	-	-	-
Finance	Make every penny count	Improving Your Policing Service	Accounts Payable – P2P User Acceptance Testing	Completed	Advisory	5	0	4	1
Finance	Make every penny count	Improving Your Policing Service	Accounts Payable – Future Contact System	Completed	Advisory	N/A	-	-	-

Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium
							Action		
							1	2	3
Force-Wide Functions	Make every penny count	Improving Your Policing Service	Regional Review – Recruitment and Retention Benchmarking Review	Completed	Advisory	N/A	-	-	-
Knowledge Management & ICT	Make every penny count	Improving Your Policing Service	Regional Review - Telematics	Completed	Advisory	N/A	-	-	-
Finance	Make every penny count	-	Dorset Police Welfare Fund	Completed	Grant Certification	N/A	-	-	-
Force-Wide Functions	-	-	Follow Up of Agreed Actions	Completed	Support Activities	N/A	-	-	-
Force-Wide Functions	-	-	Planning, Reporting and Advice	Completed	Support Activities	N/A	-	-	-
Reporting									
Finance	Make every penny count	Improving Your Police Service	Alliance Recharges	Discussion	-				
In Progress									
Finance	Make every penny count	Improving Your Police Service	Main Accounting	Fieldwork	-				
Finance/ Force-Wide Functions	Make every penny count	Improving Your Police Service	HR Employee Records Updates	Fieldwork	-				
Finance	Make every penny count	Improving Your Police Service	Cryptocurrency	Fieldwork	-	Delays in undertaking a fieldwork site visit due to building renovations.			

Summary of Internal Audit Work 2024/25

Link to FMS	Link to Dorset Priority/ Vision	Link to D&C Priority/ Vision	Audit Area	Status	Opinion	No of Actions	1 = Major		3 = Medium
							Action		
							1	2	3
Audits Deferred/Removed/On Hold									
Finance/ Wellbeing	Make every penny count	Improving Your Police Service	Occupational Health	Deferred	Following a request from the Head of People, and subsequent discussion and agreement from the Directors of Finance and the OPCC Treasurers, this audit has been deferred to Q3 2025/26.				
Knowledge Management & ICT	-	-	ICT Business Continuity	Deferred	Due to the current pressures in the ICT Department in relation to the Managed Service Contract, it has been agreed that the budget allocated for this review will be carried forward into 2025/26 and the area to be audited reconsidered later in the year.				
Force-Wide Functions	Make policing more visible & connected	Improving Your Police Service	Staff Movement - Vetting	On Hold	Fieldwork currently on hold due to the Force currently focussing on Priority Based Budgets.				
Force-Wide Functions/ Collaboration	Make every penny count	Improving Your Police Service	Regional Review - Vetting	Removed	During the initial research and scoping stage of this review, a similar review by the South West Police Collaboration was identified. It was therefore agreed that it would not be of value to continue with this review.				

Devon & Cornwall Police and The Office of the Police & Crime Commissioner (OPCC)

Dorset Police and The Office of the Police & Crime Commissioner (OPCC)

Report of Internal Audit Activity: June 2025

Internal Audit ■ Risk ■ Special Investigations ■ Consultancy

Handling instructions: for Audit Committee and senior management consideration only, to be stored securely, and not to be republished or shared without the consent of the Alliance Head of Audit, Insurance and Risk

Executive Summary

Rolling Opinion



Overall, we can continue to provide a **'reasonable'** rolling assurance opinion with three advisory, one limited and three reasonable opinions issued.

Internal Audit Assurance Opinions 2024/25

	Period	YTD
Substantial	0	0
Reasonable	3	13
Limited	1	7
No Assurance	0	0
Total	4	20

Internal Audit Agreed Actions 2024/25

	Period	YTD
Priority 1	0	2
Priority 2	17	49
Priority 3	5	30
Total	22	81

Progress Since Previous Committee

	Highlights 1 Limited Assurance Opinion 0 No Assurance Opinions 0 Priority One and 17 Priority Two Actions
	Limited Assurances A limited assurance opinion has been given for the ICT Change Management review. Please see Appendix A for further information.
	Significant Risks No significant risks have been identified since our last report.
	Plan Progress The 2024/25 audit plan is now 82% complete or deferred, with the remainder in the latter stages of fieldwork. All 2025/26 quarter one reviews are now in progress. SWAP has been advised that audits with departments involved in the PWC Priority Based Budget work may be delayed. The impact of this has yet to be realised.
	Plan Changes The Chief Finance Officers (CFOs) have agreed a final deferral of the 2024/25 Occupational Health review to Q3 of 2025/26. The Regional Vetting review has been stopped after receiving confirmation from the Regional CFOs, and the remaining budget will be used for alternative regional reviews in 2025/26. The remaining 2024/25 ICT budget has also been moved to 2025/26 to accommodate current work pressures in the ICT Team.
	Profiled Delivery 14% of the 2025/26 annual budget is now in progress as well as a proportion of the 11% balance that is our client liaison budget used throughout the year.

2025/26 Plan Performance YTD

Performance Measure	Percentage
Completed	0%
Reporting	0%
In Progress	14%
Scoping	0%
Not Started	0%
Not Yet Due	75%
Client Liaison	11%

Reports Finalised This Quarter

Audit Name	Assurance
ICT Change Management	Limited
DCP Custody Clinical Governance	Reasonable
DP Custody Clinical Governance	Reasonable
Asset Disposal: Fleet	Reasonable
Accounts Payable: P2P UAT	Advisory
Regional Telematics	Advisory
Regional Recruitment & Retention Benchmarking	Advisory

Review Feedback

It is worth noting Jake was very responsive - when we communicated responses were quick and timely.

Appendix A Summary of Limited Assurance Opinion Reviews

Audit Title	Summary of Opinion/Findings	All actions to be implemented by:
ICT Change Management	 Risk Reviewed A lack of appropriate change management processes may lead to unauthorised/improper changes being made to ICT systems and infrastructure. This could in turn result in increased vulnerability to cyber-attacks and data breaches, leading to potential financial and reputational damage to the organisation. Assessment Medium	Seven actions agreed to be implemented by 31 st July 2025
	Key Findings	
	 Changes are not consistently or thoroughly tested before implementation, this can increase the risk of operational disruptions, errors, and security vulnerabilities.	
	 Dependencies/possible implications are not detailed on Change Requests. This increases the risk of unintended impact on other systems and processes due to changes being implemented without full consideration of their dependencies.	
	 BT are allowing changes to be submitted without approval from the Change Advisory Board (CAB). These changes could potentially impact the Forces' operations, finances, or compliance.	
	 There is a lack of metrics in place to monitor and drive continuous improvement. This could result in the risk of limited visibility into the effectiveness of operation processes.	
	Summary Comprehensive documentation, such as the BT Change Management Process, is in place, and process and procedure documents are aligned with the Information Technology Infrastructure Library (ITIL). In addition, there is a Change Advisory Board (CAB). BT's ITIL Policies document is a combination of separate policies. Section 4 details the Change Management Policy and is currently aligned with ITILv3. ITILv4 was released in February 2019, therefore it may be beneficial to ensure BT updates its policies in line with the new version. The Process and Procedures documents, which cover the stages of the Change Lifecycle, are ITIL-aligned. The ICT Team believe the culture around change management could be improved. They believe part of the issue is around the lack of training and awareness of the change management process. It would be beneficial to evaluate the training and awareness to ensure that it is achieving its aims.	



AGENDA NO:

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18 June 2025

FOIA OPEN

TITLE OF REPORT: SWAP Internal Audit Standards Conformance & Quality Monitoring

REPORT BY: Rich Clarke, Chief Executive: SWAP Internal Audit Services

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	☒
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	☒
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 SWAP Internal Audit Services was established in 2005, initially as a two-way arrangement between two district councils in South West England to provide internal audit and associated assurance services. Since then, SWAP has grown to become the largest provider of internal audit to the UK's local public

sector, with almost 30 partners spread across the country supported by nearly 100 staff. The Forces and PCCs became SWAP partners in 2016 and contribute to the SWAP Owners' board.

- 1.2 Until 31 March 2025, the relevant professional standards that directed our work at each organisation were the [Public Sector Internal Audit Standards](#) (PSIAS). Standard 1312 directed that each audit organisation must commission at least once every five years an external assessment from a qualified, independent assessor outside the organisation – the External Quality Assessment (EQA). Having last received an EQA, SWAP had to commission a fresh review before the end of 2024.
- 1.3 SWAP commissioned at EQA from the Devon Audit Partnership in autumn 2024. The EQA reported in December 2024, concluding that SWAP “Generally Conforms” with PSIAS. Note that ‘Generally Conforms’ was the highest conclusion available on the scale of the then-in-force Institute of Internal Audit (IIA) Quality Manual.

2 QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME

- 2.1 Standard 1300 directs chief auditors to create and maintain a Quality Assurance and Improvement Programme (QAIP) with Standard 1320 further directing periodic reporting on the programme and any related corrective action plans. The Devon Audit Partnership's review noted the following on SWAP's QAIP and reporting:

“The [QAIP] was last presented to the Board in February 2023, although an update was provided in 2024 to reflect the self-assessment process being prepared. Whilst we can see that SWAP look to continuously improve its services, and how it meets (or indeed exceeds) the Standards, we consider that there would be merit in capturing improvement actions in a more dynamic QAIP and in presenting this document on a more frequent basis to the Board. Further, making changes / improvements can often come at “a cost” – be that staff time or other additional resources - and time frames for completion of tasks need to be understood; for these reasons a more comprehensive and informative QAIP, with “SMART” targets would, we consider, be advantageous for senior SWAP staff and the Board.”

2.2 While SWAP's immediate response was to accept a related action, the action was largely superseded by updates to the overarching standards. On 1 April 2025 for the UK Public Sector, the PSIAS were replaced by the [Global Internal Audit Standards](#) (GIAS)¹ published by the IIA.

2.3 The GIAS significantly revise and strengthen requirements for Chief Auditors around quality reporting and monitoring. One of the 15 guiding principles in the GIAS – specifically number 12 – is titled *Enhancing Quality*. The GIAS shift quality reporting away from being more the periodic review exercise described in PSIAS to one of continued monitoring. PSIAS required:

- Periodic internal assessments (Standard 1311)
- Quinquennial external assessments (Standard 1312)
- Annual Quality reporting to the Board (Standard 1320)

2.4 GIAS retains the external assessment criteria, albeit strengthened to specify the qualifications necessary for the assessor and clarify that Audit Committees should actively select the assessment method (Standard 8.4). But Principle 12 raises the bar on the broader quality requirements. In particular, the new Standards emphasise the need to work with Audit Committees and Senior Management within individual organisations to identify and monitor quality expectations. The specific Standards with that principle direct:

- Standard 12.1 demands that the internal assessment must be conducted against a documented method, with published results and action plans for improvement.
- Standard 12.2 requires development of specific objectives to evaluate performance and drive continuous improvement, with those objectives developed after consultation with Audit Committees and Senior Management.
- Standard 12.3 places specific quality obligations on the Chief Auditor with respect to each individual engagement. These include establishing methodologies for supervision, quality assurance and developing auditor competencies through the work: all aimed at securing continuous improvement at all levels.

2.5 The need to establish these documented methodologies, and to consult with individual organisations before their confirmation, falls in SWAP within the scope of the newly established Quality Working Group. This Group is chaired by SWAP's Chief Executive, Rich Clarke who joined SWAP in late February

¹ Subject to a [UK Public Sector Application Note](#), published by the Internal Audit Standards Advisory Board (IASAB) and adopted by the UK Relevant Internal Audit Standards Setters in December 2024.

2025. Rich has significant experience working with audit standards: since 2017 he has been part of the Internal Audit Standards Advisory Board (IASAB). In that role, he was a leading author of the UK Public Sector Application Note for GIAS, which governs how the global standards apply across all parts of the UK public sector.

3 SWAP'S QUALITY ASSURANCE ARRANGEMENTS FOR 2025/26

3.1 The Quality Working Group at SWAP has a programme of work across the remainder of 2025 to review and refresh audit approaches and methodologies. This includes producing template and base documents that individual Chief Auditors can then adapt to the circumstances of individual organisations. The New Standards, for example at 12.2, are clear on the need to engage senior management and members in setting quality and performance expectations for the audit service.

3.2 Consequently, our approach for 2025/26 is to temporarily retain existing quality and assurance arrangements. These arrangements were picked out as an area of good practice in our EQA:

“Audit assignments are well planned, and testing is directed to those areas of greatest importance. Working papers within the [audit management system] are completed to a good standard... Reports to audit committees are produced timely, and provide clear and useful information, including various graphics, to help members measure performance and understand how assurance is being provided.”

3.3 Meanwhile the Quality Working Group will refine our approach and templates against the new Standards. We expect Chief Auditors to be consulting organisations on their quality requirements by the end of 2025 with a view to having a bespoke Quality Assurance and Improvement programme for 2026/27. That programme will then form the basis of annual and ongoing updates to the relevant organisation.

3.4 That programme will also include an assessment on compliance against the new Standards and, if required, an action plan to address any areas for development.

Appendix 1: Brief factsheet on the new Global Internal Audit Standards
Appendix 2: Final EQA Report on SWAP prepared by Devon Audit Partnership in December 2024/January 2025.



Global Internal Audit Standards

Five Domains, 15 Principles



I. Purpose of Internal Auditing

II. Ethics and Professionalism

1. Demonstrate Integrity 2. Maintain Objectivity 3. Demonstrate Competency 4. Exercise Due Professional Care 5. Maintain Confidentiality

III. Governing the Internal Audit Function

- 6. Authorized by the Board
- 7. Positioned Independently
- 8. Overseen by the Board

IV. Managing the Internal Audit Function

- 9. Plans Strategically
- 10. Manages Resources
- 11. Communicates Effectively
- 12. Enhances Quality

V. Performing Internal Audit Services

- 13. Plan Engagements Effectively
- 14. Conduct Engagement Work
- 15. Communicate Engagement Conclusions and Monitor Action Plans

Global Internal Audit Standards: Three Key Changes to Help Audit Committees

The [Global Internal Audit Standards](#) were published by the Institute of Internal Audit (IIA) in January 2024.

In late 2024, the UK's Public Sector—acting on recommendation of the Internal Audit Standards Advisory Board (IASAB)—advised the Standards would become mandatory in the UK from 1 April 2025.

A full guide designed for Audit Committee members [is here](#).

In the UK Public Sector, the Standards are made more exacting by auditors also needing to comply with the [UK Public Sector Application Note](#).

At SWAP, we received an External Quality Assessment (EQA) in January 2025 confirming that we “Generally Conform” with the old standards. We must commission an assessment under the new Standards by 2030.



Focus on Risk

What do the Standards Say?

The Standards emphasise Internal Audit's role as an **independent** and **objective** source of assurance, advice insight and foresight. However, Principles 9 and 13 focus that assurance on being a **risk-based** exercise.

What will the Committee see?

Auditors should be able to explain what they do (and what they don't do) in terms of risk to the organisation's strategic objectives. Audit findings, too, will be drawn direct from what matters to the organisation.



Focus on Quality

What do the Standards Say?

Principle 12 emphasises the value of a challenging and stretching quality assurance process. Seeking continuous improvement for our partners begins with the internal audit service owning that ambition itself.

What will the Committee see?

Throughout 2025 we will be reviewing our quality assurance processes to form a clear programme with milestones to track our improvements. You should see reporting against those milestones later this year.



Focus on the Role of the Audit Committee

What do the Standards Say?

Domain III of the Standards recognise that to be truly effective internal audit must exist in an organisation that supports its mission, seeks improvement and is open to constructive challenge from critical friends.

What will the Committee see?

We are revising our Internal Audit Charter and other key documents to set out how internal audit and the Committee mutually support one another to pursue good governance at the organisation. You should see revised versions later this year that will set out the relationships and responsibilities needed to fulfil our objectives.

SWAP

PUBLIC SECTOR INTERNAL AUDIT STANDARDS

SELF ASSESSMENT WITH EXTERNAL INDEPENDENT VALIDATION

ASSESSMENT DATE – DECEMBER 2024

Draft Report issued 12 Dec 2024

Final Report – Issued 8 January 2025

1. Introduction

1.1 In accordance with the UK Public Sector Internal Audit Standards (PSIAS), and the Global Internal Audit Standards, the Chief Audit Executive must develop and maintain a quality assurance and improvement programme that covers all aspects of the internal audit activity (performance standard 1300). The quality assurance and improvement programme should be designed to enable an evaluation of the internal audit activity's conformance with the Definition of Internal Auditing and the Standards and an evaluation of whether internal auditors apply the Code of Ethics. The programme also assesses the efficiency and effectiveness of the internal audit activity and identifies opportunities for improvement. The quality assurance and improvement programme must include both internal and external assessments. An external assessment must be conducted at least once every five years. Full details of the PSIAS and requirements can be found on the [CIPFA website](#).

1.2 There are two acceptable approaches to conducting an external assessment:

- Full external assessment, and
- Self-assessment with independent validation.

1.3 The availability and relevant experience of the assessor or assessment team, the likely cost, the potential for added value and lack of any real or apparent conflict of interest are all factors which should be considered in deciding which method to adopt.

1.4 [SWAP Internal Audit Services](#) (SWAP) requested Devon Assurance Partnership (DAP) to support the "Self-assessment with independent validation" approach, and to undertake a peer review and complete a programme of independent validation of their self-assessment.

1.5 There are similarities between the way that the two organisations (SWAP and DAP) operate and the challenges that they face, each being a shared internal audit service established and engaged by a number of local authorities.

1.6 We can confirm that DAP, and the staff completing this self-assessment review, are independent of SWAP. However, it should be noted that DAP and SWAP are both members of Audit Together and various local government groups such as the Chief Auditors Network (CAN).

2 SWAP Internal Audit Services

2.1 The SWAP website explains that SWAP is a wholly-owned public sector audit partnership, and that working in partnerships allows SWAP to:

- Share knowledge around public sector auditing.
- Formulate fresh perspectives on best practice and risk.

- Expand its network of highly qualified professionals.
- Benefit from specialist knowledge around grant certification.
- Increase value for money.
- Benchmark client performance with that of its partners.

2.2 SWAP's website further explains that SWAP is the largest partnership of its type in England and Wales; with 25 partners (including district, borough, city and unitary councils, police, police and crime commissioners and a fire service.) Each of these partners contribute to a central SWAP budget for the provision of internal audit services.

2.3 SWAP also has a number of external clients. As SWAP is a not-for-profit, TECKAL compliant organisation, any surplus generated through this work is used for the benefit of the partners. External clients include academy schools, local councils, charities, housing associations and others.

3 Scope and Methodology of this Review

3.1 The review examined the self-assessment document and associated evidence collated by SWAP senior officers. We spoke with key officers at SWAP, officers for the client councils (including s151 officers) and Board members, and reviewed a recent stakeholder survey of 80 respondents including Partner CEOs, Audit Committee Chairs and Members and Senior Leadership. We also examined a sample of recently completed audit files to compare actual practice with the professional practices and expected working protocols.

3.2 The review included consideration of:

- Audit planning,
- Testing,
- Reporting and follow up processes,
- Conformance with the Code of Ethics,
- The adequacy of training and development arrangements,
- The availability of specialist audit skills; and
- The use of technologies.

3.3 The review was completed remotely; data and evidence from the internal assessment process completed by SWAP was provided to DAP via SharePoint; discussions with key officers, client officers, and Board members, were conducted using the Teams platform.

3.4 The questions included consideration of:

- The overall quality and effectiveness of the internal audit assurance service provided by SWAP via its internal audit provision:
- Resource planning:
- Strategic audit planning:

- Conduct of audit staff;
- The quality of audit reports; and
- Whether the service was seen to add value to its client organisations.

3.5. At the end of the visit, the findings and conclusions of the review team were reported to the Executive Director of Operations of SWAP.

4 Review Team

4.1 The majority of the review was completed by Robert Hutchins. Robert is the former Head of Devon Audit Partnership; he is a Chartered Member of CIMA (Chartered Institute of Management Accountants) and has over 25 years auditing experience in the public sector, including local government. The work completed by Robert has been subject to quality assurance by Tony Rose, Head of DAP (CMIIA, PIIA, CIA IRM Cert).

4.2 Devon Assurance Partnership operates under a partnership arrangement; the partners comprising local authorities and blue light services; the Partnership supports a wide range and number of other clients.

5 Overall Opinion

5.1 It is our overall opinion that SWAP **generally conforms** to the Public Sector Internal Audit Standards (PSIAS), including the *Definition of Internal Auditing*, the *Code of Ethics* and the *Standards*.

5.2 The reviewer found areas of good practice and high standards as well as some areas which in our opinion require further attention (see section 7 below). Appendix A records the assessment against each Standard; Appendix B records a summary of the improvement actions identified with management responses; Appendix C sets out the definitions for the ratings; Appendix D provides a summary of areas that should be considered by management, to which management responses are provided at Appendix E.

5.3 The guidance suggests a scale of three ratings, 'generally conforms', 'partially conforms' and 'does not conform'. A full description of the ratings is included at Appendix C and scaled down version is given below:

- **Generally Conforms** – This is the top rating and means that the internal audit service has a charter, policies and processes that are judged to be in conformance to the Standards
- **Partially Conforms** - Means deficiencies in practice are noted that are judged to deviate from the Standards, but these deficiencies did not preclude the internal audit service from performing its responsibilities in an acceptable manner
- **Does Not Conform** - Means the deficiencies in practice are judged to be so significant as to seriously impair or preclude the internal audit service from

performing adequately in all or in significant areas of its responsibilities. The full definitions are given at the end of this document.

5.4 The Standards refer to a set of core Principles which, taken as a whole, articulate internal audit effectiveness. For an internal audit function to be considered effective, all Principles should be present and operating effectively and failure to achieve any of the Principles would imply that an internal audit activity was not as effective as it could be in achieving internal audit's mission. The Principles are summarised as follows: -

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement.

5.5 It is pleasing to confirm that we consider these core Principles are being achieved.

6 Areas of Good Practice

6.1 SWAP is well established, and the views provided by employees, senior officers and Board members confirmed that the Team have a good reputation with client senior management.

6.2 From our review of records, and feedback from those we spoke with, the audit team conduct themselves in a professional manner, display knowledge of the areas they are auditing, adopt a flexible approach and are seen to be responsive to the needs of the client. It is good to see that knowledge in specialist areas (for example data analytics) is effective, with those we spoke to saying that skills and ability in this area have improved in recent years.

6.3 Audit assignments are well planned, and testing is directed to those areas of greatest importance. Working papers within the Partnership's audit management system (AuditBoard) are completed to a good standard.

6.4 We found that there is an effective charter and strategy in place that guides the audit work for the clients. Reports to audit committees are produced timely, and provide clear and useful information, including various graphics, to help members measure performance and understand how assurance is being provided.

6.5 We spoke to a number of people during the review and some of the (many) positive comments we received included:-

- "SWAP are effective in meeting the needs of their partners in a flexible way".

- “I am really enjoying working for SWAP – it is challenging, but very motivating work”
- “They are great, hard-working, keen, responsive”.
- “Extremely helpful on an individual level – part of the culture”.
- “Fraud, IT audit work, analytics all really good”.

6.6 Other positive areas identified included:-

- All Assistant Director’s (AD’s) are Chartered Internal Auditors (or equivalent). Their personal profiles are available on the SWAP website. <https://www.swapaudit.co.uk/senior-leadership-team>. This promotes openness and transparency.
- All ADs underwent training in the summer of 2024 on providing constructive feedback.
- The AuditBoard management system has good reporting tools that will aid SWAP management to ensure a professional and high-quality service to its many partners and clients.
- Dedicated data analytics team help to “embed” data analytics for all audits and provide specialist advice and guidance when needed.

6.7 SWAP recently conducted a stakeholder survey with 80 replies received. The overall score painted a positive picture, with, for example, 90% of respondents rating the “extent to which you feel the Internal Audit team understands risk, governance and control in your organisation” high or very high. Amongst comments received was : *“Reports are clear and concise, drawing out key issues. The recommendation tracker is particularly useful for Governance group.”*

6.8 The SWAP self-assessment process was detailed and thorough. The process has identified areas where further improvements have been identified, and management have already identified a suggested action to address such weaknesses (for example 1311.e; 2330.e; 2240.f). We are confident that the team will work to complete these actions. To limit duplication, these self-assessment actions are not reported in our report.

7 Areas for further improvement identified by the review

7.1 There is good evidence to confirm that SWAP management continually review practices and procedures, and compliance against the Standards. However,

7.1.1 The AuditBoard Data Quality dashboard shows anomalies such as reviews where the same person signed off the work programme as completed the work. The Leadership Team use these dashboards to identify errors and make improvements to working practices. At the time of this review there were multiple areas to be followed up. AuditBoard provides good analysis for senior management to review / assess working practices and quality of working papers and should be used to understand why some issues and inconsistencies are occurring and to address these issues.

7.1.2 Under the “planning, reporting and engagement” part of Audit Board we were informed that it is expected that key documents, such as the plan, charter, annual report etc should be filed but in some cases such documents were not located in such a folder. This does not mean that the document did not exist, but there may be value in re-affirming to staff the need for all key documents to be stored as expected.

7.1.3 The Quality Assurance Improvement Plan (QAIP) was last presented to the Board in February 2023, although an update on progress was provided in 2024 to reflect the self-assessment process being prepared. Whilst we can see that SWAP look to continuously improve its services, and how it meets (or indeed exceeds) the Standards, we consider that there would be merit in capturing improvement actions in a more dynamic QAIP and in presenting this document on a more frequent basis to the Board. Further, making changes / improvements can often come at “a cost” – be that staff time or other additional resources - and time frames for completion of tasks need to be understood; for these reasons a more comprehensive and informative QAIP, with “SMART” targets would, we consider, be advantageous for senior SWAP staff and the Board.

7.1.4 Examples of Audit Charters that we viewed referred to “global Internal Audit Standards” – but not the PSIAS. As most SWAP clients are in the public sector there would appear to be value in making a simple amendment to the Charter to include reference to the PSIAS, and, where appropriate, the Local Government Application Note (LGAN). Similarly, there is no direct reference to the Accounts and Audit (England) Regulations 2015, although the Charter does include reference to Internal Audits contribution to control environment effectiveness. There would appear to be value in referring to these regulations in the Charter.

7.1.5 Fraud Risk Assessment - The Charter states that a fraud risk assessment will be reported to the Audit Committee. However, there could be an opportunity to enhance the understanding of the SWAP / internal audit role in relation to Fraud Risk for each client by reflecting the local arrangements for each Partner / Client, including who is completing the Fraud Risk Assessment (i.e. SWAP or the in-house team of that Partner).

7.1.6 It is expected that the Head of Internal Audit will be notified of all suspected or detected fraud, corruption or impropriety. Whilst the current Charter captures the spirit of this, it is not specific in the requirements. There may be scope to clarify / strengthen the wording in the Charter to ensure that Internal; Audit (SWAP) are suitably notified of relevant matters.

7.1.7 Assurance mapping – standard 2050.i.b asks if the audit team have “carried out an assurance mapping exercise as part of identifying and determining the approach to using other sources of assurance” – the self-assessment response identifies inconsistency in approach and acknowledges that some assessments may require a refresh.

7.1.8 We spoke to client officers / board members from a variety of clients. One such officer commented that documents / approaches can sometimes feel “local authority” based and not suitably adapted to reflect the requirements / needs of Blue Light services. There is an opportunity to be more receptive of the needs of different clients.

8. Acknowledgements

8.1 We would like to pass on our thanks to the staff at SWAP and those senior officers and members who gave their time and input to aid us in completing this review.

A handwritten signature in black ink that reads "Tony Rose". The signature is written in a cursive, flowing style.

Tony Rose
Head of Devon Audit Partnership

8 January 2025

PSIAS External Assessment

Appendix A

Key

GC = Generally Conforms PC = Partially Conforms DNC = Does Not Conform

		GC	PC	DNC
1000	Purpose, Authority, and Responsibility			
1010	Recognizing Mandatory Guidance in the Internal Audit Charter	Y		
1100	Independence and Objectivity	Y		
1110	Organisational Independence	Y		
1111	Direct Interaction with the Board	Y		
1112	Chief Audit Executive Roles Beyond Internal Auditing	Y		
1120	Individual Objectivity	Y		
1130	Impairment to Independence or Objectivity	Y		
1200	Proficiency and Due Professional Care	Y		
1210	Proficiency	Y		
1220	Due Professional Care	Y		
1230	Continuing Professional Development	Y		

		GC	PC	DNC
1300	Quality Assurance and Improvement Program	Y		
1310	Requirements of the Quality Assurance and Improvement Program	Y		
1311	Internal Assessments	Y		
1312	External Assessments	Y		
1320	Reporting on the Quality Assurance and Improvement Program		Y	
1321	Use of "Conforms with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	Y		
1322	Disclosure of Non-conformance	n/a		

		GC	PC	DNC
2000	Managing the Internal Audit Activity	Y		
2010	Planning	Y		
2020	Communication and Approval	Y		
2030	Resource Management	Y		
2040	Policies and Procedures	Y		
2050	Coordination and Reliance	Y		
2060	Reporting to Senior Management and the Board	Y		

2070	External Service Provider and Organisational Responsibility for Internal Auditing	n/a		

		GC	PC	DNC
2100	Nature of Work	Y		
2110	Governance	Y		
2120	Risk Management	Y		
2130	Control	Y		
2200	Engagement Planning	Y		
2201	Planning Considerations	Y		
2210	Engagement Objectives	Y		
2220	Engagement Scope	Y		
2230	Engagement Resource Allocation	Y		
2240	Engagement Work Program	Y		
2300	Performing the Engagement	Y		
2310	Identifying Information	Y		
2320	Analysis and Evaluation	Y		
2330	Documenting Information	Y		
2340	Engagement Supervision	Y		
2400	Communicating Results	Y		
2410	Criteria for Communicating	Y		
2420	Quality of Communications	Y		

		GC	PC	DNC
2421	Errors and Omissions	Y		
2430	Use of "Conducted in Conformance with the <i>International Standards for the Professional Practice of Internal Auditing</i> "	Y		
2431	Engagement Disclosure of Non-conformance	Y		
2440	Disseminating Results	Y		
2450	Overall Opinions	Y		
2500	Monitoring Progress	Y		
2600	Communicating the Acceptance of Risks	Y		

		GC	PC	DNC
	Code of Ethics	Y		

Appendix B

External Assessor Summary of Findings & Recommendations

Management Action Plan - Areas for further improvement identified by the review

Report Ref	Areas for further improvement identified by the review	Management Response and Action Plan
7.1.1	SLT should continue to use AuditBoard to review / assess working practices and quality of working papers to understand why some issues are occurring, why there may be inconsistencies, and then work to address these issues.	Agreed and already in progress. The purpose of the dashboards is to highlight such issues so they can be resolved.
7.1.2	A reminder / training should be considered to ensure that key documents, such as the plan, charter, annual report etc are filed on AuditBoard as expected.	Complete - a reminder was issued by the Executive Director of Operations to ADs on 18 December 2024 and will be incorporated into a peer review process.
7.1.3	Quality Assurance Improvement Plan - we consider that there would be merit in capturing improvement actions in a more dynamic QAIP and in presenting this document on a more frequent basis to the Board.	Agreed – The Executive Director of Operations will discuss this with the Board to initiate improvement.
7.1.4	Audit Charters that we viewed referred to “global Internal Audit Standards” – but not the PSIAS. In addition, consider direct reference to the Accounts and Audit (England) Regulations 2015.	Agreed – The Executive Director of Operations will ensure these elements are added to the Charter template.
7.1.5	Fraud Risk Assessment - The Charter states that a fraud risk assessment will be reported to the Audit Committee. However, there could be an opportunity to enhance the understanding of the SWAP / internal audit role in relation to Fraud Risk for each client.	Agreed – The Executive Director of Operations will ensure that a requirement to confirm who is completing the fraud risk assessment is added to the Charter template.
7.1.6	It is expected that the Head of Internal Audit will be notified of all suspected or detected fraud, corruption, or impropriety. Whilst the current Charter captures the spirit of this, it is not specifically stated.	Agreed – The Executive Director of Operations will ensure this element is added to the Charter template.
7.1.7	Assurance mapping – the self-assessment response identifies inconsistency in approach and acknowledges that some assessments may require a refresh.	Agreed – The Executive Director of Operations will refer this action to SLT to consider what action needs to be taken.

Definitions*

“Generally Conforms” means the assessor has concluded that the relevant structures, policies, and procedures of the activity, as well as the processes by which they are applied, comply with the requirements of the individual Standard or element of the Code of Ethics in all material respects. For the sections and major categories, this means that there is general conformity to a majority of the individual Standards or elements of the Code of Ethics, and at least partial conformity to the others, within the section/category. There may be significant opportunities for improvement, but these should not represent situations where the activity has not implemented the Standards or the Code of Ethics, has not applied them effectively, or has not achieved their stated objectives. As indicated above, general conformance does not require complete/perfect conformance, the ideal situation, “successful practice,” etc.

“Partially Conforms” means the evaluator has concluded that the activity is making good-faith efforts to comply with the requirements of the individual Standard or element of the Code of Ethics, section, or major category, but falls short of achieving some major objectives. These will usually represent significant opportunities for improvement in effectively applying the Standards or Code of Ethics and/or achieving their objectives. Some deficiencies may be beyond the control of the activity and may result in recommendations to senior management or the board of the organisation.

“Does Not Conform” means the evaluator has concluded that the activity is not aware of, is not making good-faith efforts to comply with, or is failing to achieve many/all of the objectives of the individual Standard or element of the Code of Ethics, section, or major category. These deficiencies will usually have a significant negative impact on the activity’s effectiveness and its potential to add value to the organisation. These may also represent significant opportunities for improvement, including actions by senior management or the board.

* Source – The Chartered Institute of Internal Auditors

Areas which Merit Further Attention

D.1 The following are matters that were highlighted within discussions with the staff and partners which may merit further attention by the SWAP Management Team:

D.1.1 Reward for staff – some officers we spoke with commented about “reward”, sighting this as an area that could be improved. For example:

- “reward used to be more pro-active and good work was “celebrated” – this may still be happening, but as now work at home it feels like this is getting lost”; and
- “Can we have monetary rewards for excellent performance? Does not need to be much (£20 voucher)”

D.1.2 Annual appraisals. There is strong evidence to confirm that staff meet regularly with their line managers in a series of one-to-one meetings. These meetings give good opportunity to discuss work issues, training and development needs etc. However, there is currently no formal “annual appraisal” process. Senior Management should consider if there is a need / opportunity to introduce a formal annual appraisal process for all staff, and to define what that should encompass.

D.1.3 We noted that no formal rotation arrangements of senior SWAP officers (Assistant Directors) are in place; however, we understand that rotation generally happens in practice as new partners onboard, and unitary councils are formed and management structures flex in response. ADs are responsible for rotating assignments within their teams. It was good to note that management keep a watching brief on staff rotation and should continue to do so.

D.1.4 Peer Review - SWAP management may wish to consider some peer review of assignment working papers, files and reports (1311.b). For example, each AD could review one or two files of another AD and feedback their findings for constructive improvement. This would help provide assurance over consistency, but also share “best practice tips” between AD’s.

D.1.5 Consistency. SWAP have adopted an approach of “conformity not consistency” whereby AD’s are allowed a degree of “freedom” to adapt practices, approaches, documents etc to meet the needs of the local Partner / client, whilst ensuring that the approach used suitably conforms with professional standards (e.g. PSIAS). This is acknowledged, and the fact that approaches can (and are) adapted for Partners is considered positive. However, this has led to some inconsistencies, for example in the style and content of annual reports. SWAP Management will need to continue to record and review inconsistencies to ensure maximum quality of service to all partners and clients.

D.1.6 At standard 2120 Risk Management the self-assessment says :-

“....opinions are based on the following, amongst other things “Completed audits which evaluate risk exposures relating to the organisation’s governance, operations and information systems, reliability and integrity of information, efficiency and

effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.”

At present the SWAP template for annual reports does not mention strategic objectives. We consider that an “easy fix” would be to adjust the wording in the statement to read: -

“completed audits relating to the organisations strategic risks, governance.....”

D.1.7 At standard 2130 the self-assessment states that :-

“The Annual Opinion states opinions are based on the following, amongst other things “Completed audits which evaluate risk exposures relating to the organisation's governance, operations and in-formation systems, reliability and integrity of information, efficiency and effectiveness of operations and programmes, safeguarding of assets and compliance with laws and regulations.”

There would appear to be scope to add in “....achieve the organisations strategic objectives....” To fully comply with the PSIAS.

D.1.8 We spoke to a range of client / board members and insight gained should help SWAP management to further develop and refine services. The essence of some of the comments provided are set out below. A summary of more detailed comments has been made available to SWAP management.

- Senior management are excellent, but they should not lose focus on the “front line” and the need to have high quality audit assignment work completed by competent and professionally trained staff.
- Staff need to have an awareness of the political (small p) implications of their work, and the recommendations made, and be steered by Principal Auditors in this regard.
- Staff are aware of FOI (freedom of information) requirements, but perhaps regular refresher training would further aid.
- Consistency – ensuring that audits have a consistent overall rating that reflects the “number and priority” of recommendations.

External Assessor Summary of Findings & Recommendations
Management Action Plan - Areas for further improvement

Report Ref	Areas which Merit Further Attention	Management Response and Action Plan
D.1.1	Reward for staff – some officers we spoke with commented around “reward”, sighting this as an area that could be improved.	Agreed – This action is already recognised by the Executive Leadership Team as an area for improvement and is recorded on the corporate action tracker.
D.1.3	Senior Management should consider if there is a need / opportunity to introduce a formal annual appraisal process for all staff, and to define what that should encompass.	Agreed – This action is already recognised by the Executive Leadership Team as an area for improvement and is recorded on the corporate action tracker.
D.1.4	Peer Review - SWAP management may wish to consider some peer review of assignment working papers, files, and reports.	Agreed - The Executive Director of Operations will ensure that a peer review process is formally implemented.
D.1.5	Consistency. SWAP have adopted an approach of “conformity not consistency”. There is an opportunity for senior SWAP management to identify inconsistencies and ensure that SWAP partners are all receiving the high-quality service expected.	Agreed - The Executive Director of Operations will ensure that inconsistencies (including reports) are identified and reviewed.
D.1.6	The SWAP template for annual reports should be adjusted to read: - <i>“completed audits relating to the organisations strategic risks, governance.....”</i>	Agreed – The Executive Director of Operations will ensure that the reports are updated.
D.1.7	The SWAP template for annual reports should be adjusted to read: - <i>“.....achieve the organisations strategic objectives....”</i>	Agreed – The Executive Director of Operations will ensure that the reports are updated.

AGENDA NO: 9

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18th June 2025

FOIA OPEN

All closed items must include a FOIA section number on the report. The exemption number to be identified and added by the author of the report.

Open reports should be written in a style and content suitable for publication on the Force websites.

TITLE OF REPORT: IMPACT OF SAVINGS PROGRAMME ON GOVERNANCE

REPORT BY: Robin Wheeler, Alliance Head of Finance

PRESENTED BY : Neal Butterworth, Dorset Chief Financial Officer

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	X
Internal Audit	
External Audit	
Financial reporting	
Appendices <i>(please specify the number)</i>	0

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	X
Other <i>(please specify here)</i>	

(Please ensure that all acronyms are written in full the first time they are used.)

1. INTRODUCTION

- 1.1 Both forces have a requirement to achieve significant financial savings in order to balance the 2025/26 budgets, in addition to savings already achieved. Dorset Police have achieved £9.6m ongoing financial savings in the two preceding years, and have a requirement for a further £5.4m in 2025/26.
- 1.2 The Medium Term Financial Plans (MTFPs) for each force indicate that future years will continue to require further savings to be realised.
- 1.3 The Independent Audit Committee has requested that Dorset Police provide further information on how such savings will impact on their governance arrangements. This report considers this, and also considers the same for Devon and Cornwall Police.

2. SAVINGS

- 2.1 Included within the MTFPs for each Force are the required savings in 2025/26 needed to deliver a balanced outturn.
- 2.2 D&C £6.0m:
 - Full-year effect of 2024/25 savings £1.2m (courier contract, People Department, Detention Officers, remaining plan for Crime & Vulnerability)
 - Workforce mix (vacancy management, rank review, civilianisation)
 - Non-pay savings (contract changes, better procurement, budget control)
- 2.3 Dorset £3.0m full year effect of 2024/25 saving schemes, plus a further £2.4m:
 - Full-year effect of 2024/25 savings, most notably the mutually agreed resignation scheme (MARS) that took place during that year, and savings in utility costs.
 - Use of technology to improve efficiency and realise productivity gains, including further automation.
 - Using officer time released under the Force Operating Model review to change the workforce mix in areas where this will deliver value and operational benefits.
 - Rationalise the use of estate to derive maximum value from our buildings and ensure that premises are used to best support policing in Dorset.
 - Rationalisation of the vehicle fleet to ensure efficiency and effectiveness of service delivery
 - Reviewing our collaborative arrangements to ensure they are delivering value for money, and seeking cost savings in alignment with our partners
 - Continue to exploit opportunities to generate further income through the provision of training, including to other forces and overseas
- 2.4 In Dorset these savings will be planned and delivered under Project Evolve.
- 2.5 In D&C the savings programme will run through the Force Executive Board.
- 2.6 For Alliance area's a Priority-Based Budgeting (PBB) process (working with an external provider) is now underway looking at demand and productivity of enabling services across both Force's. This will include consideration of service levels, and opportunities to drive

out efficiencies through, for example, improved use of technology. No savings assumptions from this process have yet been reflected in either force MTFP.

3. GOVERNANCE

- 3.1 These savings and efficiencies are considered, reviewed and monitored through the following Boards within each Force.
- 3.2 *Dorset*: Efficiency & Productivity Board (financial savings), Continuous Improvement Board (Force operating model and strategic change projects), both reporting to the DCC Operations Board for oversight.
- 3.3 *Devon & Cornwall*: Strategic Planning Board, reporting to DCC Governance Board for oversight.
- 3.4 *Alliance*: The Working Together Board will monitor and agree savings in relation to Alliance areas and will provide the final sign-off for any PBB savings proposals. The Working Together Board is the single point of governance for any changes to Section 22 Agreements.
- 3.5 Progress against delivery of savings is reported each month to the Resources Board (D&C) and Resource Control Board (Dorset) as part of the overall budget monitoring and forecasting report.

Impact of Saving Schemes on Governance Arrangements

- 3.6 Each force has a process in place to consider the level of risk associated with each proposed financial saving before any are agreed. In Dorset, Project Evolve has introduced a 'BRAG' review mechanism to grade the risk associated with each proposal as 'Blue', 'Red', 'Amber' or 'Green' with Blue representing the highest risk for the most critical functions.
- 3.7 Every post that is identified for removal is BRAG assessed to indicate the likely impact on service provision. The review considers relative criticality of service as well as factors such as available resilience, where single posts rank more highly than larger groups of staff, and interdependencies.
- 3.8 The savings from staff posts achieved to date in Dorset has been almost entirely achieved through strict vacancy management, including the managed reduction through the MARS scheme, where every applicant was BRAG assessed before approval.
- 3.9 This process has ensured that the reductions have been achieved with the least possible impact on service delivery, and Force governance arrangements have remained unchanged.
- 3.10 However, the PBB process currently running across both force Alliance functions is unavoidably having an impact on governance. The leads for each Alliance area under review is required to dedicate significant time to this work, over the six month period to the end of September. There are also likely to be further implications for these individuals beyond that. As such, both forces have taken step to scale back their meeting structures, and the requirement of leaders to produce papers and attend force meetings.

- 3.11 As a temporary measure, meeting lengths have been reduced, standing agenda items have been reduced or shortened, and attendance has been amended to give senior leaders time to focus on PBB and other pressures, including those generated by other saving schemes. Some meetings have been removed altogether.
- 3.12 These temporary measures have been taken with due consideration and have been risk assessed, to ensure that the organisations are able to continue to operate efficiently and effectively within a temporarily more streamlined governance framework. The success of these measures will be assessed over the next few months and adjusted as necessary. Post PBB, governance will revert, although with the expectation that where efficiencies have been realised in the process with no detriment or increased risk, these measures may continue longer term.

4. SUMMARY

- 4.1 Clarity on the savings plans was established through the MTFP process and there are clear governance structures in place to monitor and ensure delivery of savings as the 2025/26 financial year progresses.
- 4.2 The only impact on governance arises from the measures taken to free up senior leader's time during the PBB process. This will be regularly assessed, and amended as necessary to ensure appropriate risk management.

Robin Wheeler
Alliance Head of Finance
June 2025

Joint Audit Plan for Dorset Police

Year ending 31 March 2025

May 2025



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01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

Funding

Police forces are facing years of underfunding and a lack of support. UNISON warns that police forces in England and Wales could face a combined budget shortfall of almost £721m by 2026. The macroeconomic climate is challenging and under the new Government's fiscal rules, there is little optimism that the public sector and policing will be afforded large budget increases in the short/medium term. Police forces suffered more than most during the austerity years of the 2010s and with relatively small levels of revenue and capital reserves, there is serious concern how policing will cope with another round of Government cuts.

Unlike Councils who have demand led statutory services, the impact of budget cuts to policing is unlikely to result in financial crisis i.e. S114. Rather, the impact of the budget cuts in the 2010s was significant capital disposals and an almost linear relationship with the decline in the number of police officers and staff. Budget cuts slow down recruitment which ultimately impacts the police's ability to prevent, investigate and bring to justice the perpetrators of crime.

Public trust

Public trust in the police is at historically low levels. YouGov poll the public monthly asking the question "Are the police doing a good job?". In December 2019, 77% of respondents said they were doing a good job. In 2024, this had fallen to just 50%, with 40% of respondents saying there were not doing a good job. One of the factors behind the decline in trust and confidence in policing is the array of misconduct and criminal acts committed by Police officers in recent years. A key strategic challenge for all police forces is restoring and rebuilding trust.

Police officer uplift programme (PUP) and vetting

There is uncertainty about the long-term impact of the additional officers that have been recruited. Recruiting and training police is not a simple or quick process. It requires forward planning, time, certainty, and the money to pay salaries of police officers. Rapid recruitment has led to concerns over the adequacy of vetting arrangements and rapid recruitment has placed a burden on supervising officers.

Our Response

Police Force Law enforcement agencies grapple with a range of challenges, including rising crime rates, budget constraints, recruitment and retention of qualified personnel, community relations, and the ever-evolving landscape of cybercrime.

The cultural problems that have resulted in a crisis of public trust cannot be resolved with financial resources alone. The police require a comprehensive reorganisation of its procedures, culture, and financial support

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that Police bodies are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We share the optimism we have seen within our Police bodies about its highly trained, skilled workforce and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach

New accounting standards and reporting developments

The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

for years ended 31 March 2023 and earlier by 13 December 2024; and

for years ended 31 March 2024 by 28 February 2025; and

for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Our Response

- We will work closely with finance officers to ensure that audit work is delivered efficiently to meet these deadlines going forward.

IFRS 16

Police bodies will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide.

The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019).

The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.

- Detailed review of the authority's implementation of IFRS16. More information can be found on slide 9.
- Enhanced procedures in respect of audits of the disclosures within the financial statements will be undertaken.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in the police sector. Our proposed work and fee, as set out further in this joint Audit Plan.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with PSAA contract guidance which requires us to commit to onsite working.
- We would like to offer a formal meeting with the Chief Constable and PCC twice a year, and with both Chief Finance Officers quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Independent Audit Committee to brief them on the status and progress of the audit work to date.
- Our VfM work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Independent Audit Committee with sector updates providing our insight on issues from a range of sources via our Independent Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.



Key developments impacting our audit approach (continued)

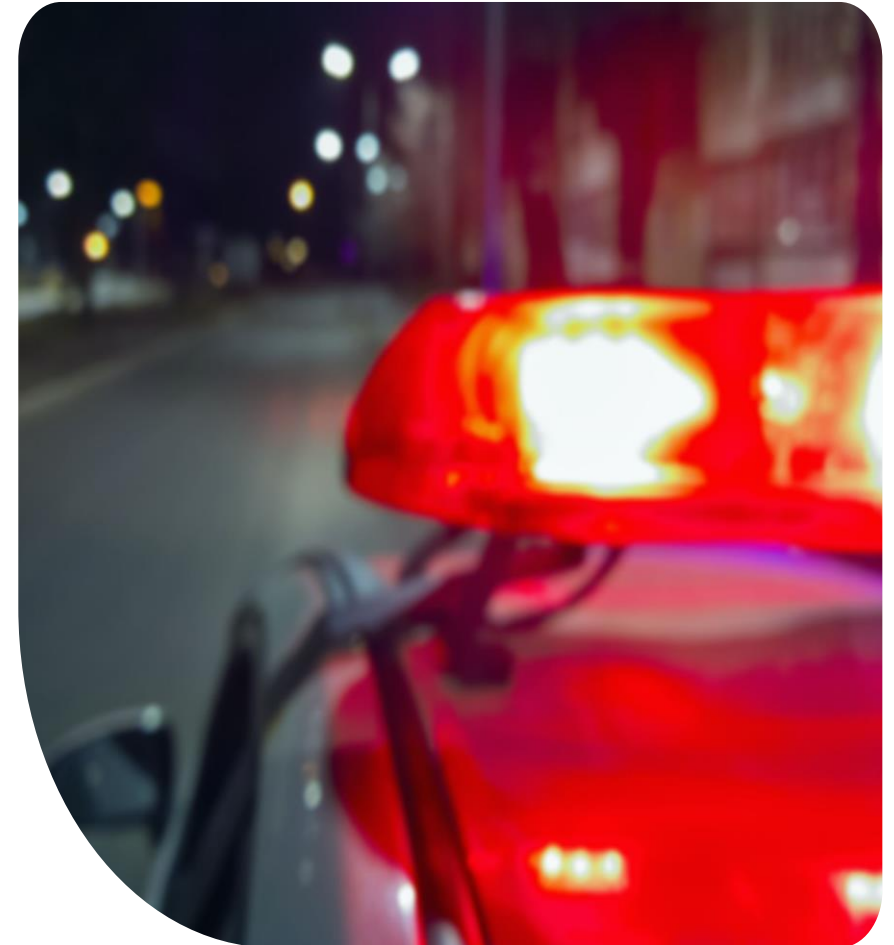
Our responses

Our Responses (continued)

- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the PCC Group and Chief Constable. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the PCC Group and Chief Constable.

There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.

- There is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue – refer to page 15.
- We identified an audit risk relating to the implementation of IFRS 16 – refer to page 18.



IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all Local Government & Police bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if a police body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most Police Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures, we have met with finance officers responsible for the implementation of IFRS16 and enquired about the processes undertaken by the force. We performed some work on the Force's assessment of the impact of the standard during the 2023/24 audit and we will look to build on this understanding gained in the 2024/25 audit.

02 Introduction and Headlines

Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Dorset Police and Crime Commissioner (“the PCC Group”) and Chief Constable (the CC) for those charged with governance. Those Charged with governance is the PCC Group and the Chief Constable as each is a corporation sole.

Respective responsibilities

- The National Audit Office (“the NAO”) has issued a document entitled Code of Audit Practice (“the Code”). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA). We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Chief Constable, PCC Group’s financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PCC Group and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC Group and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC Group and Chief Constable is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC Group and Chief Constable’s business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of the net pension liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The PCC Group is required to prepare group financial statements that consolidate the financial information of the PCC Group and Chief Constable.

Materiality

We have determined planning materiality to be £6m (PY 4.8m) for the Group which equates to 2.5% of the prior year Chief Constable gross expenditure for the year. The significant increase in materiality level is due to a benchmarking exercise being undertaken across other audit firms via discussion with the FRC. The results of this exercise found that our level was more prudent and therefore we have increased the percentage factor used in your calculation from 2% in the prior year to 2.5% in the current year. Please note that this change is not an indication of a change to our perceived risk in respect of the Force's audit.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £0.3m (PY £0.24m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Financial Sustainability– see page 31 for more details.

Audit logistics

Our planning and risk assessment phase will take place in March and April and our fieldwork will take place From June – November. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report and Joint Auditor's Annual Report.

Our proposed fee for the audit will be £93,449 (PY: £90,376) for the Group and £53,666 (PY £51,901) for the Chief Constable, subject to the PCC Group and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

03 Identified risks

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk Relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Management override of controls	Group, PCC and Chief Constable	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	- Review of accounting estimates, critical judgements and significant decisions made by management - Evaluate the design and implementation of controls - Review of accounting policies and any changes to those policies - Testing of journals entries for appropriateness - Review of unusual significant transactions



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk Relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	PCC Group and Chief Constable	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the PCC Group, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • the culture and ethical frameworks of police authorities, including CC and the PCC group, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for CC or PCC Group.	We do not consider this to be a significant risk for the CC or PCC Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	PCC Group and Chief Constable	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the PCC Group/ Chief Constable. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	We do not consider this to be a significant risk for the PCC Group or Chief Constable and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	PCC Group	The PCC (and group) revalue land and buildings on an annual basis to ensure that the carrying value is not materially different from their current value (or fair value for surplus assets) at the financial statements date, via full valuations or on a desktop basis. Management's external expert plans to issue the valuations for 2024/25 following a full valuation. This is appropriate in line with the CIPFA Code, as it has been five years since the previous full external valuation. Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimates to changes in key assumptions.	With regard to these assumptions, we have therefore identified valuation of the Group's Land and Building assets as a significant risk.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • engage our own valuer to assess the instructions to the PCC's valuer; the final valuation report and the assumptions that underpin the valuations; • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the PCC (and group's) asset register; and to critically assess the inputs and assumptions used in the valuations of this same sample, against comparable and market evidence, to ensure an appropriate and materially accurate estimate has been determined • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability (Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS))	PCC Group and Chief Constable	The Group's net defined benefit pension liability reflected in its balance sheet represents a significant estimate in the financial statements. It is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 net liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation.	With regard to these assumptions, we have therefore identified valuation of the Group's pension fund net liability as a significant risk. This covers both the LGPS and PPS.	We will: • update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; • evaluate the competence, capabilities and objectivity of the actuary; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test the consistency of the pension fund asset (LGPS only) and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary(as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements for the LGPS only • test the accuracy of the quadrennial valuation data submitted to the actuary (PPS only).

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Risk relates to	Reason for risk identification	Planned audit procedures
Implementation of IFRS 16	PCC Group/ Chief Constable	IFRS 16 Leases is now mandatory for all Local Government Police bodies from 1 April 2024. This represents a significant change in accounting standards, and we have therefore recognised the risk of misstatement in implementation of this standard.	We will • Review the steps taken by management to identify leases to be disclosed under IFRS16. • Test a sample of leases to ensure these have been calculated accurately • Test a sample of peppercorn right of use asset valuations performed by external valuer



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC Group and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the PCC Group and Chief Constable, under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Group Audit

Scope of group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the PCC Group	Location	Auditor	Audit scope	Statutory audit
PCC for Dorset	Yes	Dorset	Grant Thornton UK	Full scope audit performed by Grant Thornton UK LLP	Yes
Chief Constable of Dorset	Yes	Dorset	Grant Thornton UK	Full scope audit performed by Grant Thornton UK LLP	Yes

Key changes within the group

We are not aware of any key changes within the group

- Audit scope**
- Audit of the entire financial information of the component
 - Specific audit procedures designed by the group auditor

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

05 Our approach to materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
	Determination We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgement in the context of our knowledge of the PCC Group and Chief Constable, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	- We determine planning materiality in order to: - establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements - assist in establishing the scope of our audit engagement and audit tests - determine sample sizes and - assist in evaluating the effect of known and likely misstatements in the financial statements
	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	- An item may be considered to be material by nature when it relates to: - instances where greater precision is required (e.g. senior officer remuneration and audit fees)
	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
	Matters we will report to the Independent Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Independent Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	- We report to the Independent Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. - In the context of the PCC Group and Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.3m (PY £0.24m). - If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Independent Audit Committee to assist it in fulfilling its governance responsibilities.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Group, PCC and CC financial statements	£6,000,000	This is approximately 2.5% of the Chief Constable’s gross expenditure for the 23/24 period.
Performance Materiality for the Group, PCC and CC financial statements	£4,500,000	This is approximately 75% of the Materiality threshold.
Materiality for Senior Officers Remuneration	£20,000 (per officer)	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures of high public interest.

06 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

We plan to rely on the operation of those business process controls and will therefore also carry out testing on the operation of the ITGCs in use to mitigate the risks from IT relevant to those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4	Financial reporting	Our IT Audit specialised team will consider the design and implementation of ITGCs and report on findings to both Management, TCWG and to the finance statements audit team.

07 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the PCC Group/CC’s VFM arrangements

The [Code of Audit Practice 2024] (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements		2024/25 risk assessment	2024/25 risk-based procedures
Improving economy, efficiency and effectiveness- Relates to PCC Group and CC	G	Our work did not identify any areas where we considered that key or improvement recommendations were required.	No risk of significant weakness identified from our planning work in relation to improving economy, efficiency and effectiveness arrangements.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance Relates - Relates to PCC Group and CC	G	Our work did not identify any areas where we considered that key or improvement recommendations were required.	No risk of significant weakness identified from our planning work in relation to governance arrangements.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.

- G No significant weaknesses in arrangements identified or improvement recommendation made.
- A No significant weaknesses in arrangements identified, but improvement recommendations made.
- R Significant weaknesses in arrangements identified and key recommendations made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Financial Sustainability - Relates to PCC Group and CC	A No significant weaknesses in arrangements identified, but the challenge to identify savings to deliver a balanced budget is increasing. Arrangements have been put in place, including Project Evolve, to develop savings schemes to deliver a balanced budget over the Medium Term to 2027/28. We have raised an improvement recommendation to support the work being undertaken and will follow up progress in 2024/25.	In our 2023/24 Auditor's Annual Report, we raised an improvement recommendation that the force should continue its work as part of Project Evolve to work to identify savings and wider efficiencies so that the use of reserves to balance the revenue budget is minimised. Review of the budget for 2025/26 and the medium term financial plan for 2026/27 to 2028/29 indicates ongoing financial pressures requiring further savings and efficiencies to be identified. Taking into account all of the budget pressures, the efficiency savings, additional income and the proposed increased precept there still remains a budget gap of £2.4 million for 2025/26. Budget gaps of £3.1 million in 2026/27, £4.6 million in 2027/28 and £6.6 million in 2028/29 have been identified based on current assumptions. We note that general reserves are planned to be maintained at around 3% of net revenue expenditure over the period in line with the reserves strategy. We acknowledge the ongoing work of Project Evolve to develop the best and most affordable service going forward with the background of longer term funding uncertainty pending the Government's Spending Review in the Spring of 2025. The ongoing financial stress is, however, an indicator of a significant weakness in arrangements to ensure sustainable delivery of services and minimising the use of reserves to balance the revenue budget	Through review of documentation and discussion with relevant Officers we will assess the impact of the ongoing work of Project Evolve to develop further savings and wider efficiencies; and also ongoing arrangements to maintain general reserves balance.

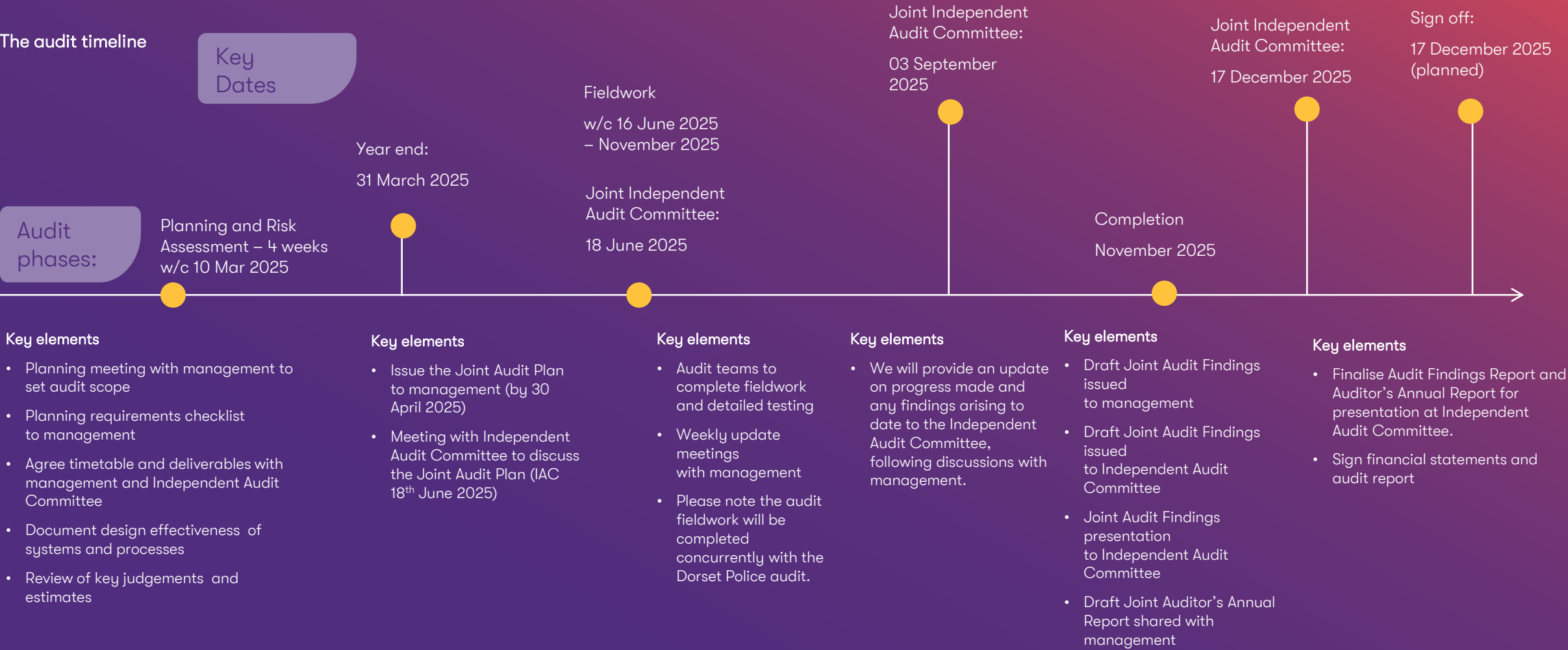
We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G** No significant weaknesses in arrangements identified or improvement recommendation made.
- A** No significant weaknesses in arrangements identified, but improvement recommendations made.
- R** Significant weaknesses in arrangements identified and key recommendations made.

08 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Grace Hawkins
Engagement Lead/
Key Audit Partner

- Key contact for senior management and Independent Audit Committee
- Overall quality assurance



George Amos
Audit Manager

- Resource management
- Performance management reporting



Gabriel Calland
Audit In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit planning and fieldwork

Pool of other technical specialists (e.g. IT audit)

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Joint Audit Plan • Audit Progress and Sector Update Reports • The Joint Audit Findings Report • Auditor’s Annual Reports	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

09 Fees and related matters

Our fee estimate

Our estimate of the audit fees we will charge is set out in the table across, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Dorset PCC and CC to begin with effect from 2018/19. This contract was re-tendered in 2023, and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2024/25 audit is £117,797 for the PCC and £63,236 for the CC.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Previous year

In 2023/24 the scale fee set by PSAA was £103,269 for the PCC and £56,447 for the CC. The actual fee charged for the audit was £113,979 for the PCC and £61,157 for the CC. Please note that the ISA 315 consideration has now been baked into the 2024/25 scale fee, along with an inflationary uplift.

Entity	PCC Group		Chief Constable	
	Audit Fee for 2023/24	Proposed fee for 2024/25	Audit Fee for 2023/24	Proposed fee for 2024/25
	(£)	(£)	(£)	(£)
PSAA Scale fee	85,666	93,449	47,191	53,666
ISA 315 consideration	4,710	N/a	4,710	N/a
Total (Exc. VAT)	90,376	93,449	51,901	53,666

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- The fee is subject to review should significant new financial reporting matters and standards arise that require additional time and/or specialist input (e.g. IFRS16)
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Property, plant and equipment valuations,
 - Pension Liabilities
 - Insurance provision valuations
 - Fair Value of Loans

10 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm no breaches have been identified.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group/CC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the CC/PCC Group or investments in the PCC Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the PCC Group/CC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the CC/PCC Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the CC/PCC Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

We can confirm that no non-audit services were charged relating to the PCC Group or CC within the financial year of audit or since the 31 March 2025.

11 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the CC and PCC Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

12 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

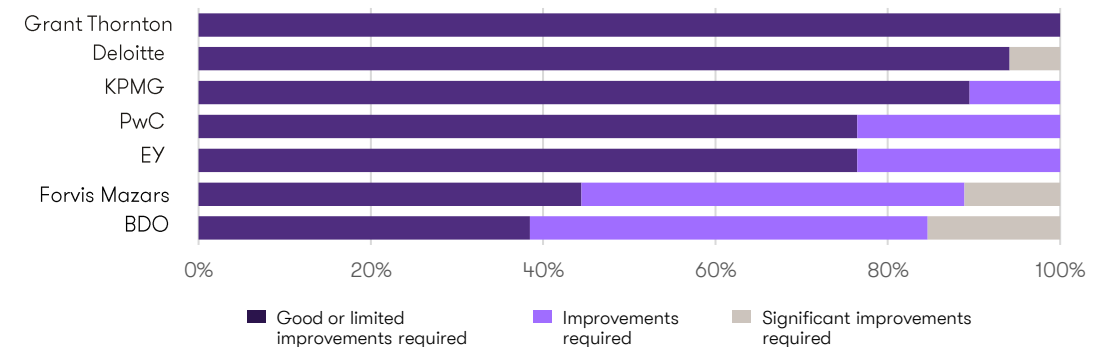
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



13 Appendices

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7 Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

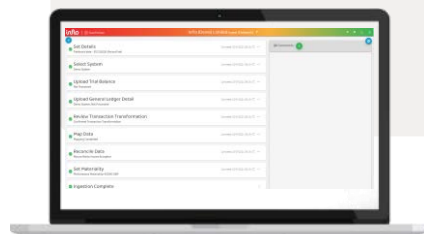


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

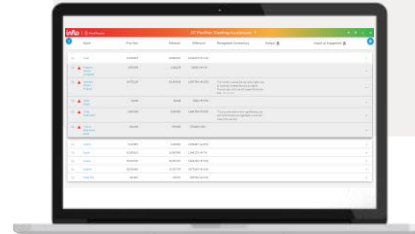


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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Joint Audit Plan for Devon and Cornwall Police

Year ending 31 March 2025

May 2025



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01 Key developments impacting our audit approach

Local Audit Reform

External factors

Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

- The government's strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:
- Coordinating the system – including leading the local audit system and championing auditors' statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

Key developments impacting our audit approach

National Position

Funding

Police forces are facing years of underfunding and a lack of support. UNISON warns that police forces in England and Wales could face a combined budget shortfall of almost £721m by 2026. The macroeconomic climate is challenging and under the new Government's fiscal rules, there is little optimism that the public sector and policing will be afforded large budget increases in the short/medium term. Police forces suffered more than most during the austerity years of the 2010s and with relatively small levels of revenue and capital reserves, there is serious concern how policing will cope with another round of Government cuts.

Unlike Councils who have demand led statutory services, the impact of budget cuts to policing is unlikely to result in financial crisis i.e. S114. Rather, the impact of the budget cuts in the 2010s was significant capital disposals and an almost linear relationship with the decline in the number of police officers and staff. Budget cuts slow down recruitment which ultimately impacts the police's ability to prevent, investigate and bring to justice the perpetrators of crime.

Public trust

Public trust in the police is at historically low levels. YouGov poll the public monthly asking the question "Are the police doing a good job?". In December 2019, 77% of respondents said they were doing a good job. In 2024, this had fallen to just 50%, with 40% of respondents saying there were not doing a good job. One of the factors behind the decline in trust and confidence in policing is the array of misconduct and criminal acts committed by Police officers in recent years. A key strategic challenge for all police forces is restoring and rebuilding trust.

Police officer uplift programme (PUP) and vetting

There is uncertainty about the long-term impact of the additional officers that have been recruited. Recruiting and training police is not a simple or quick process. It requires forward planning, time, certainty, and the money to pay salaries of police officers. Rapid recruitment has led to concerns over the adequacy of vetting arrangements and rapid recruitment has placed a burden on supervising officers.

Our Response

Police Force Law enforcement agencies grapple with a range of challenges, including rising crime rates, budget constraints, recruitment and retention of qualified personnel, community relations, and the ever-evolving landscape of cybercrime.

The cultural problems that have resulted in a crisis of public trust cannot be resolved with financial resources alone. The police require a comprehensive reorganisation of its procedures, culture, and financial support

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that Police bodies are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We share the optimism we have seen within our Police bodies about its highly trained, skilled workforce and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

Key developments impacting our audit approach

New accounting standards and reporting developments

The Backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local authority audits. These Regulations required audited financial statements to be published by the following dates:

for years ended 31 March 2023 and earlier by 13 December 2024; and

for years ended 31 March 2024 by 28 February 2025; and

for years ended 31 March 2025 by 27 February 2026.

The Statutory Instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Our Response

- We will work closely with finance officers to ensure that audit work is delivered efficiently to meet these deadlines going forward.

IFRS 16

Police bodies will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset. More information can be found on the next slide.

The FRC issued revisions to ISA (UK) 600 'Audits of group financial statements (including the work of component auditors)'. The revised standard includes new and revised requirements that better aligns the standard with recently revised standards such as ISQM 1, ISA 220 (Revised) and ISA 315 (Revised 2019).

The new and revised requirements strengthen the auditor's responsibilities related to professional scepticism, planning and performing a group audit, two-way communications between the group auditor and component auditor, and documentation. The changes are to keep the standard fit for purpose in a wide range of circumstances and the developing environment.

- Detailed review of the authority's implementation of IFRS16. More information can be found on slide 9.
- Enhanced procedures in respect of audits of the disclosures within the financial statements will be undertaken.

Key developments impacting our audit approach (continued)

Our commitments

- As a firm, we are absolutely committed to audit quality and financial reporting in the police sector. Our proposed work and fee, as set out further in this joint Audit Plan.
- To ensure close work with audited bodies and an efficient audit process, our preference as a firm is either for our UK based staff to work on site with you and your staff or to develop a hybrid approach of on-site and remote working. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with PSAA contract guidance which requires us to commit to onsite working.
- We would like to offer a formal meeting with the Chief Constable and PCC twice a year, and with both Chief Finance Officers quarterly as part of our commitment to keep you fully informed on the progress of the audit.
- At an appropriate point within the audit, we would also like to meet informally with the Chair of your Independent Audit Committee to brief them on the status and progress of the audit work to date.
- Our VfM work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
- We will continue to provide you and your Independent Audit Committee with sector updates providing our insight on issues from a range of sources via our Independent Audit Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.



Key developments impacting our audit approach (continued)

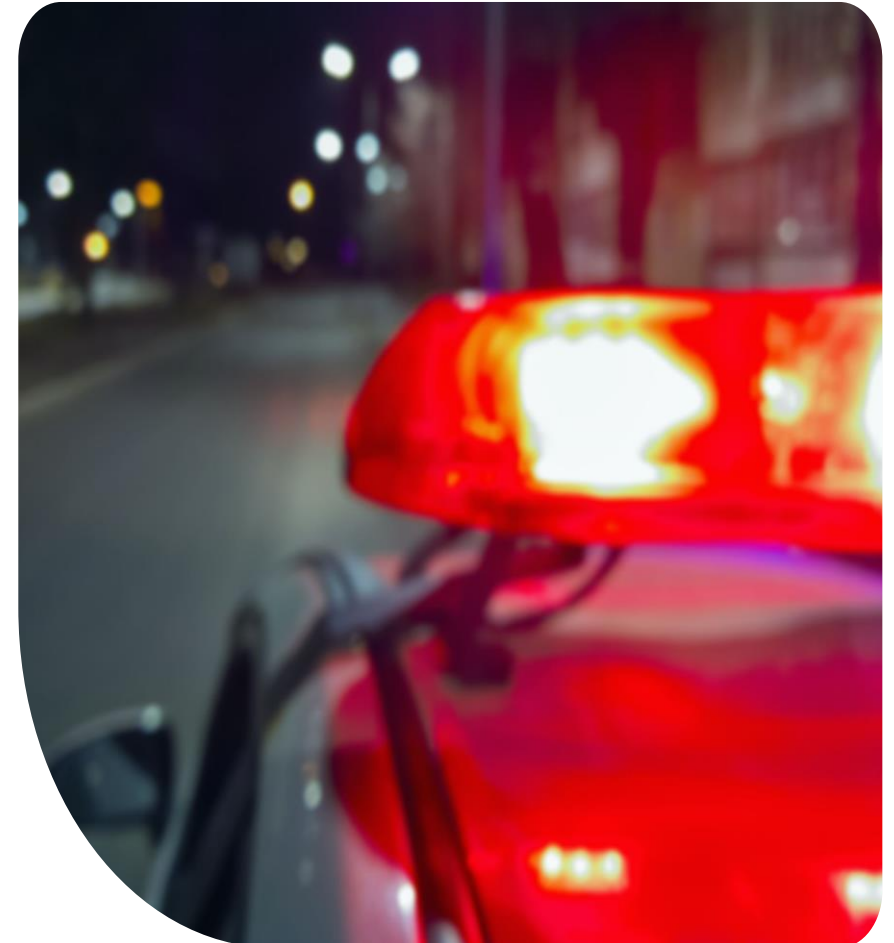
Our responses

Our Responses (continued)

- With the ongoing financial pressures being faced by local authorities, in planning this audit we have considered the financial viability of the PCC Group and Chief Constable. We are satisfied that the going concern basis remains the correct basis behind the preparation of the accounts. We will keep this under review throughout the duration of our appointment as auditors of the PCC Group and Chief Constable.

There is an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to ongoing financial pressures. We are required to identify a significant risk with regard to management override of controls.

- There is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue – refer to page 15.
- We identified an audit risk relating to the implementation of IFRS 16 – refer to page 18.



IFRS 16 Leases



Summary

IFRS 16 Leases is now mandatory for all Local Government & Police bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.” In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

- leases of low value assets (optional for LG)
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if a police body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

Systems and processes

We believe that most Police Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

Planning enquiries

As part of our planning risk assessment procedures, we have met with finance officers responsible for the implementation of IFRS16 and enquired about the processes undertaken by the force. We performed some work on the Force's assessment of the impact of the standard during the 2023/24 audit and we will look to build on this understanding gained in the 2024/25 audit.

02 Introduction and Headlines

Introduction and headlines



Purpose

- This document provides an overview of the planned scope and timing of the statutory audit of Devon and Cornwall Police and Crime Commissioner ('the PCC Group') and Chief Constable (the CC) for those charged with governance. Those Charged with governance is the PCC Group and the Chief Constable as each is a corporation sole.

Respective responsibilities

- The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA). We draw your attention to these documents.

Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Chief Constable, PCC Group's financial statements that have been prepared by management with the oversight of those charged with governance; and we consider whether there are sufficient arrangements in place at the PCC Group and the Chief Constable for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or those charged with governance of your responsibilities. It is the responsibility of the PCC Group and Chief Constable to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the PCC Group and Chief Constable is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the PCC Group and Chief Constable's business and is risk based.

Introduction and headlines (continued)

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of control
- Valuation of land and buildings
- Valuation of the net pension liability

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Group Audit

The PCC Group is required to prepare group financial statements that consolidate the financial information of the PCC Group and Chief Constable.

Materiality

We have determined planning materiality to be £11m (PY 8.3m) for the Group which equates to 2% of the prior year Chief Constable gross expenditure for the year. The significant increase in materiality level is due to a benchmarking exercise being undertaken across other audit firms via discussion with the FRC. The results of this exercise found that our level was more prudent and therefore we have increased the percentage factor used in your calculation from 1.5% in the prior year to 2% in the current year. Please note that this change is not an indication of a change to our perceived risk in respect of the Force's audit.

We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. As part of our risk assessment, we have considered the impact of unadjusted prior period errors (where applicable).

Clearly trivial has been set at £0.6m (PY £0.4m).

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has identified the following risks of significant weakness:

- Improving economy, efficiency and effectiveness – see page 31 for more details.

Audit logistics

Our planning and risk assessment phase will take place in March and April and our fieldwork will take place From June – November. Our key deliverables are this Joint Audit Plan, our Joint Audit Findings Report and Joint Auditor's Annual Report.

Our proposed fee for the audit will be £123,797 (PY: £113,979) for the Group and £63,236 (PY £61,236) for the Chief Constable, subject to the PCC Group and Chief Constable delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

03 Identified risks

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Significant risk	Risk Relates to	Reason for risk identification	Audit team’s assessment	Planned audit procedures
Management override of controls	Group, PCC and Chief Constable	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	• Review of accounting estimates, critical judgements and significant decisions made by management • Evaluate the design and implementation of controls • Review of accounting policies and any changes to those policies • Testing of journals entries for appropriateness • Review of unusual significant transactions



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge management in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

Significant risks identified (continued)

Significant risk	Risk Relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	PCC Group and Chief Constable	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	Having considered the risk factors set out in ISA240 and the nature of the revenue streams at the PCC Group, we have determined that the risk of fraud arising from revenue recognition for all revenue streams can be rebutted, because: • there is little incentive to manipulate revenue recognition; • opportunities to manipulate revenue recognition are very limited; • the culture and ethical frameworks of police authorities, including CC and the PCC group, mean that all forms of fraud are seen as unacceptable. Therefore, we do not consider this to be a significant risk for CC or PCC Group.	We do not consider this to be a significant risk for the CC or PCC Group and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.
The expenditure cycle includes fraudulent transactions	PCC Group and Chief Constable	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	We have identified and completed a risk assessment of all expenditure streams for the PCC Group/ Chief Constable. We have rebutted the presumed risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams. This is due to the low fraud risk in the nature of the underlying nature of the transaction, or immaterial nature of the expenditure streams both individually and collectively.	We do not consider this to be a significant risk for the PCC Group or Chief Constable and standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	PCC Group	The PCC (and group) revalue land and buildings on an annual basis to ensure that the carrying value is not materially different from their current value (or fair value for surplus assets) at the financial statements date, via full valuations or on a desktop basis. Management's external expert plans to issue the valuations for 2024/25 following a full valuation. This is appropriate in line with the CIPFA Code, as it has been five years since the previous full external valuation. Land and building valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved and the sensitivity of the estimates to changes in key assumptions.	With regard to these assumptions, we have therefore identified valuation of the Group's Land and Building assets as a significant risk.	We will: • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation expert and the scope of their work; • evaluate the competence, capabilities and objectivity of the valuation expert; • discuss with the valuer the basis on which the valuations were carried out to ensure that the requirements of the CIPFA Code are met; • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • engage our own valuer to assess the instructions to the PCC's valuer; the final valuation report and the assumptions that underpin the valuations; • test, on a sample basis, revaluations made during the year to ensure they have been input correctly into the PCC (and group's) asset register; and to critically assess the inputs and assumptions used in the valuations of this same sample, against comparable and market evidence, to ensure an appropriate and materially accurate estimate has been determined • evaluate the assumptions made by management for any assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value.

Significant risks identified (continued)

Significant risk	Risk relates to	Reason for risk identification	Audit team's assessment	Planned audit procedures
Valuation of the pension fund net liability (Local Government Pension Scheme (LGPS) and Police Pension Scheme (PPS))	PCC Group and Chief Constable	The Group's net defined benefit pension liability reflected in its balance sheet represents a significant estimate in the financial statements. It is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions. The methods applied in the calculation of the IAS 19 estimates are routine and commonly applied by all actuarial firms in line with the requirements set out in the Code of practice for local government accounting (the applicable financial reporting framework). We have therefore concluded that there is not a significant risk of material misstatement in the IAS 19 estimate due to the methods and models used in their calculation. The source data used by the actuaries to produce the IAS 19 estimates is provided by administering authorities and employers. We do not consider this to be a significant risk as this is easily verifiable. The actuarial assumptions used are the responsibility of the entity but should be set on the advice given by the actuary. A small change in the key assumptions (discount rate, inflation rate, salary increase and life expectancy) can have a significant impact on the estimated IAS 19 net liability. We have therefore concluded that there is a significant risk of material misstatement in the IAS 19 estimates due to the assumptions used in their calculation.	With regard to these assumptions, we have therefore identified valuation of the Group's pension fund net liability as a significant risk. This covers both the LGPS and PPS.	We will: • update our understanding of the processes and controls put in place by management to ensure that the group's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their expert (Barnett Waddingham "the actuary") for this estimate and the scope of the actuary's work; • evaluate the competence, capabilities and objectivity of the actuary; • assess the competence, capabilities and objectivity of the actuary who carried out the group's pension fund valuation; • assess the accuracy and completeness of the information provided by the group to the actuary to estimate the liability; • test the consistency of the pension fund asset (LGPS only) and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary(as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Somerset Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements for the LGPS only • test the accuracy of the quadrennial valuation data submitted to the actuary (PPS only).

Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Risk relates to	Reason for risk identification	Planned audit procedures
Implementation of IFRS 16	PCC Group/ Chief Constable	IFRS 16 Leases is now mandatory for all Local Government Police bodies from 1 April 2024. This represents a significant change in accounting standards, and we have therefore recognised the risk of misstatement in implementation of this standard.	We will • Review the steps taken by management to identify leases to be disclosed under IFRS16. • Test a sample of leases to ensure these have been calculated accurately • Test a sample of peppercorn right of use asset valuations performed by external valuer



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Reports and Annual Governance Statements to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the PCC Group and Chief Constable.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statements are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the PCC Group and Chief Constable. under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

04 Group Audit

Scope of group audit

In accordance with ISA (UK) 600 Revised, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.

Component	Risk of material misstatement to the PCC Group	Location	Auditor	Audit scope	Statutory audit
PCC for Devon and Cornwall	Yes	Devon and Cornwall	Grant Thornton UK	Full scope audit performed by Grant Thornton UK LLP	Yes
Chief Constable of Devon and Cornwall	Yes	Devon and Cornwall	Grant Thornton UK	Full scope audit performed by Grant Thornton UK LLP	Yes

Key changes within the group

We are not aware of any key changes within the group

- Audit scope
- Audit of the entire financial information of the component
 - Specific audit procedures designed by the group auditor

Fraud and litigation

We have not been made aware of any actual or attempted frauds in the year during our planning procedures performed to date. Should any factors arise in relation to fraud risk or actual or attempted fraud we ask that you inform us of this at the earliest possible opportunity.

05 Our approach to materiality

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
	Determination We have determined planning materiality (financial statement materiality determined at the planning stage of the audit) based on professional judgement in the context of our knowledge of the PCC Group and Chief Constable, including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	- We determine planning materiality in order to: - establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements - assist in establishing the scope of our audit engagement and audit tests - determine sample sizes and - assist in evaluating the effect of known and likely misstatements in the financial statements
	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements	- An item may be considered to be material by nature when it relates to: - instances where greater precision is required (e.g. senior officer remuneration and audit fees)
	Reassessment of materiality Our assessment of materiality is kept under review throughout the audit process	We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality
	Matters we will report to the Independent Audit Committee Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Independent Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	- We report to the Independent Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. - In the context of the PCC Group and Chief Constable, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.6m (PY £0.4m). - If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Independent Audit Committee to assist it in fulfilling its governance responsibilities.



Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Group, PCC and CC financial statements	£11,000,000	This is approximately 2.0% of the Chief Constable’s gross expenditure for the 23/24 period.
Performance Materiality for the Group, PCC and CC financial statements	£8,250,000	This is approximately 75% of the Materiality threshold.
Materiality for Senior Officers Remuneration	£20,000 (per officer)	We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures of high public interest.

06 IT audit strategy

IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

We plan to rely on the operation of those business process controls and will therefore also carry out testing on the operation of the ITGCs in use to mitigate the risks from IT relevant to those controls. This is to gain assurance that the relevant controls have been operating effectively throughout the period.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Unit 4	Financial reporting	Our IT Audit specialised team will consider the design and implementation of ITGCs and report on findings to both Management, TCWG and to the finance statements audit team.

07 Value for Money Arrangements

Value for Money Arrangements

Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.

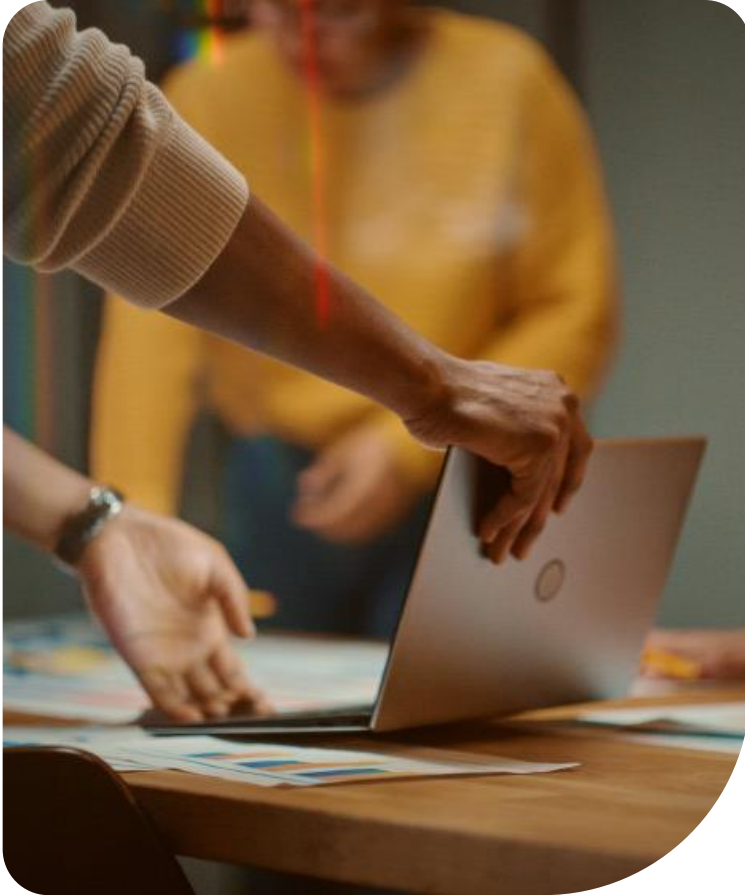


Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body's arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body's arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as 'key recommendations'.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body's arrangements.

Risks of significant weakness in VFM arrangements (continued)

Risk assessment of the PCC Group/CC’s VFM arrangements

The [Code of Audit Practice 2024] (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Financial sustainability - Relates to PCC Group and CC	G Our work did not identify any areas where we considered that key or improvement recommendations were required.	No risk of significant weakness identified from our planning work in relation to financial sustainability arrangements.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code.
Governance Relates - Relates to PCC Group and CC	A The prior year improvement recommendation made to simplify the identification of key Force strategic risks requiring focus has been addressed. Whilst we have not identified a significant weakness in this area, the key recommendation raised in the improving economy, efficiency and effectiveness area impacts governance arrangements, we have therefore assessed this area as amber.	No risk of significant weakness identified from our planning work in relation to governance arrangements.	As no risk of significant weakness has been identified, no additional risk-based procedures are specified at this stage. We will undertake sufficient work to document our understanding of your arrangements as required by the Code and follow up improvement recommendations made in 2023/24.

G

No significant weaknesses in arrangements identified or improvement recommendation made.

A

No significant weaknesses in arrangements identified, but improvement recommendations made.

R

Significant weaknesses in arrangements identified and key recommendations made.

Risks of significant weakness in VFM arrangements (continued)

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures
Improving economy, efficiency and effectiveness - Relates to PCC Group and CC	R Significant weakness in arrangements were identified and a key recommendation made relating to the ongoing work needed to place the Force in a position where it consistently provides a good standard of service to fully exit HMICFRS Engage monitoring status and remove HMICFRS' two remaining causes of concern.	In our 2023/24 Auditor's Annual Report, we raised a key recommendation: To enable the Force to achieve its overarching ambition to deliver effective policing services to its community alongside addressing the remaining two causes of concern raised by HMICFRS (HMICFRS closed the cause of concern in relation to responding to the public in September 2024) to facilitate exit from HMICFRS enhanced scrutiny arrangements, Devon and Cornwall Police should continue to respond to HMICFRS findings and the Engage process with a particular focus on improvements required to exit HMICFRS' causes of concern in relation to crime data integrity and investigating crime and continuing to appropriately resource and oversee the ongoing suite of actions to respond to HMICFRS alongside delivering wider improvement. The Force currently remains under HMICFRS' "Engage" enhanced monitoring procedures as the Inspectorate is yet to be satisfied that sufficient sustained improvement has been delivered to address the remaining two causes of concern. As such, this risk of significant weakness remains.	Through review of documentation and discussion with relevant Officers we will assess the impact of the ongoing work to address the remaining two causes of concern and delivering wider improvement.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

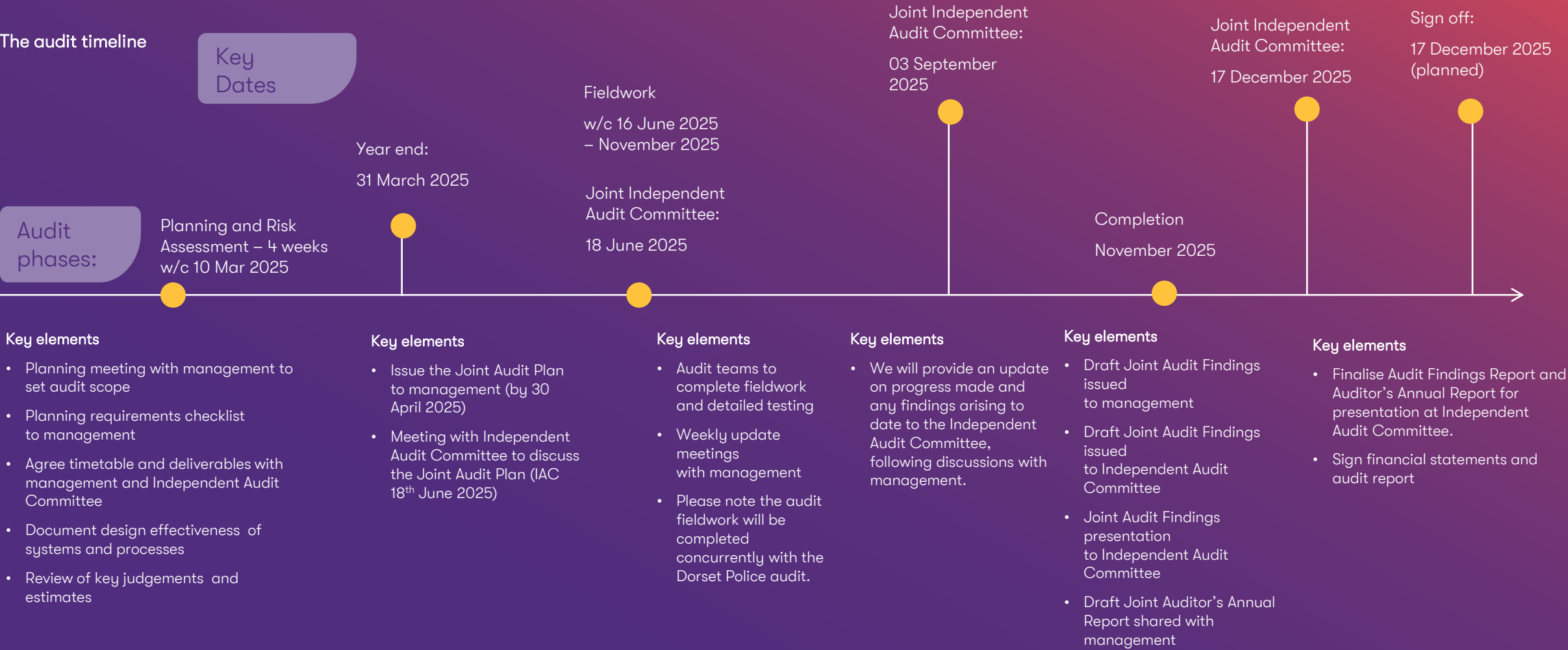
No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

08 Logistics

Logistics

The audit timeline



Our team and communications

Grant Thornton core team



Grace Hawkins
Engagement Lead/
Key Audit Partner

- Key contact for senior management and Independent Audit Committee
- Overall quality assurance

Pool of other technical specialists (e.g. IT audit)



George Amos
Audit Manager

- Resource management
- Performance management reporting



Gabriel Calland
Audit In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit planning and fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	• Annual client service review	• The Joint Audit Plan • Audit Progress and Sector Update Reports • The Joint Audit Findings Report • Auditor’s Annual Reports	• Audit planning meetings • Audit clearance meetings • Communication of issues log	• Technical updates
Informal communications	• Open channel for discussion		• Communication of audit issues as they arise	• Notification of up-coming issues

09 Fees and related matters

Our fee estimate

Our estimate of the audit fees we will charge is set out in the table across, along with the fees billed in the prior year

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2017 PSAA awarded a contract of audit for Devon and Cornwall PCC and CC to begin with effect from 2018/19. This contract was re-tendered in 2023, and Grant Thornton have been re-appointed as your auditors. The scale fee set out in the PSAA contract for the 2024/25 audit is £117,797 for the PCC and £63,236 for the CC.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Previous year

In 2023/24 the scale fee set by PSAA was £103,269 for the PCC and £56,447 for the CC. The actual fee charged for the audit was £113,979 for the PCC and £61,157 for the CC. Please note that the ISA 315 consideration has now been baked into the 2024/25 scale fee, along with an inflationary uplift.

Entity	PCC Group		Chief Constable	
	Audit Fee for 2023/24	Proposed fee for 2024/25	Audit Fee for 2023/24	Proposed fee for 2024/25
	(£)	(£)	(£)	(£)
PSAA Scale fee	103,269	117,797	56,447	63,236
ISA 315 consideration	4,710	N/a	4,710	N/a
Auditor's Valuation Expert in relation to PPE Valuations (Land & Buildings)	6,000	6,000	N/a	N/a
Total (Exc. VAT)	113,979	123,797	61,157	63,236

Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the PCC and Chief Constable will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.
- The fee is subject to review should significant new financial reporting matters and standards arise that require additional time and/or specialist input (e.g. IFRS16)
- Our fee estimate also assumes that you will engage suitably competent experts to assist management in the following areas:
 - Property, plant and equipment valuations,
 - Pension Liabilities
 - Insurance provision valuations
 - Fair Value of Loans

10 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers and managers). In this context, there are no matters that we are required to report.

We are required to report to you details of any breaches of the requirements of the FRC Ethical Standard, and of any safeguards applied and actions we have taken to address any threats to independence. We confirm no breaches have been identified.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Independence considerations (continued)

As part of our assessment of our independence at planning we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Group/CC that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the CC/PCC Group or investments in the PCC Group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the PCC Group/CC as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the CC/PCC Group .
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the CC/PCC Group's board, senior management or staff (that would exceed the threshold set in the Ethical Standard).

We confirm that there are no significant facts or matters that impact on our independence at planning as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person have complied with the Financial Reporting Council's Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent at planning and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year.

We can confirm that no non-audit services were charged relating to the PCC Group or CC within the financial year of audit or since the 31 March 2025.

11 Communication of audit matters with those charged with governance

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	●	
Planned use of internal audit	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	●	●
Views about the qualitative aspects of the CC and PCC Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

12 Delivering audit quality

Delivering audit quality

Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

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We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

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- effective deployment of data analytical tools, particularly in the audit of journals

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Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

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We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

Oversight and control

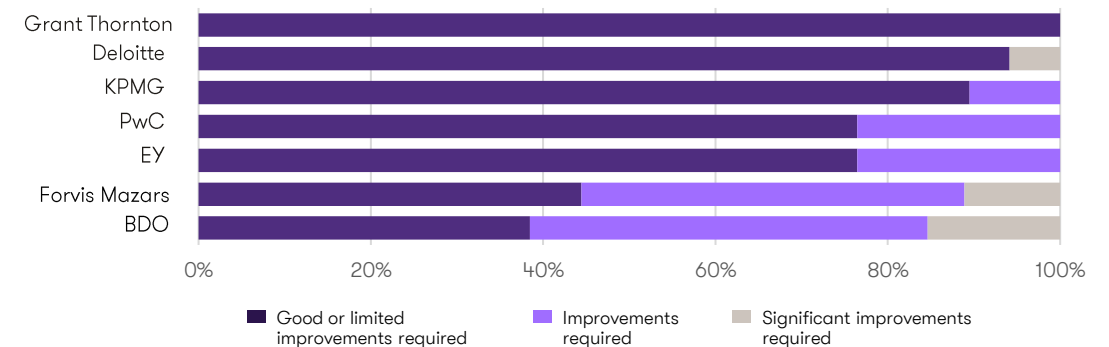
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

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Wendy Russell
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection
(% of files awarded in each grading, in the most recent report for each firm)



13 Appendices

IFRS reporters New or revised accounting standards that are in effect

First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

IFRS reporters Future financial reporting changes

IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.

The Grant Thornton Digital Audit – Inflo

A suite of tools utilised throughout the audit process

01 Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

What you'll see

- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

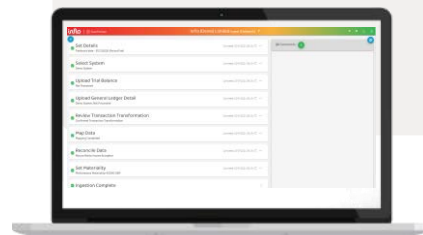


02 Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

What you'll see

- A step by step guide regarding what information to upload
- Tailored instructions to ensure the steps follow your finance system

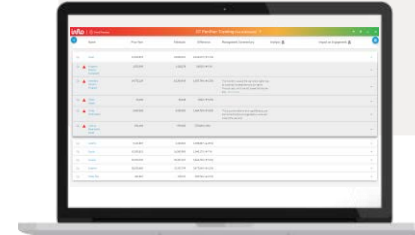


03 Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

What you'll see

- Journals samples selected based on the specific characteristics of your business
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement





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Police and Crime Commissioner for Dorset

Statement of for the year ended 31 March 2025 Unaudited

Police and Crime Commissioner for Dorset

Officers of the Police and Crime Commissioner Group

The statutory officers of the Office of the Police and Crime Commissioner and contact details are as follows:



Police and Crime Commissioner
David Sidwick



Chief Executive
Simon Bullock



Chief Financial Officer
Julie Strange

Address:

Winfrith
Dorchester
DT2 8DZ

Website:

www.dorset.pcc.police.uk

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
Amanda Pearson



Chief Financial Officer
Neal Butterworth

Address:

Dorset Police Headquarters
Winfrith
Dorchester
DT2 8DZ

Website:

www.dorset.police.uk

Police and Crime Commissioner for Dorset

Statement of Accounts 2024/25

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Police and Crime Commissioner for Dorset

Statement of Accounts 2024/25

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DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Accompanying Reports

Police and Crime Commissioner for Dorset

Narrative Report by Julie Strange, Chief Financial Officer

1.0 INTRODUCTION

- 1.1 This narrative report aims to provide the context for the Police and Crime Commissioner (PCC) and Group financial statements and to demonstrate how the Police and Crime Commissioner has allocated its resources in line with intended outcomes for the 2024/25 financial year.
- 1.2 The financial statements provide information on the Police and Crime Commissioner's and the Group's (incorporating the Chief Constable) financial activities for the year ending 31 March 2025. They are prepared in accordance with proper accounting practices (as defined in the Code of Practice on Local Authority Accounting in the United Kingdom) and are published in accordance with the Accounts and Audit Regulations 2015.
- 1.3 The Chief Constable has prepared a separate Statement of Accounts reflecting how the resources provided by the Police and Crime Commissioner have been used to deliver operational policing services. These are published separately.

2.0 EXPLANATION OF THE POLICE AND CRIME COMMISSIONER AND GROUP

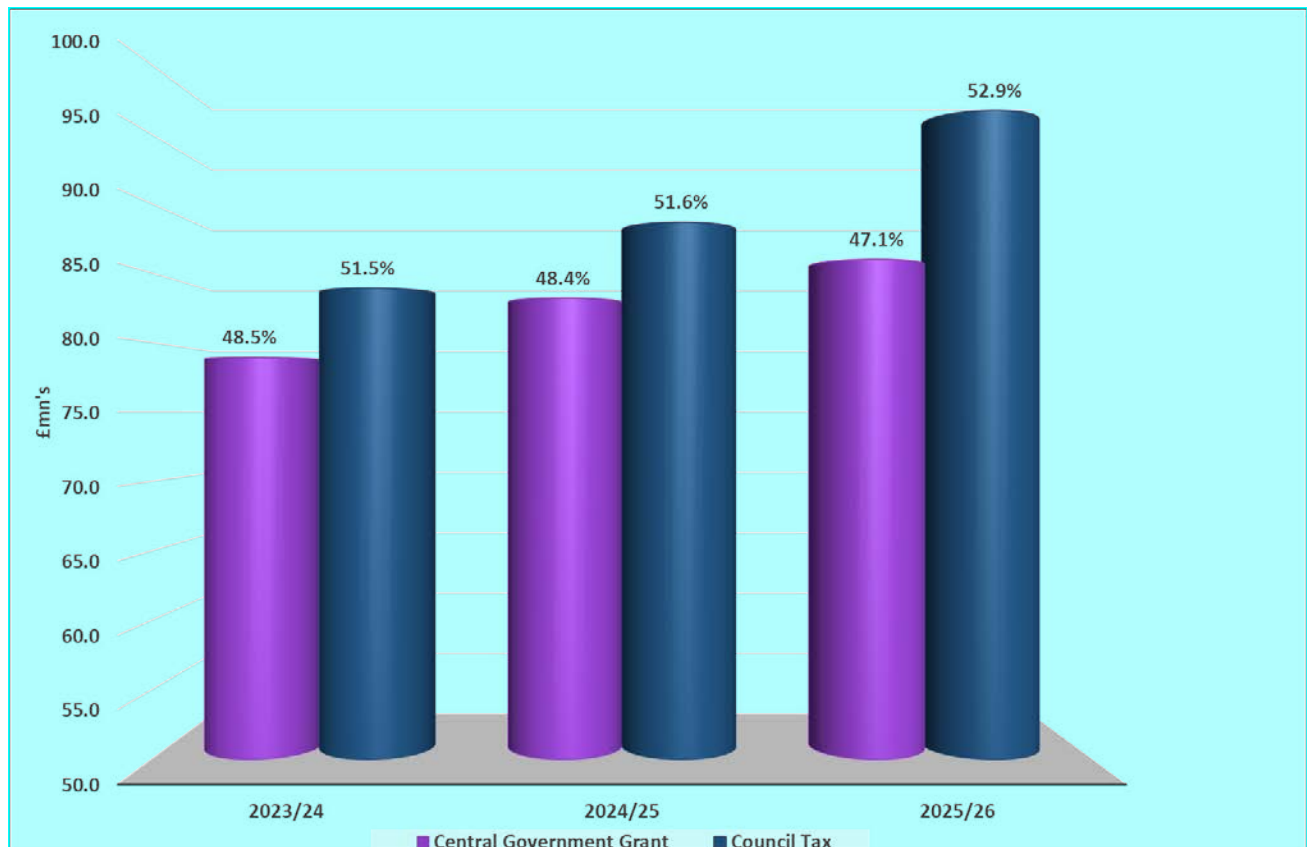
- 2.1 The Police and Crime Commissioner and the Chief Constable are separate legal entities. The Police and Crime Commissioner is elected by the public every four years with a responsibility to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in Dorset.
- 2.2 The Chief Constable is accountable to the Police and Crime Commissioner for the delivery of efficient and effective policing, the delivery of the Police and Crime Commissioner priorities and the management of resources and expenditure by the Force.
- 2.3 The Police and Crime Commissioner for Dorset during 2024/25 was David Sidwick who took office on 13 May 2021. He was re-elected for a second term on 2 May 2024. His Police and Crime Plan was launched on 29 October 2021 covering the period 2021 to 2029 and was reviewed and updated on 10 October 2024.
- 2.4 The Police and Crime Plan is a statement of strategic intent for policing in Dorset, set around six key themes:
- Cut Crime and Anti-social behaviour
 - Make Policing more visible and connected
 - Fight violent crime and high harm
 - Fight rural crime
 - Put victims and communities first
 - Make every penny count.
- 2.5 The Police and Crime Commissioner is scrutinised by the Police and Crime Panel. The Panel's primary focus is on important strategic actions and decisions made by the Police and Crime Commissioner. These include whether they have:
- achieved the aims set out in the Police and Crime Plan and the Annual Report
 - considered the priorities of community safety partners
 - consulted appropriately with the public and victims of crime.
- 2.6 The Police and Crime Commissioner provides an Annual Report to the Police and Crime Panel in the Summer each year which provides more detailed performance information in relation to the financial year just ended.

Narrative Report by Julie Strange, Chief Financial Officer Continued

3.0 RESOURCES AVAILABLE IN 2024/25

- 3.1 The Spending Review announced in Autumn 2021 was for a three year period from 2022/23 to 2024/25. Key announcements for Policing included:
- £550mn increase in police funding in 2022/23 to deliver the final year of the Police Uplift Programme
 - Police funding to increase by a further £100mn in 2023/24 and another £150mn in 2024/25, taking increases to £650mn and £800mn respectively when compared with 2021/22; and
 - £10 council tax referendum limit for Police and Crime Commissioners for each year of review.
- 3.2 The Autumn Statement released in November 2023 confirmed the Government's commitment to year 3 of the Spending Review (2024/25) and the Provisional Settlement issued in December 2023 set the Council Tax Referendum Limit to £13 for 2024/25.
- 3.3 The Police and Crime Commissioner, after public consultation, and ratified by the Police and Crime Panel, increased the council tax element for policing by £13 (4.63%), making full use of the council tax flexibilities, which included provision for unavoidable cost increases such as inflation, but also included savings totalling £4.5mn.
- 3.4 Council tax was set at £293.58 for a band D property. The overall impact of this Home Office grant position and Council Tax increase was that funding in 2024/25 was £9.0mn more than it was in 2023/24.
- 3.5 The revenue budget income graph below shows main funding sources in 2024/25 as well as the funding in the previous and following year for comparative purposes. In 2023/24 central government grant was 48.5% of revenue funding, in 2024/25 it reduced to 48.4% and in 2025/26 we are anticipating it to be 47.1%.

Revenue Budget funding 2023/24 – 2025/26



Narrative Report by Julie Strange, Chief Financial Officer Continued

- 3.6 The £800mn increase to the Police Grant was primarily in relation to the national Police Officer Uplift Programme but also included allowances for pay and inflation however these were not quantified separately. As in previous years, a proportion of the Uplift funding was allocated to Police and Crime Commissioners through a ring-fenced grant with the remaining funding allocated through the core grant. The ring-fenced grant was paid on achievement of uplift recruitment numbers.

4.0 SETTING THE FINANCIAL STRATEGY FOR 2024/25 AND BEYOND

- 4.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.

- 4.2 The ongoing need to deliver savings, alongside the significant benefits but also restrictions of the Police Officer Uplift Programme, was a particularly prominent issue in 2024/25. Significant unavoidable cost pressures including inflation, pay awards and capital investment requirements required the delivery of planned and unplanned savings during the year to ensure that a balanced outturn position was achieved. This achievement of a balanced year end position was also considerably helped by the Police and Crime Commissioner's decision to increase the Council Tax by £13 (4.63%).

- 4.3 While investment opportunities were limited against this background, the Force did continue to develop and improve the way that key services were delivered, focussing on achieving ever greater value from existing resources. Some key developments were:

- The design and implementation of Enhanced Video Response within the Force, providing a modern approach to reporting crime, giving victims the option of speaking to a police officer at a time that is convenient and in a location they have chosen. In circumstances where it has been appropriate to use this technology it has allowed faster contact with victims, improved investigative standards, and increased victim satisfaction. Dorset Police is working with the College of Policing to introduce the same operational ability in other forces nationally.
- The Force has conducted a full review of its operating model, which has enabled a reduction in senior police officer ranks and has directly enabled the release of more officers to frontline operational roles.
- Maximising the use of Home Office funding to enhance neighbourhood policing with targeted patrols in hot spot areas, in most cases leading to a reduction in crime and serious violence.
- The delivery of Right Care, Right Person as a whole-system partnership approach, resulting in members of the community receiving support from the most appropriate agency and has ensured Dorset Police Officers and staff are able to keep people safe, bring offenders to justice and support victims of crime.
- In April 2024 the new Headquarters building at Winfrith was opened, providing a considerable improvement in working environment and value for money. Its award-winning design for sustainability has realised positive benefits in reduced energy use.

The 2024/25 year also saw the need for a considerable policing requirement for protest activity linked to national and international events, as well as the continued need to deal with activity relating to the asylum barge at Portland.

- 4.4 Alongside these service improvements, the Force needed to achieve a total of £4.5mn in savings and efficiencies in order to balance the budget. This savings requirement increased during the year as additional pressures became clear. The savings programme included: -

- Significant reduction of staffing costs through a mutually agreed resignation scheme (MARS).
- Implementing strict limits on the use of overtime, while allowing sufficient flexibility to ensure that critical services were maintained.
- Use of technology to improve efficiency and realise productivity gains, including further automation and online training.
- Using officer time released under the Force operating model review to change the workforce mix in areas where this will deliver value and operational benefits.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- Rationalise the use of estate to derive maximum value from our buildings and ensure that premises are used to best support policing in Dorset.
- Changes to the way the Force engages with the public.
- Exploiting opportunities to generate further income through the provision of training, including to other forces and overseas.
- Reviews of our supernumerary posts, management structures, collaborative arrangements, and long-term vacancies

4.5 The 2024/25 MTFP projected budget gaps in future years primarily due to increased pay award assumptions and lower than previously forecast government grant.

	2024/25	2025/26	2026/27	2027/28
	£'mn	£'mn	£'mn	£'mn
Projected Budget Requirement	171.9	178.1	183.3	188.5
Projected Funding	171.9	176.1	180.1	184.2
Projected Shortfall	0.0	2.0	3.2	4.3

4.6 To address the saving challenges for 2025/26 onwards the Efficiency and Productivity Board of the Force has focused its work to address the budget gaps for 2024/25 to 2027/28. Delivery will then be scrutinised through the Resource Control Board as part of the overall monthly group budget monitoring report. This will include measures such as service reviews, vacancy scrutiny panels, increased use of Robotic process automation and continued cost-challenge process to identify savings which do not impact on service delivery.

5.0 ACTUAL EXPENDITURE IN 2024/25

5.1 The Police and Crime Commissioner Group spent £171.042mn against a budget allocation of £171.875mn resulting in an underspend of £833,000 in 2024/25. This will be transferred to the Budget Management Fund (£613,000) to cover carry forward requests and planned use of underspend in 2025/26, with the balance of £220,000 to General Balances.

5.2 2024/25 was a challenging year with pressure to maintain the Uplift requirement to avoid significant financial penalties and a higher than budgeted pay award. It was anticipated that a pay award would be granted in 2024, and the Force assumed a 2.5% increase. The actual pay award was 4.75% from September 2024 for all officers and staff. Additional grant of £1.358mn was received in support of the increased pay award, however this was £462,000 short of the actual cost, further adding to the in-year budgetary pressures.

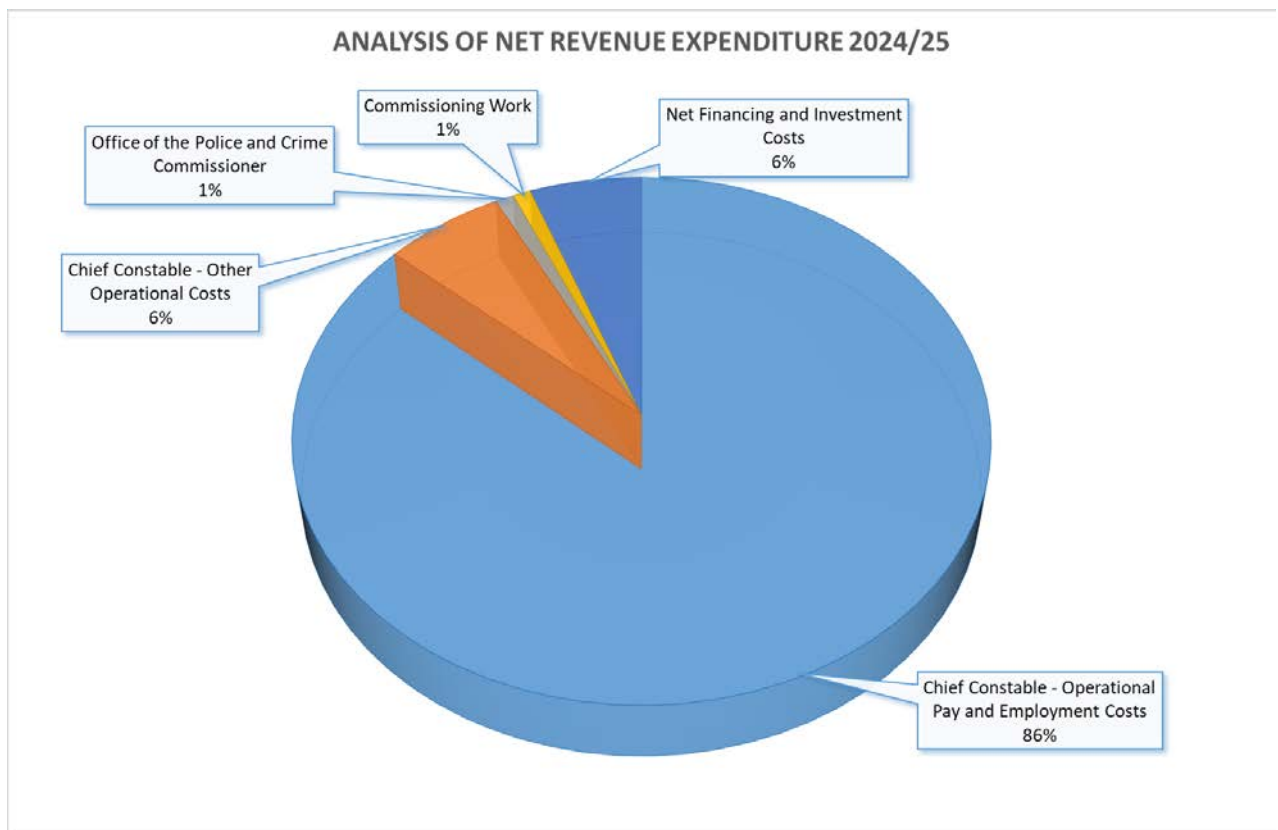
5.3 The Force was 1 officer below its headcount target of 1,450, which resulted in a loss of £40,000 of maintenance grant. The Force was also unable to achieve the over-recruitment allocation of 8 headcount. In terms of full time equivalent (FTE) officer numbers, the Force ended the year 15.2 FTE under budgeted establishment.

5.4 Police officer pay ended the year with a small overspend position of £155,000. This was mainly due to starting the financial year above the budgeted target, with mitigating actions from a lower number of recruits than originally expected, timing of recruitment, and lower national insurance costs due to savings achieved on overtime spend bringing the position closer to budget.

5.5 Police staff pay underspent due to a range of factors, including higher than budgeted levels of turnover however the underspend was offset by spend on Agency staff and overtime. Much of the turnover can be attributed to the effect of a voluntary resignation scheme (MARS) which saw 80 police staff leave the Force by the end of January 2025.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 5.6 Overheads underspent in total, primarily due to Estates. The department ended the year with an underspend of £1.45mn. This was due to several factors including the receipt of rate rebates for a number of buildings (£463,000); lower than expected utility costs as a result of reduced prices and lower consumption in particular for the new Winfrith HQ (£470,000); reduced maintenance costs (£187,000) and a reduced Private Finance Initiative unitary charge due to a lower than budgeted Retail Price Index increase (£215,000).
- 5.7 Income exceeded budget due to additional grants from the Home Office which offset additional costs to support the pay award, policing requirements arising from the Bibby Stockholm Barge, policing the national public disorder over the summer and other one-off grants as well as increased investment income due to higher than anticipated cash balances and interest rates.
- 5.8 The Office of the Police and Crime Commissioner (OPCC) outturn for the year was on budget (£1.628mn) after allowing for reserve transfers. A total of £17,000 has been transferred to the OPCC Legal reserve and a transfer of £24,000 from the OPCC reserve to cover the core budget overspend. A transfer of £412,000 has been made to the OPCC Police and Crime Plan reserve to fund future community-based projects.
- 5.9 The chart below shows a breakdown of actual net revenue expenditure for 2024/25 by category of spend.



6.0 RESERVES

6.1 The Police and Crime Commissioner maintains reserves for 3 main purposes:

- As a working balance to help cushion the impact of uneven cash flows and avoid unnecessary temporary borrowing – this forms part of the general fund balance.
- As a contingency to cushion the impact of unexpected events or emergencies: also, part of the general fund balance; and
- As a means of building up funds to meet known or predicted requirements, earmarked reserves.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 6.2 The Police and Crime Commissioner's Policy for the maintenance of reserves includes the following key principles:

General Balances - The Police and Crime Commissioner will seek to maintain a general reserve at between 3% and 5% of Net Revenue Expenditure. This will be supported by an annual budget risk assessment which will also identify the need for any specific earmarked reserves.

Earmarked Reserves - The need for earmarked reserves will be assessed annually through the budget setting process, to confirm the continuing relevance and adequacy of each earmarked reserve in addition to identifying any new reserves that may be required.

- 6.3 Total usable revenue reserves as at 31 March 2025 amounted to £11.396mn comprising; General Fund Balance £6.096mn and Earmarked Reserves £5.300mn. These balances are in line with the Reserves Strategy.

7.0 CAPITAL PROGRAMME

- 7.1 The table below shows the Police and Crime Commissioner's Group capital expenditure, and funding, during 2024/25. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with an individual or programme value in excess of £10,000.
- 7.2 The purchase of new vehicles improved from the challenges of the past couple of years with delivery timescale broadly as expected, however prices continued to be higher than budgeted.
- 7.3 The build of the replacement Headquarters at Winfrith commenced in 2022/23 with works completed in April 2024. Projects to replace the firing range, Winfrith SEC, Bournemouth and Ferndown refurbishments have experienced delays therefore funding has slipped to 2025/26.
- 7.4 ICT and Equipment spend included network resilience, PC replacement, telephony replacement, improved mobile policing capability and other smaller items of equipment.

	£'mn
Capital Programme	
Land and Buildings	5.172
Vehicles and Other Transport	0.935
Equipment and ICT	2.319
PRISM	0.176
Revenue Expenditure Funded from Capital under Statute	0.229
Flexible use of Capital Receipts	0.947
Total Expenditure	9.778
Funded by	
Grants	1.235
Capital Receipts Reserve	1.132
Revenue Funding	3.238
Borrowing	4.173
Total Funding	9.778

Narrative Report by Julie Strange, Chief Financial Officer Continued

8.0 WORKFORCE RESOURCES

8.1 Workforce costs make up 86% of the annual expenditure of the Group. The full time equivalents (FTE) of officers and staff employed by Dorset Police at the beginning and end of the period were:

31/03/24 (FTE)		31/03/25 (FTE)
1,436	Police Officers	1,407
1,168	Police Staff (Force)	1,143
76	PCSO's	71
21	Office of the Police and Crime Commissioner	26
2,701	Total	2,647

8.2 The budget included provision for the additional 183 officers that are funded by the Police Uplift Programme targets, bringing total budgeted establishment up to 1,422 FTE officers (1,450 headcount). However, the actual number of officers at year end was lower than this as the conditions of the Uplift grant were based on headcount of officers as opposed to FTE. The Force also participated in additional recruitment schemes to maintain national uplift numbers and could have received funding for an additional 8 officers. The baseline for the scheme has been set at 1,458 headcount for 2025/26 onwards.

9.0 PERFORMANCE INDICATORS

External Indicators

9.1 The principal independent financial indicators available to Police and Crime Commissioner Group are as follows:

- HMICFRS PEEL Report – His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2023-25 report showed that Dorset Police was assessed and graded in the following areas:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Recording data about crime	Protecting vulnerable people	Police powers and public treatment	
	Preventing crime	Managing offenders	Responding to the public	
		Developing a positive workplace	Investigating crime	
		Leadership and force management		

Narrative Report by Julie Strange, Chief Financial Officer Continued

The Force was graded as 'Adequate' in the area of leadership and force management. Key comments in this area included:

- The Force provides value for money and can show continuous improvement, efficiency savings and improved productivity.
 - The Force collaborates to improve services and has a clear focus on evaluation to make sure that these continue to offer benefits
 - The Force has sound financial management processes in place
- Auditors' Value for Money Opinion – External auditors last provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2024. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
 - HMICFRS Value for Money Profile 2024 – this report does not provide an opinion but states key financial and performance information of Dorset Police in comparison to other Forces. The report did not indicate any significant outliers within Dorset Police's information.

Operational Performance of the Force

9.2 The following table sets out the key movement in activity in 2024/25 when compared to the previous year.

Contact		
999 Calls	-8.30%	↓
Non-Emergency Contacts	-3.20%	↓
Incidents		
Incidents Recorded	-6.20%	↓
Of which, Anti-Social Behaviour	-10.70%	↓
Crime		
All Crime Recorded	-1.40%	↓
Sexual Offences	+4.10%	↑
Of which, Serious Sexual Offences	+5.5%	↑
Violence Against the Person	-4.10%	↓
Of which, Most Serious Violence	0%	-
Domestic Abuse Crime	-2.50%	↓
Theft	+0.9%	↑
Other		
Arrests Made	+2.0%	↑
Positive Outcomes	+2.0%	↑
Missing Persons	-30.10% (High Risk -44.00%)	↓
Public Protection Notices Issued	-1.80%	↓

9.3 999 call volume has stabilised over the last 12-months with 131,500 calls received. The % of calls answered within 10 seconds has increased by 5.3% to 93.3%. Single Online Home was introduced in March 2023 whereby the public can undertake online reporting. Over the last 12-months 52,797 online reports have been received, a 7% increase on the previous year.

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 9.4 Overall crime decreased by 1.4% for the reporting period, with some important areas showing significant reductions. The Force continued its focus on reducing violence against women and girls by targeting crimes such as sexual offences and domestic abuse and providing meaningful support to victims. The Force remains committed to reducing and preventing sexual offences, including rape, and works closely with our partners to improve the journey for victims and to increase positive outcomes. We also encourage victims to report offences, support and safeguard the most vulnerable in our communities, and provide a safe environment for victims and encourage them to come forward and report crimes. The Force saw a decrease of 4.1% in Violence Against the Person offences and a 2.5% reduction in Domestic Abuse related crimes. The Force is 8th safest in terms of crimes per 1,000 population.
- 9.5 The Force has made significant improvements in the % of crimes resulting in a positive outcome. The overall positive outcome rate has improved by 2.0% to 14.5% with significant increases in areas such as Most Serious Violence (+9%), Robbery (+3%), Domestic Abuse (+2%) and Theft (+2%). Overall over the last 12-months there has been 1,000 additional positive outcomes compared to the previous 12-months.
- 9.6 The Force has also implemented an Enhanced Video Response Team (EVR) to further improve the Force's response to victims. The team responds to Grade 3 crime, providing improved response times and victim satisfaction.

10.0 FUTURE FINANCIAL OUTLOOK

- 10.1 The Chief Constable and the Police and Crime Commissioner formally update the Medium Term Financial Plan (MTFP) annually during the budget setting process. The national economic environment has continued to change since the 2024/25 budget settlement. This has included continued increases in inflation, particularly the September 2024 pay award. Turnover of officers and staff has also been difficult to predict. As such, the financial outlook for 2025/26 and beyond is different than it was forecast to be last year.
- 10.2 The 2025/26 MTFP shows a balanced budget for 2025/26 after significant savings but there is a budget gap in future years of £3.1mn increasing to £6.6mn in 2028/29. The forecasts are underpinned by numerous assumptions including staff and officer turnover, pay increases and rates of inflation and interest.
- 10.3 The 2025/26 MTFP is designed to support the delivery of the Police and Crime Plan.
- 10.4 The Financial Strategy, including the Capital Strategy, Reserves Strategy and Treasury Management Strategy are used to translate the vision of the Police and Crime Plan into the detailed budget, with the MTFP setting out what this looks like for future years.
- 10.5 The strategic approach taken to balancing the 2025/26 budget was to take a longer term view to ensure that decisions taken are sustainable and that future budgets have firm foundations, to build greater financial resilience, and deliver value for money for Dorset residents. The Force has taken steps to drive out new cashable efficiencies and savings from the 2025/26 budget through a structured savings programme linked to a comprehensive 'BRAG' assessment tool. The Efficiency and Productivity Board will oversee the delivery of these and further efficiencies to produce a balanced MTFP in future years.
- 10.6 Grant funding for 2025/26 was provided by the new government as a one-year settlement ahead of a comprehensive spending review due to report in June 2025. The core funding increase was £2.8mn which does not fund all of the inflationary increases and other unavoidable pressures faced by the Force in 2025/26.
- 10.7 Key areas of uncertainty in future planning are:
- Future pay awards for officers and staff
 - Inflationary pressures, albeit at a lower level than in recent years
 - Staff turnover and, in particular, police officer leavers
 - CSR for 2026/27, how many years will this cover
 - Future council tax referendum principles
 - Impact of council tax premiums for second homes
 - Review of the police funding formula

Narrative Report by Julie Strange, Chief Financial Officer Continued

11.0 GOVERNANCE ARRANGEMENTS

- 11.1 The Annual Governance Statement is published alongside this document. The Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner. It also comments on the effectiveness of the governance arrangements and identifies issues that require further work.
- 11.2 The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are also provided in the Annual Governance Statement.

12.0 THE STATEMENT OF ACCOUNTS

- 12.1 A brief explanation of the purpose of each of the four primary statements is provided below together with a high-level summary.

Movement in Reserves Statement for the Group and for the Police and Crime Commissioner as a single entity - shows the changes in the Police and Crime Commissioner's financial resources over the year. The statement shows the different reserves held which have been analysed into "Usable" and "Unusable" Reserves. Usable reserves can be used to fund expenditure during the year and in future years or to reduce the amount that needs to be raised in council tax. Unusable reserves are technical accounting adjustments that are required to be reported at year end.

The table below is a summary of the movement in reserves:

Summary Movement in Reserves	Restated Balance as at 01/04/2024*	Movements	Balance as at 31/03/2025
	£'000	£'000	£'000
General Fund	5,778	318	6,096
Earmarked Reserves	3,754	1,546	5,300
Capital Receipts	3,617	(947)	2,670
Capital Grants	0	87	87
Total Usable Reserves	13,149	1,004	14,153
Unusable Reserves	(1,126,045)	14,490	(1,111,555)
Total Reserves	(1,112,896)	15,494	(1,097,402)

*The restated balances presented have been calculated by applying the IFRS 16 adjustments to the closing balances as at 31 March 2024. The table below summarises the changes.

Summary Movement in Reserves	Balance as at 31/03/2024	IFRS 16 Adjustments	Restated Balance as at 01/04/2024*
	£'000	£'000	£'000
General Fund	5,778	0	5,778
Earmarked Reserves	3,754	0	3,754
Capital Receipts	3,617	0	3,617
Capital Grants	0	0	0
Total Usable Reserves	13,149	0	13,149
Unusable Reserves	(1,108,423)	(17,622)	(1,126,045)
Total Reserves	(1,095,274)	(17,622)	(1,112,896)

The significant movements during the year have been within unusable reserves, specifically for pensions and revaluation. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

Narrative Report by Julie Strange, Chief Financial Officer Continued

Comprehensive Income and Expenditure Statement for the Group and for the Police and Crime Commissioner as a single entity – this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

The table below is a summary of the Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
Net Cost of Services	199,094	(41,915)	157,179
Other Operating Income and Expenditure	1,235	(24,127)	(22,892)
Financing and Investment Income and Expenditure	68,056	(14,132)	53,924
Taxation and Non-Specific Grant Income	0	(173,302)	(173,302)
(Surplus)/Deficit on Provision of Services	268,385	(253,476)	14,909
Other Comprehensive Income and Expenditure	(30,403)	0	(30,403)
Total Comprehensive Income and Expenditure	237,982	(253,476)	(15,494)

The statement highlights that the expenditure is dominated by the net cost of providing services which is predominantly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and mainly relates to pensions interest cost (£54.232mn). This cost is calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

The “Other Comprehensive Income and Expenditure” section reflects the net movement in the revaluation of assets (£4.413mn) and the remeasurement of the pension liabilities ((£34.816mn)).

Balance Sheet as at 31 March 2025, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

The table below is a summary of the balance sheet:

Summary Balance Sheet	Restated Balance as at 01/04/2024*	Balance as at 31/03/2025 £'000	Movement £'000
Long Term Assets	74,714	71,715	2,999
Current Assets	38,739	40,143	(1,404)
Current Liabilities	(38,101)	(42,225)	4,124
Long Term Liabilities	(1,188,248)	(1,167,035)	(21,213)
Net Liabilities	(1,112,896)	(1,097,402)	(15,494)
Unusable Reserves	(1,126,045)	(1,111,555)	(14,490)
Usable Reserves	13,149	14,153	(1,004)
Total Reserves	(1,112,896)	(1,097,402)	(15,494)

*The restated balances presented have been calculated by applying the IFRS 16 adjustments to the closing balances as at 31 March 2024. The table below summarises the changes.

Police and Crime Commissioner for Dorset

Narrative Report by Julie Strange, Chief Financial Officer Continued

Summary Balance Sheet	Balance as at 31/03/2024 £'000	IFRS 16 Adjustments	Restated Balance as at 01/04/2024*
Long Term Assets	71,672	3,042	74,714
Current Assets	38,739	0	38,739
Current Liabilities	(37,878)	(223)	(38,101)
Long Term Liabilities	(1,167,807)	(20,441)	(1,188,248)
Net Liabilities	(1,095,274)	(17,622)	(1,112,896)
Unusable Reserves	(1,108,423)	(17,622)	(1,126,045)
Usable Reserves	13,149	0	13,149
Total Reserves	(1,095,274)	(17,622)	(1,112,896)

The significant movements in the Balance Sheet correspond to the areas highlighted above. The total reserves deficit is mainly due to the police officer and staff pension liabilities. In practice, in year pension costs for police officers are being met by the Home Office.

Cash Flow Statement, shows how the movement in resources has been reflected in cash flows.

The table below is a summary of the cash flow position:

Summary Cash Flow Statement	Cash Flows 2023/24 £'000	Cash Flows 2024/25 £'000	Movement £'000
Cash and Cash Equivalents as at 1 April	(15,957)	(15,543)	414
Net Cash Flow from:			
Operating Activities	(7,915)	(13,370)	(5,455)
Investing Activities	11,708	8,544	(3,164)
Financing Activities	(3,379)	(749)	2,630
Movement	414	(5,575)	(5,989)
Cash and Cash Equivalents as at 31 March	(15,543)	(21,118)	(5,575)

Expenditure and Funding Analysis shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2024/25 £'000
Expenditure and Funding Analysis	
Net Cost of Services - Chief Constable	169,051
Net Cost of Services - Office of the Police and Crime Commissioner	1,628
Net Cost of Services - Commissioning	1,504
Financing and Investment Income and Expenditure	(308)
Total net expenditure funded by Taxation and Non-Specific Grant Income	171,875
Outturn	
Police and Crime Commissioner Group	171,042
Overspend covered by Reserves	833
Total net expenditure funded by Taxation and Non-Specific Grant Income	171,875

Narrative Report by Julie Strange, Chief Financial Officer Continued

- 12.2 In 2024/25, the Police and Crime Commissioner applied the IFRS 16 Leases standard as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of this standard is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are brought onto the Balance Sheet with effect from 1 April 2024. Further details can be found in the Leases note.
- 12.3 The notes to the accounts include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Further Information:

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2024/25. It complements the information in the [Single Entity Accounts](#), [Police and Crime Plan](#), and the [Police and Crime Commissioner's Annual Report](#).

Police and Crime Commissioner for Dorset

**Independent Auditor's Report to the
Police and Crime Commissioner for Dorset**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published when available.

Police and Crime Commissioner for Dorset

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Commissioner is required to:

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

Approval of the Accounts

I approve the Statement of Accounts.

David Sidwick
Police and Crime Commissioner

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper accounting records that were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2025 gives a true and fair view of the financial position of the Police and Crime Commissioner for Dorset at the reporting date and of the income and expenditure for the year ended 31 March 2025.

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Financial Statements

Police and Crime Commissioner for Dorset

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2023/24 and 2024/25 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		5,778	3,754	3,617	0	13,149	(1,108,423)	(1,095,274)
IFRS16 Adjustment		0	0	0	0	0	(17,622)	(17,622)
Restated Balance at 1 April 2024		5,778	3,754	3,617	0	13,149	(1,126,045)	(1,112,896)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(14,909)	0	0	0	(14,909)	30,403	15,494
Adjustments between accounting basis and funding basis under regulations	9	16,773	0	(947)	87	15,913	(15,913)	0
Transfers to/(from) Earmarked Reserves	10	(1,546)	1,546	0	0	0	0	0
Increase/(Decrease)		318	1,546	(947)	87	1,004	14,490	15,494
Balance at 31 March 2025		6,096	5,300	2,670	87	14,153	(1,111,555)	(1,097,402)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		5,860	5,144	505	50	11,559	(1,103,413)	(1,091,854)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(27,694)	0	0	0	(27,694)	24,274	(3,420)
Adjustments between accounting basis and funding basis under regulations	9	26,222	0	3,112	(50)	29,284	(29,284)	0
Transfers to/(from) Earmarked Reserves	10	1,390	(1,390)	0	0	0	0	0
Increase/(Decrease)		(82)	(1,390)	3,112	(50)	1,590	(5,010)	(3,420)
Balance at 31 March 2024		5,778	3,754	3,617	0	13,149	(1,108,423)	(1,095,274)

Police and Crime Commissioner for Dorset

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2023/24 and 2024/25 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		5,778	3,754	3,617	0	13,149	(1,108,423)	(1,095,274)
IFRS16 Adjustment		0	0	0	0	0	(17,622)	(17,622)
Restated Balance at 1 April 2024		5,778	3,754	3,617	0	13,149	(1,126,045)	(1,112,896)
Movement in Reserves								
Total Comprehensive Income and Expenditure		19,925	0	0	0	19,925	(4,431)	15,494
Adjustments between accounting basis and funding basis under regulations	9	(18,061)	0	(947)	87	(18,921)	18,921	0
Transfers to/(from) Earmarked Reserves	10	(1,546)	1,546	0	0	0	0	0
Increase/(Decrease)		318	1,546	(947)	87	1,004	14,490	15,494
Balance at 31 March 2025		6,096	5,300	2,670	87	14,153	(1,111,555)	(1,097,402)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		5,860	5,144	505	50	11,559	(1,103,413)	(1,091,854)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(1,959)	0	0	0	(1,959)	(1,461)	(3,420)
Adjustments between accounting basis and funding basis under regulations	9	487	0	3,112	(50)	3,549	(3,549)	0
Transfers to/(from) Earmarked Reserves	10	1,390	(1,390)	0	0	0	0	0
Increase/(Decrease)		(82)	(1,390)	3,112	(50)	1,590	(5,010)	(3,420)
Balance at 31 March 2024		5,778	3,754	3,617	0	13,149	(1,108,423)	(1,095,274)

Police and Crime Commissioner for Dorset

Group Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2023/24 and 2024/25 of providing services for the Group in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note.

2023/24				2024/25			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
186,949	(36,145)	150,804	Chief Constable	192,454	(38,951)	153,503	
2,459	(57)	2,402	Office of the Police and Crime Commissioner	2,695	(74)	2,621	29
3,730	(2,428)	1,302	Commissioning	3,945	(2,890)	1,055	26
193,138	(38,630)	154,508	Net Cost of Services	199,094	(41,915)	157,179	
			Other Operating Income and Expenditure				
0	(547)	(547)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	222	0	222	19.3
11,101	(3,170)	7,931	(Gain)/Loss on Revaluation of Non-Current Assets	1,013	(345)	668	19.3
0	(25,238)	(25,238)	Pensions Top Up Grant	0	(23,782)	(23,782)	PFS
			Financing and Investment Income and Expenditure				
747	0	747	Interest Payable	751	0	751	17.2
0	(1,226)	(1,226)	Interest and Investment Income	0	(1,059)	(1,059)	17.2
35	(64)	(29)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	0	0	0	32
0	0	0	(Gain)/Loss on Financial Instruments	0	0	0	17.2
65,848	(12,392)	53,456	Pensions Interest	67,305	(13,073)	54,232	30
			Taxation and Non-Specific Grant Income				
0	(71,029)	(71,029)	Police Grant	0	(75,294)	(75,294)	25
0	(7,919)	(7,919)	Council Tax Support Grants	0	(7,919)	(7,919)	25
0	(82,872)	(82,872)	Council Tax Precept	0	(88,569)	(88,569)	26
0	(88)	(88)	Capital Grants, Contributions and Donations	0	(1,520)	(1,520)	25
270,869	(243,175)	27,694	(Surplus)/Deficit on Provision of Services	268,385	(253,476)	14,909	
		1,052	(Surplus)/Deficit on Revaluation of Non-Current Assets			4,413	11
		(25,326)	Remeasurement of the Net Defined Benefit Liability/(Asset)			(34,816)	30
		(24,274)	Other Comprehensive Income and Expenditure			(30,403)	
		3,420	Total Comprehensive Income and Expenditure			(15,494)	

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Police and Crime Commissioner for Dorset

PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2023/24 and 2024/25 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note.

2023/24				2024/25			
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	Notes
£'000	£'000	£'000		£'000	£'000	£'000	
186,949	(36,145)	150,804	Chief Constable - Intra-group transaction	192,454	(38,951)	153,503	
2,459	(57)	2,402	Office of the Police and Crime Commissioner	2,695	(74)	2,621	29
3,730	(2,428)	1,302	Commissioning	3,945	(2,890)	1,055	26
193,138	(38,630)	154,508	Net Cost of Services	199,094	(41,915)	157,179	
			Other Operating Income and Expenditure				
0	(547)	(547)	Net (Surplus)/Deficit from the Sale of Non-Current Assets	222	0	222	19.3
11,101	(3,170)	7,931	(Gain)/Loss on Revaluation of Non-Current Assets	1,013	(345)	668	19.3
0	(25,238)	(25,238)	Pensions Top Up Grant - Intra-group transaction	0	(23,782)	(23,782)	PFS
			Financing and Investment Income and Expenditure				
747	0	747	Interest Payable	751	0	751	17.2
0	(1,226)	(1,226)	Interest and Investment Income	0	(1,059)	(1,059)	17.2
35	(64)	(29)	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	0	0	0	32
0	0	0	(Gain)/Loss on Financial Instruments	0	0	0	17.2
256	(255)	1	Pensions Interest	352	(358)	(6)	30
65,592	(12,137)	53,455	Pensions Interest - Intra-Group Transaction	66,953	(12,715)	54,238	30
			Taxation and Non-Specific Grant Income				
0	(71,029)	(71,029)	Police Grant	0	(75,294)	(75,294)	25
0	(7,919)	(7,919)	Council Tax Support Grants	0	(7,919)	(7,919)	25
0	(82,872)	(82,872)	Council Tax Precept	0	(88,569)	(88,569)	26
0	(88)	(88)	Capital Grants, Contributions and Donations	0	(1,520)	(1,520)	25
(25,735)	0	(25,735)	Remeasurement of the Net Defined Benefit Liability (Asset) - Intra-Group Transaction	(34,834)	0	(34,834)	
245,134	(243,175)	1,959	(Surplus)/Deficit on Provision of Services	233,551	(253,476)	(19,925)	
		1,052	(Surplus)/Deficit on Revaluation of Non-Current Assets			4,413	11
		409	Remeasurement of the Net Defined Benefit Liability (Asset)			18	30
		1,461	Other Comprehensive Income and Expenditure			4,431	
		3,420	Total Comprehensive Income and Expenditure			(15,494)	

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Police and Crime Commissioner for Dorset

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2024 and 31 March 2025 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Group/Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

As at PCC £'000	31 March 2024 PCC Group £'000		As at PCC £'000	31 March 2025 PCC Group £'000	Notes
Long Term Assets					
54,758	54,758	Land and Buildings	56,514	56,514	11
0	12	Intangible Assets	0	4	
2,457	2,457	Surplus Assets	1,316	1,316	11
0	14,445	Vehicle, Plant and Equipment	0	13,881	11
14,457	0	Intra-Group Debtors	13,885	0	4
71,672	71,672	Total Long Term Assets	71,715	71,715	
Current Assets					
0	0	Assets Held for Sale	1,425	1,425	15
0	493	Inventories	0	252	
5,488	22,703	Short Term Debtors	4,560	17,348	13
17,708	0	Intra-Group Debtors	13,040	0	4
15,543	15,543	Cash and Cash Equivalents	21,118	21,118	14
38,739	38,739	Total Current Assets	40,143	40,143	
Current Liabilities					
(13,500)	(13,500)	Short Term Borrowing	(18,000)	(18,000)	17
(3,871)	(21,338)	Short Term Creditors	(3,577)	(20,780)	16
(165)	(935)	Provisions	(140)	(641)	18
(1,972)	(1,972)	PFI Liabilities	(2,597)	(2,597)	17
(133)	(133)	Other Short Term Liabilities	(207)	(207)	17
(18,237)	0	Intra-Group Creditors	(17,704)	0	4
(37,878)	(37,878)	Total Current Liabilities	(42,225)	(42,225)	
Long Term Liabilities					
(1,002)	(1,002)	Provisions	(849)	(849)	18
(16,332)	(16,332)	PFI Liabilities	(31,164)	(31,164)	17
(421)	(421)	Other Long Term Liabilities	(1,006)	(1,006)	17
(15,000)	(15,000)	Long Term Borrowing	(14,500)	(14,500)	33
(487)	(91)	Pensions Liability - Staff	(649)	(77)	30
0	(1,134,961)	Pensions Liability - Officers	0	(1,119,439)	30
(1,134,565)	0	Intra-Group Creditors	(1,118,867)	0	4
(1,167,807)	(1,167,807)	Total Long Term Liabilities	(1,167,035)	(1,167,035)	
(1,095,274)	(1,095,274)	Net Liabilities	(1,097,402)	(1,097,402)	
Represented by					
(1,108,423)	(1,108,423)	Unusable Reserves	(1,111,555)	(1,111,555)	19
13,149	13,149	Usable Reserves	14,153	14,153	
(1,095,274)	(1,095,274)	Total Reserves	(1,097,402)	(1,097,402)	

Julie Strange CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Police and Crime Commissioner for Dorset

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000	Notes
1,959	27,694	Net (Surplus) or Deficit on the Provision of Services	(19,925)	14,909	
		Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements			
(2)	(19,951)	(Increase)/Decrease in pensions liability	18	(19,281)	
(19,949)	0	(Increase)/Decrease in pensions liability - Intra-Group Transaction	(19,299)	0	
25,735	0	Actuarial Movement on Pension Funds - Intra-Group Transaction	34,834	0	
(922)	(4,472)	Depreciation and amortisation	(980)	(4,435)	
(3,550)	0	Depreciation and amortisation - Intra-Group Transaction	(3,455)	0	
(83)	(619)	(Increase)/Decrease in provisions	178	447	
(536)	0	(Increase)/Decrease in provisions - Intra-Group Transaction	269	0	
547	547	Surplus/(Loss) on sales of non-current assets	(222)	(222)	
(7,931)	(7,931)	Surplus/(Loss) on revaluation of non-current assets	(668)	(668)	
(1,716)	(3,183)	Movement in relevant assets/liabilities	(460)	(4,120)	
(1,467)	0	Movement in relevant assets/liabilities - Intra-Group Transaction	(3,660)	0	
(7,915)	(7,915)	Net Cash (Inflows)/Outflows from Operating Activities	(13,370)	(13,370)	20
11,708	11,708	Investing Activities	8,544	8,544	21
(3,379)	(3,379)	Financing Activities	(749)	(749)	22
414	414	Net (Increase)/Decrease in Cash and Cash Equivalents	(5,575)	(5,575)	
(15,957)	(15,957)	Cash and Cash Equivalents at the beginning of the reporting period	(15,543)	(15,543)	
(15,543)	(15,543)	Cash and Cash Equivalents at the end of the reporting period	(21,118)	(21,118)	14



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Groups transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Group is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in the Comprehensive Income and Expenditure Statement for the income that might not be collected.

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

Note 1 Accounting Policies Continued

5. EVENTS AFTER THE REPORTING PERIOD

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

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

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. COUNCIL TAX

The council tax income included in the Comprehensive Income and Expenditure Statement is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Group's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

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

8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

Note 1 Accounting Policies Continued

9. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, Government grants and third-party contributions are recognised as due to the Group when there is reasonable assurance that:

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

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 Comprehensive Income and Expenditure Statement.

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

10. FINANCIAL INSTRUMENTS

10.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

10.2 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. The Group holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

10.3 Financial Assets Measured at Amortised Cost

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

Note 1 Accounting Policies Continued

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

10.4 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

10.5 Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are provided by the Group's Treasury advisors.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date.
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs: unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

11. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are held no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

12. LEASES

12.1 The Group as Lessee

The Group classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

12.1.1 Initial Measurement

Leases are recognised as right-of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

Note 1 Accounting Policies Continued

The Group initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Group is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

12.1.2 Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The Group considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Note 1 Accounting Policies Continued

12.1.3 Low Value and Short Lease Exemption

As permitted by the Code, the Group excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Group is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

12.1.4 Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

12.2 The Group as Lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

12.2.1 Operating Leases

Where the Group grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease).

13. JOINT OPERATIONS

The Group participates in a number of partnership activities. These arrangements involve the Group carrying out activities relevant to their own functions jointly with others. The Group accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Group incurs with respect to their interest in the partnerships.

14. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

15. EMPLOYEE BENEFITS

15.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

Note 1 Accounting Policies Continued

15.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner or Chief Constable to terminate an employee's employment before the normal retirement date or an employee's decision to submit a mutually agreed resignation. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner or Chief Constable is demonstrably committed to the termination of the employment of an employee. Where 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.

15.3 Post-Employment Benefits

Employees of the Police and Crime Commissioner are members of the Local Government Pensions Scheme (CARE).

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Group.

15.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes 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.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

15.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Local Government Pension Scheme 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.

Note 1 Accounting Policies Continued

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The assets of the Dorset County pension fund attributable to the Group are included in the Balance Sheet at their fair value:

•	quoted securities	-	current bid price
•	unquoted securities	-	professional estimate
•	unitised securities	-	current bid price
•	property	-	market value

15.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure 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 to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme
- Actuarial gains and losses are 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. These changes are charged to the pensions reserve as other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

15.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

Note 1 Accounting Policies Continued

15.3.5 Impact on Reserves

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

15.4 Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

16. PROVISIONS

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Group a legal or constructive present obligation that probably requires settlement by a transfer of economic benefits or service potential, and where 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 the 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. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Group settles the obligation.

A provision would be made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately, and provision made of the estimated termination payments as and when each element of the plan is announced.

17. RESERVES

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund balance so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the notes to the accounts.

Note 1 Accounting Policies Continued

18. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

18.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

18.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

• operational specialised property	-	depreciated replacement cost (DRC)
• operational non-specialised property assets	-	existing use value
• assets under construction	-	historical cost
• non-property assets	-	depreciated historical cost
• surplus assets	-	fair value, estimated at highest and best use from a market participant's perspective

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

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

Property assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end but as a minimum every three years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

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

18.3 Impairment

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

Note 1 Accounting Policies Continued

Where impairment losses are identified, they are accounted for by:

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

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

18.4 Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly, using the straight-line allocation, over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.
- Land and Buildings – the useful life of each building is assessed by the valuer and depreciated, using the straight-line allocation, from the first of the month of acquisition; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately.
- Enhancements/Adaptions to leasehold buildings – are depreciated monthly, using the straight-line allocation, over the life of the lease.
- Information and Communications Technology – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to the asset life.
- Plant and Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation.

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

18.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant, ICT, equipment and vehicles or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals are (if any) credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are credited to the usable Capital Receipts Reserve and used for new capital investment or set aside to reduce the Group's underlying need to borrow. Receipts are appropriated to the reserve from the General Fund Balance in the Movement in Reserves Statement.

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

Note 1 Accounting Policies Continued

18.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

18.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or assets held for sale are classified as surplus assets within property, plant and equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

19. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

20. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

21. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

22. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Group they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material, and a separate disclosure would be made to aid the understanding of the Group's financial performance.

23. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year. This comprises:

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

The Group is not required to raise council tax to fund depreciation, amortisation, revaluation and impairment losses. However, it is required to make an annual contribution (minimum revenue provision) from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, amortisation, revaluation and impairment losses are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Note 1 Accounting Policies Continued

24. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

25. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's accounting policy for fair value measurement of financial assets is set out in the note to the accounts. The Group also measures some of its non-financial assets such as surplus assets and investment properties at fair value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset.

The Group measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's valuers use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset.

Police and Crime Commissioner for Dorset

Note 1 Accounting Policies Continued

26. PRIVATE FINANCE INITIATIVES (PFI)

PFI are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Group at the end of the contracts for no additional charge, the Group carries the assets used under the contracts on its Balance Sheet as part of property, plant and equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement.
- finance cost – the interest charge on the outstanding Balance Sheet liability, debited to the Comprehensive Income and Expenditure Statement.
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Comprehensive Income and Expenditure Statement. This is applicable to financial years prior to and including 2023/24.
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator.
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to property, plant and equipment when the relevant works are eventually carried out.

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to 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 by the Code for the relevant financial year. Standards that fall into this category that are relevant to these Group accounts are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- Changes to the measurement of non-investment assets include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

All of these standards will be incorporated in the Code from 2025/26. However, CIPFA has indicated that the Amendments to IAS 21 will not have a significant impact on the amounts anticipated to be reported in the financial statements. With reference to the changes in measurement, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of the indexation will be.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Police and Crime Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.

Police and Crime Commissioner for Dorset

Note 3 Critical Judgements in Applying Accounting Policies Continued

- Estimation of the pension element of the provision is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to as the Police and Crime Commissioner Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies. The Police and Crime Commissioner's Balance Sheet reflects the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of assets and liabilities. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2024/25.

The financial consequences of the activity under the control of the Chief Constable are shown in the Chief Constable's single entity accounts which are published separately. As the Chief Constable does not hold reserves, the Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on her General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the Police and Crime Commissioner Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer the police pensions
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

Police and Crime Commissioner for Dorset

Note 4 The Police and Crime Commissioner as an Accounting Entity Continued

Intra-Group Transactions	2023/24		2024/25	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Cost of Services	(150,804)	150,804	(153,503)	153,503
Pensions Top Up Grant	25,238	(25,238)	23,782	(23,782)
Pensions Interest Cost - Intra-Group Transaction	(53,455)	53,455	(54,238)	54,238
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	25,735	(25,735)	34,834	(34,834)
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Non-Current Assets/Liabilities				
Pensions Liabilities	(1,134,565)	0	(1,118,867)	0
Pensions Liabilities - Intra-Group Debtor	1,134,565	0	1,118,867	0
Pensions Liabilities - Intra-Group Creditor	0	(1,134,565)	0	(1,118,867)
Vehicles, ICT, Equipment Assets and Intangible Assets	14,457	0	13,885	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Creditor	(14,457)	0	(13,885)	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Debtor	0	14,457	0	13,885
Current Assets/Liabilities				
Current Liabilities	(18,237)	0	(17,704)	0
Current Liabilities - Intra-Group Debtor	18,237	0	17,704	0
Current Liabilities - Intra-Group Creditor	0	(18,237)	0	(17,704)
Current Assets	17,708	0	13,040	0
Current Assets - Intra-Group Creditor	(17,708)	0	(13,040)	0
Current Assets - Intra-Group Debtor	0	17,708	0	13,040
Unusable Reserves				
Intra-Group Transactions	0	(1,120,637)	0	(1,109,646)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on XX June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Group Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

6.1 Pensions Liability

Uncertainties

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 and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The standard assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. This year an accounting surplus has been calculated and therefore additional assumptions have been recommended in order to establish the net defined benefit value. These additional assumptions have also been approved. These assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes are closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2024/25						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis*	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable Office for the Police and Crime Commissioner	169,051	(474)	168,577	(15,074)	153,503	(4,137)	(11,157)	220	15,074	0
Commissioning	1,628	7	1,635	986	2,621	980	(10)	16	(15,074)	(14,088)
	1,504	(450)	1,054	1	1,055	0	(2)	3	0	1
Net Cost of Services	172,183	(917)	171,266	(14,087)	157,179	(3,157)	(11,169)	239	0	(14,087)
Other Operating Income and Expenditure	0	0	0	(22,893)	(22,893)	889	(23,782)	0	0	(22,893)
Financing and Investment Income and Expenditure	(308)	0	(308)	54,233	53,925	0	54,233	0	0	54,233
Taxation and Non-Specific Grant Income	(171,875)	0	(171,875)	(1,427)	(173,302)	(1,520)	0	93	0	(1,427)
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	(917)	(917)	15,826**	14,909	(3,788)	19,282	332	0	15,826

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Note 7 Expenditure and Funding Analysis Continued

*The adjustments between the funding and accounting basis column includes the capitalisation directive of £947,000 that relates to the flexible use of capital receipts to support the Mutual Agreement Resignation Scheme.

**The figure shown above is the net of the General Fund balance (£16.773mn) and the Capital Receipts Reserve ((£947,000)) adjustments between the funding and accounting basis shown in the Movement in Reserve Statement.

	£'000
Opening Revenue Reserve Balance as at 31 March 2024	9,532
Less/Plus Surplus or (Deficit) on the General Fund in Year	917
Capitalisation Directive	947
Closing Revenue Reserve Balance as at 31 March 2025	11,396

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis Continued

2023/24						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1)	(Note 7.2)	(Note 7.3)	£'000	£'000
Chief Constable	160,328	1,745	162,073	(11,269)	150,804	(3,151)	(8,268)	150	11,269	0
Office for the Police and Crime Commissioner	1,550	(71)	1,479	923	2,402	922	1	0	(11,269)	(10,346)
Commissioning	1,504	(202)	1,302	0	1,302	0	0	0	0	0
Net Cost of Services	163,382	1,472	164,854	(10,346)	154,508	(2,229)	(8,267)	150	0	(10,346)
Other Operating Income and Expenditure	0	0	0	(17,854)	(17,854)	7,384	(25,238)	0	0	(17,854)
Financing and Investment Income and Expenditure	(508)	0	(508)	53,456	52,948	0	53,456	0	0	53,456
Taxation and Non-Specific Grant Income	(162,874)	0	(162,874)	966	(161,908)	(88)	0	1,055	0	966
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	1,472	1,472	26,222	27,694	5,067	19,950	1,205	0	26,222

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis Continued

	£'000
Opening Revenue Reserve Balance as at 31 March 2023	11,004
Less/Plus Surplus or (Deficit) on the General Fund in Year	(1,472)
Closing Revenue Reserve Balance as at 31 March 2024	9,532

Police and Crime Commissioner for Dorset

Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column includes depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.2 Net Change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- **For services** - accumulated absences that have been accrued for absences earned but not taken in the year.
- **For financing and investment income and expenditure** the other difference column recognises adjustments to the General Fund that do not fall into one of the above categories, such as gains/losses on financial instruments.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the financing and investment income and expenditure line. In the Statement of Accounts, the financing and investment income and expenditure line is under the control of the Police and Crime Commissioner and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis Statement but shown in the equivalent Police and Crime Commissioner statements.

7.5 Net Expenditure in the CIES

The balance of £14.909mn consists of the adjustments between the funding and accounting basis (£15.826mn) and reserve adjustments (£917,000). Please see the adjustments between the funding and accounting basis note for further information. The reserve adjustments included revenue contributions to finance capital of £3.009mn.

Police and Crime Commissioner for Dorset

Note 8 Expenditure and Income Analysed by Nature

The Group's expenditure and income is analysed as follows:

2023/24	Expenditure/Income	2024/25
£'000		£'000
	Expenditure	
140,233	Employee benefit expenses	146,897
48,433	Other service expense	47,762
4,472	Depreciation, amortisation, impairment	4,435
747	Interest payable	751
0	Loss on the sale of non-current assets	222
11,101	Loss on revaluation of fixed assets	1,013
35	Loss on revaluation of investment property and expenditure	0
65,848	Pensions interest	67,305
270,869	Total Expenditure	268,385
	Income	
(13,715)	Fees, charges and other service income	(17,383)
(547)	Gain on the sale of non-current assets	0
(3,170)	Gain on revaluation of fixed assets	(345)
(64)	Gain on revaluation of investment property and income	0
(1,226)	Interest and investment income	(1,059)
(12,392)	Pensions interest	(13,073)
(82,872)	Income from council tax	(88,569)
(129,189)	Government grants, contributions and donations	(133,047)
(243,175)	Total Income	(253,476)
27,694	Deficit on the Provision of Services	14,909

Note 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 Police and Crime Commissioner Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Police and Crime Commissioner Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Group are required to be paid and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Current Year - Police and Crime Commissioner Group	2024/25			Unusable Reserves
	Usable Reserves			
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	
Adjustments to Revenue Resources				£'000
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:				
Pensions costs (transferred to (or from) the Pensions Reserve)	19,280	0	0	(19,280)
Council Tax (transfers to or from Collection Fund)	94	0	0	(94)
Holiday pay (transferred to the Accumulated Absences Reserve)	241	0	0	(241)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	5,325	0	0	(5,325)
Total Adjustments to Revenue Resources	24,940	0	0	(24,940)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	185	0	(185)
Transfer of Capital Grants, contributions and donations to the Capital Grant Reserve and Capital Adjustment Account	(1,520)	0	1,322	198
Statutory provision for the repayment of debt (transfer from the CAA)	(4,585)	0	0	4,585
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,009)	0	0	3,009
Capitalisation Directive	947	(947)	0	0
Total Adjustments between Revenue and Capital Resources	(8,167)	(762)	1,322	7,607
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(185)	0	185
Application of Capital Grants to finance capital expenditure	0	0	(1,235)	1,235
Total Adjustments to Capital Resources	0	(185)	(1,235)	1,420
Total Adjustments excluding Earmarked Adjustments	16,773	(947)	87	(15,913)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				
				0
Total Adjustments including Earmarked Adjustments				(15,913)

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations
Continued

Comparative Year - Police and Crime Commissioner Group		2023/24		
	Usable Reserves			Unusable Reserves
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	19,951	0	0	(19,951)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	1,055	0	0	(1,055)
Holiday pay (transferred to the Accumulated Absences Reserve)	148	0	0	(148)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA))	11,858	0	0	(11,858)
Total Adjustments to Revenue Resources	33,012	0	0	(33,012)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	3,140	0	(3,140)
Transfer of Capital Grants and contributions to the Capital Grant Reserve	(88)	0	88	0
Statutory provision for the repayment of debt (transfer from the CAA)	(3,547)	0	0	3,547
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,155)	0	0	3,155
Total Adjustments between Revenue and Capital Resources	(6,790)	3,140	88	3,562
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(28)	0	28
Application of Capital Grants to finance capital expenditure	0	0	(138)	138
Total Adjustments to Capital Resources	0	(28)	(138)	166
Total Adjustments excluding Earmarked Adjustments	26,222	3,112	(50)	(29,284)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(29,284)

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Current Year - Police and Crime Commissioner		2024/25		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				£'000
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:				
Pensions costs (transferred to (or from) the Pensions Reserve)	(18)	0	0	18
Council Tax (transfers to or from Collection Fund)	94	0	0	(94)
Holiday pay (transferred to the Accumulated Absences Reserve)	19	0	0	(19)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	1,868	0	0	(1,868)
Intra-Group Adjustments	(19,451)	0	0	19,451
Total Adjustments to Revenue Resources	(17,488)	0	0	17,488
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	185	0	(185)
Transfer of Capital Grants, contributions and donations to the Capital Grant Reserve and Capital Adjustment Account	(1,520)	0	1,322	198
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	0	0	0	0
Capitalisation Directive	947	(947)	0	0
Total Adjustments between Revenue and Capital Resources	(573)	(762)	1,322	13
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(185)	0	185
Application of Capital Grants to finance capital expenditure	0	0	(1,235)	1,235
Total Adjustments to Capital Resources	0	(185)	(1,235)	1,420
Total Adjustments excluding Earmarked Adjustments	(18,061)	(947)	87	18,921
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				18,921

Police and Crime Commissioner for Dorset

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations
Continued

Comparative Year - Police and Crime Commissioner	2023/24			Unusable Reserves
	Usable Reserves			
	General Balances £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	
Adjustments to Revenue Resources				£'000
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:				
Pensions costs (transferred to (or from) the Pensions Reserve)	2	0	0	(2)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	1,055	0	0	(1,055)
Holiday pay (transferred to the Accumulated Absences Reserve)	(2)	0	0	2
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA)):	8,307	0	0	(8,307)
Intra-Group Adjustments	(8,787)	0	0	8,787
Total Adjustments to Revenue Resources	575	0	0	(575)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	3,140	0	(3,140)
Transfer of Capital Grants and contributions to the Capital Grant Reserve	(88)	0	88	0
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	0	0	0	0
Total Adjustments between Revenue and Capital Resources	(88)	3,140	88	(3,140)
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(28)	0	28
Application of Capital Grants to finance capital expenditure	0	0	(138)	138
Total Adjustments to Capital Resources	0	(28)	(138)	166
Total Adjustments excluding Earmarked Adjustments	487	3,112	(50)	(3,549)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(3,549)

Police and Crime Commissioner for Dorset

Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in the year.

	Balance at 1 April 2023	Transfer Out 2023/24	Transfer In 2023/24	Balance at 31 March 2024	Transfer Out 2024/25	Transfer In 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	1,616	(797)	0	819	(184)	613	1,248
Regional Collaboration Reserve	34	0	0	34	(1)	0	33
Workforce Change Reserve	643	0	0	643	(300)	0	343
Capital Financing Reserve	0	(171)	171	0	0	813	813
PEQF Reserve	375	(328)	0	47	(47)	0	0
Learning and Development Reserve	46	0	0	46	(9)	0	37
Uplift Reserve	549	(549)	0	0	0	0	0
Office of the PCC Legal Reserve	220	0	30	250	0	17	267
Police and Crime Plan	1,028	(770)	203	461	0	412	873
Dorset OPCC Reserve	377	(12)	52	417	(24)	39	432
Forensics Capability Network Reserve	256	(258)	269	267	(279)	276	264
Dorset OPCC Violence Reduction Reserve	0	0	770	770	(104)	0	666
Strategic Change Reserve	0	0	0	0	0	324	324
Total	5,144	(2,885)	1,495	3,754	(948)	2,494	5,300

The purpose of the Funds and Reserves held at 31 March 2025 are set out below:

Budget Management Fund	This is a fund to allow the transfer of carry-forward requests to the following year.
Regional Collaboration Reserve	To hold funds related to past underspends for future planned spending for regional collaborations.
Workforce Change Reserve	To fund one-off and transitional costs of change programmes including the Strategic Alliance with Devon and Cornwall Police.
Capital Financing Reserve	To fund capital investment.
PEQF Reserve	To fund costs of the Policing Education Qualification Framework.
Learning and Development Reserve	Used for the benefit of Police Officers and Staff for training and development purposes.
Uplift Reserve	To hold funds for infrastructure relating to the future years uplift programme.
Office of the PCC Legal Reserve	To fund legal costs as required by the OPCC.
Police and Crime Plan	To fund planned Police and Crime Plan developments.
Dorset OPCC Reserve	To fund additional projects and pilot schemes within the Office.
Forensics Capability Network	To fund continuing projects of the Forensic Capability Network.

Police and Crime Commissioner for Dorset

Note 10 Movement in Earmarked Reserves Continued

Dorset OPCC Violence Reduction To fund projects to help reduce violence.

Strategic Change Reserve To hold funding for future change projects.

Note 11 Property, Plant and Equipment

This table sets out the 2024/25 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2024/25						
	Operational and Non-Operational Assets		Assets Under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	54,773	34,133	0	1,218	2,458	92,582
IFRS 16 Adjustment	3,042	0	0	0	0	3,042
Restated Balance at 1 April 2024	57,815	34,133	0	1,218	2,458	95,624
Additions	6,347	2,299	0	778	42	9,466
Lease Remeasurement	(1,116)	0	0	0	0	(1,116)
Revaluation recognised in the Revaluation Reserve	(5,032)	0	0	0	(34)	(5,066)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(853)	0	0	0	0	(853)
Derecognition-Disposals	(186)	(7,376)	0	0	0	(7,562)
Reclassification	(316)	1,314	0	(1,273)	(1,150)	(1,425)
Balance at 31 March 2025	56,659	30,370	0	723	1,316	89,068
Accumulated Depreciation and Impairments						
Balance at 1 April 2024	(15)	(20,906)	0	0	(1)	(20,922)
Depreciation Charge	(976)	(3,451)	0	0	(1)	(4,428)
Depreciation written out to the Revaluation Reserve	651	0	0	0	2	653
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	185	0	0	0	0	185
Derecognition-Disposals	0	7,155	0	0	0	7,155
Reclassification	10	(10)	0	0	0	0
Balance at 31 March 2025	(145)	(17,212)	0	0	0	(17,357)
Net Book Value						
Balance at 31 March 2024	54,758	13,227	0	1,218	2,457	71,660
Balance at 31 March 2025	56,514	13,158	0	723	1,316	71,711

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2023/24 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2023/24						
	Operational and Non-Operational Assets		Assets Under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	47,442	32,219	4,138	409	155	84,363
Additions	2,472	2,823	10,648	851	0	16,794
Revaluation recognised in the Revaluation Reserve	(1,709)	0	0	0	118	(1,591)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(8,218)	0	0	0	0	(8,218)
Derecognition-Disposals	0	(951)	0	0	0	(951)
Reclassification (to)/from Held for Sale	0	0	0	0	0	0
Reclassification (to)/from Held for Sale	0	0	0	0	0	0
Reclassification	14,786	42	(14,786)	(42)	2,185	2,185
Balance at 31 March 2024	54,773	34,133	0	1,218	2,458	92,582
Accumulated Depreciation and Impairments						
Balance at 1 April 2023	(160)	(18,296)	0	0	0	(18,456)
Depreciation Charge	(921)	(3,531)	0	0	(1)	(4,453)
Depreciation written out to the Revaluation Reserve	780	0	0	0	0	780
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	286	0	0	0	0	286
Derecognition-Disposals	0	921	0	0	0	921
Reclassification (to)/from Held for Sale	0	0	0	0	0	0
Reclassification	0	0	0	0	0	0
Balance at 31 March 2024	(15)	(20,906)	0	0	(1)	(20,922)
Net Book Value						
Balance at 31 March 2023	47,282	13,923	4,138	409	155	65,907
Balance at 31 March 2024	54,758	13,227	0	1,218	2,457	71,660

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2024/25 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2024/25				
	Operational and Non- Operational Assets	Assets under Construction	Surplus Assets	Total
	Land & Buildings	Land & Buildings	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000
Balance at 1 April 2024	54,773	0	2,458	57,231
IFRS 16 Adjustment	3,042	0	0	3,042
Restated Balance at 1 April 2024	57,815	0	2,458	60,273
Additions/Remeasurement	5,231	0	42	5,273
Revaluation recognised in the Revaluation Reserve	(5,032)	0	(34)	(5,066)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(853)	0	0	(853)
Derecognition-Disposals	(186)	0	0	(186)
Reclassification	(316)	0	(1,150)	(1,466)
Balance at 31 March 2025	56,659	0	1,316	57,975
Accumulated Depreciation and Impairments				
Balance at 1 April 2024	(15)	0	(1)	(16)
Depreciation Charge	(976)	0	(1)	(977)
Depreciation written out to the Revaluation Reserve	651	0	2	653
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	185	0	0	185
Derecognition-Disposals	0	0	0	0
Reclassification	10	0	0	10
Balance at 31 March 2025	(145)	0	0	(145)
Net Book Value				
Balance at 31 March 2024	54,758	0	2,457	57,215
Balance at 31 March 2025	56,514	0	1,316	57,830

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

This table sets out the 2023/24 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2023/24				
	Operational and Non-Operational Assets	Assets under Construction	Surplus Assets	Total
	Land & Buildings	Land & Buildings	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000
Balance at 1 April 2023	47,442	4,138	155	51,735
Additions	2,472	10,648	0	13,120
Revaluation recognised in the Revaluation Reserve	(1,709)	0	118	(1,591)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(8,218)	0	0	(8,218)
Derecognition-Disposals	0	0	0	0
Reclassification	14,786	(14,786)	2,185	2,185
Balance at 31 March 2024	54,773	0	2,458	57,231
Accumulated Depreciation and Impairments				
Balance at 1 April 2023	(160)	0	0	(160)
Depreciation Charge	(921)	0	(1)	(922)
Depreciation written out to the Revaluation Reserve	780	0	0	780
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	286	0	0	286
Derecognition-Disposals	0	0	0	0
Reclassification	0	0	0	0
Balance at 31 March 2024	(15)	0	(1)	(16)
Net Book Value				
Balance at 31 March 2023	47,282	4,138	155	51,575
Balance at 31 March 2024	54,758	0	2,457	57,215

11.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis levels are met: -

- Land and buildings £25,000
- All other assets £10,000

11.2 Surplus Assets

Four properties have been classed as Surplus Assets as at the 31 March 2025.

11.3 Depreciation

A review of asset lives has taken place during 2024/25 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate the depreciation charges:

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer and are within the range of 1-56 years. Buildings are depreciated monthly over the forecast useful life of the asset.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 1-41 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.3.3 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives. These are within the range 1-8 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 1-18 years. These assets are depreciated monthly over the forecast useful life of the asset.

11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2024/25 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. As at 31 March 2025, significant capital commitments amounted to £1.711mn (31 March 2024: £2.504mn).

11.5 Revaluations

Land and buildings have been revalued by qualified external valuers, Wilks Head & Eve. A full valuation has taken place as at 31 March 2025. Full valuations are completed annually. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors and the UK Valuation Practice Guidance Application which is in line with the CIPFA Code.

11.6 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 25% and greater than £1mn of the main asset value. No assets have met the criteria in 2024/25.

11.7 Derecognition

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

11.8 Fair Value Measurement

Level 2 valuation techniques have been used to determine the fair value of the Surplus Assets. This process requires the properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there is good level of observable inputs which are able to be verified, and the source identified.

Police and Crime Commissioner for Dorset

Note 11 Property, Plant and Equipment Continued

11.9 Impairment

No assets were identified as being impaired in 2024/25.

11.10 Leases

The Land and Buildings opening balance has been adjusted by £3.042mn to include the impact of IFRS 16 which came into effect on 1 April 2024. The leases have been remeasured during the year and amounted to £1.971mn (Right-of-use assets £890,000 and Peppercorn assets £1.081mn). Depreciation is charged from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. Depreciation relating to leases amounted to £146,000 resulting in a net book value of £1.825mn.

11.11 Donation

In 2024/25, the Police and Crime Commissioner Group received funding towards the Winfrith Memorial Garden. The net book value of the asset is £19,187 and is included within Land and Buildings.

Note 12 Capital Reserves

A description of these reserves can be found in the Adjustments between Accounting Basis and Funding Basis under Regulations Note.

	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£'000	£'000	£'000
Balance at 1 April 2023	505	50	555
Financing of Fixed Assets	(28)	(138)	(166)
Transfer to reserve	0	0	0
Capital Grants/Receipts Received	3,140	88	3,228
Balance at 31 March 2024	3,617	0	3,617
Financing of Fixed Assets	(185)	(1,235)	(1,420)
Capitalisation Directive	(947)	0	(947)
Capital Grants/Receipts Received	185	1,322	1,507
Balance at 31 March 2025	2,670	87	2,757
Net Movement for 2023/24	3,112	(50)	3,062
Net Movement for 2024/25	(947)	87	(860)

The capitalisation directive of £947,000 relates to the flexible use of capital receipts to support the Mutual Agreement Resignation Scheme.

Note 13 Debtors

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
2,043	9,698	Central Government Bodies	1,778	5,732
3,351	6,033	Other Local Authorities	2,737	5,502
0	8	National Health Service	0	85
94	6,964	Other Entities and Individuals	45	6,029
5,488	22,703	Total Debtors	4,560	17,348

Police and Crime Commissioner for Dorset

Note 14 Cash and Cash Equivalents

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
59	59	Cash held by the Commissioner (Amortised Cost)	55	55
2,409	2,409	Bank operational current accounts (Amortised Cost)	1,687	1,687
2,468	2,468	Total Cash and Cash Equivalents (Amortised Cost)	1,742	1,742
700	700	Bank operational current accounts (FVPL)	700	700
12,375	12,375	Short-term deposits (FVPL)	18,676	18,676
13,075	13,075	Total Cash and Cash Equivalents (FVPL)	19,376	19,376
15,543	15,543	Total Cash and Cash Equivalents	21,118	21,118

Note 15 Assets Held for Sale

2023/24		2024/25
£'000		£'000
2,563	Balance at 1 April	0
0	Assets newly classified as held for sale	1,425
(2,563)	Derecognition-Disposals	0
0	Balance at 31 March	1,425

Five properties have been classed as Surplus Assets as at the 31 March 2025.

Note 16 Creditors

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	(3,257)	Central Government Bodies	0	(3,984)
(3,451)	(6,826)	Other Local Authorities	(2,672)	(5,745)
0	0	National Health Service	(138)	(217)
(420)	(11,255)	Other Entities and Individuals	(767)	(10,834)
(3,871)	(21,338)	Total Creditors	(3,577)	(20,780)

The balance against other entities and individuals in the Police and Crime Commissioner Group includes accumulated absence creditors of £2.938mn (2023/24 £2.697mn).

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments

17.1 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long Term		Current	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents (17.1.2)				
Amortised cost	0	0	2,468	1,742
Fair value through profit or loss	0	0	13,075	19,376
Total Cash and Cash Equivalents	0	0	15,543	21,118
Debtors (Trade Receivables)				
Amortised cost	0	0	1,156	1,364
Total included in Debtors	0	0	1,156	1,364
Liabilities (17.1.3)				
PFI liabilities	(16,332)	(31,164)	(1,972)	(2,597)
Total PFI Liabilities	(16,332)	(31,164)	(1,972)	(2,597)
Pre 90 Loan at amortised cost	(382)	(275)	(107)	(107)
Finance leases at amortised cost	(39)	(731)	(26)	(100)
Total Other Liabilities	(421)	(1,006)	(133)	(207)
Borrowing (17.1.4)				
Amortised cost	(15,000)	(14,500)	(13,500)	(18,000)
Total Borrowing	(15,000)	(14,500)	(13,500)	(18,000)
Creditors (Trade Payables)				
Amortised cost	0	0	(8,186)	(7,229)
Total included in Creditors	0	0	(8,186)	(7,229)

* The finance lease liability is shown within the "Other Long Term and Other Short Term Liabilities" lines on the Balance Sheet.

**The trade receivables figure of £1.364mn shown above is the net balance after removing non-cashable items such as prepayments, £4.665mn from the other entities and individual's debtor balance of £6.029mn as shown in the debtors note.

*** The trade payables figure of (£7.229mn) shown above is the net balance after removing non-cashable items such as accumulated absence of (£2.938mn), prepayment creditors (£323,000) and receipts in advance of (£344,000) from the other entities and individual's creditor balance of (£10.834mn) as shown in the creditors note.

17.1.1 Investments

Financial assets at fair value through profit and loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

17.1.2 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts, deposit account and money market funds all of which are repayable at 24 hours' notice without penalty.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

17.1.3 Long-Term Liabilities

The long term liabilities relates to two schemes under the government's Private Finance Initiatives (PFI). The first was for the replacement of the Western Division HQ and certain section stations. Occupation of the facilities and payments commenced in 2001 and will continue for 30 years. The second relates to the provision of a new facility at Poole as part of a joint PFI between Dorset Police and Dorset Fire and Rescue Services. Occupation was in 2009 and payments will continue for 25 years. Government grants are received annually towards the costs of these schemes.

17.1.4 Borrowing

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Most of the arrangements are based on annual repayments for interest only and the principal is repayable at the date of loan maturity. One arrangement is based on equal instalments of principal and so the repayment includes interest and an element of principal.

All short-term borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

17.2 Income, Expense, Gains and Losses

	2023/24	2024/25
	Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure	
	£'000	£'000
Net (gains)/losses on:		
Financial assets measured at amortised cost	0	(1)
Total net (gains)/losses	0	(1)
Interest revenue		
Financial assets measured at fair value through profit and loss	(1,214)	(1,022)
Financial assets measured at amortised cost	(12)	(37)
Total Interest revenue	(1,226)	(1,059)
Interest expense		
Financial liabilities measured at amortised cost	747	751
Total Interest expense	747	751

17.3 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2025 have been calculated using interest rates in force and with reference to quoted markets where appropriate as at 31 March 2024 and 2025
- The long-term borrowing as at 31 March 2024 and 31 March 2025 has been calculated by reference to market interest rates
- The fair value of trade receivables and payables is taken to be the invoiced or the billed amount
- The discount rate used in the calculation of the fair value of the PFI's and finance lease liabilities has been calculated by reference to PWLB rates or the rate implicit in the lease if known

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

- Level 1 input has been used to measure the fair value of the financial assets which uses quoted prices in active markets for identical assets as a basis of valuation
- Level 2 input has been used to measure the fair value of the financial liabilities

There have been no transfers between levels 1 and 2 and no change in valuation technique during the year

Financial Assets	31 March 2024	31 March 2024	31 March 2025	31 March 2025
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Cash and cash equivalents				
Investments held at amortised cost	2,468	2,468	1,742	1,742
Investments held at FVPL	13,075	13,075	19,376	19,376
Debtors (Trade Receivables)	1,156	1,156	1,364	1,364
	16,699	16,699	22,482	22,482
	31 March 2024	31 March 2024	31 March 2025	31 March 2025
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Other liabilities at amortised cost	(489)	(488)	(382)	(377)
PFI liabilities	(18,304)	(14,355)	(33,761)	(33,761)
Borrowing	(28,500)	(28,200)	(32,500)	(32,118)
Finance Lease	(65)	(59)	(831)	(831)
Creditors (Trade Payables)	(8,186)	(8,186)	(7,229)	(7,229)
	(55,544)	(51,288)	(74,703)	(74,316)

17.4 Nature and extent of risks arising from financial instruments

The Police and Crime Commissioner's activities expose it to a variety of financial risks, including:

- credit risk the possibility that other parties might fail to pay amounts due to the Police and Crime Commissioner
- liquidity risk the possibility that the Police and Crime Commissioner might not have funds available to meet its commitments to make payments
- market risk the possibility that financial loss may arise for the Police and Crime Commissioner as a result of changes in such measures as interest rates and stock market movements.

The Police and Crime Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy. The Police and Crime Commissioner provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

17.4.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Police and Crime Commissioner's customers.

This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are contained within the Treasury Management Strategy which is published on the Police and Crime Commissioner website. The Police and Crime Commissioner exposure to credit risk is an average credit rating of A+.

17.4.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy.

For 2024/25, a 0.32% loss allowance of trade receivables has been calculated as well as the 12 month expected credit loss on investments held with banks. The total loss allowance amounts to £22,000.

17.4.3 Liquidity Risk

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Police and Crime Commissioner has ready access to borrowings from the money markets, the Public Works Loan Board and Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Police and Crime Commissioner will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of borrowing held as at 31 March 2025 is shown in the long term borrowing note.

At 31 March 2025 the Police and Crime Commissioner held £20.446mn (31 March 2024 £14.191mn) in on-call and money market fund accounts to manage short term liquidity requirements.

17.4.4 Market Risk

17.4.4.1 Interest Rate Risk

The Police and Crime Commissioner is exposed to risk in terms of interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

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

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

The Police and Crime Commissioner manages interest rate risk by setting indicators to control the exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasurer assesses interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

Police and Crime Commissioner for Dorset

Note 17 Financial Instruments Continued

All borrowing held at 31 March 2025 is with fixed interest rates. All investments held have variable rates. If interest rates had been 1% higher with all other variables held constant, the financial effect on interest receivable on investments would be £204,000. This would have an impact on the Surplus or Deficit on the Provision of Services. The impact of 1% fall in interest rates would be as above but with the movements being reversed.

17.4.4.2 Price Risk

The Police and Crime Commissioner is exposed to price risk in terms of movement in the value of pooled investments and financial assets valued at fair value through profit and loss. Controls for this exposure is set out in the Treasury Management Strategy.

Note 18 Provisions

2024/25	Insurance £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2024	(165)	(770)	(935)
Additional provisions made	(152)	0	(152)
Amounts used/reversed/change in reserve	177	269	446
Balance at 31 March 2025	(140)	(501)	(641)
Long Term Liabilities			
Balance at 1 April 2024	(1,002)	0	(1,002)
Additional provisions made	(152)	0	(152)
Amounts used/reversed/change in reserve	305	0	305
Balance at 31 March 2025	(849)	0	(849)
Total Provisions Balance	(989)	(501)	(1,490)

2023/24	Insurance £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2023	(153)	(233)	(386)
Additional provisions made	(203)	(534)	(737)
Amounts used/reversed/change in reserve	191	(3)	188
Balance at 31 March 2024	(165)	(770)	(935)
Long Term Liabilities			
Balance at 1 April 2023	(931)	0	(931)
Additional provisions made	(149)	0	(149)
Amounts used/reversed/change in reserve	78	0	78
Balance at 31 March 2024	(1,002)	0	(1,002)
Total Provisions Balance	(1,167)	(770)	(1,937)

Police and Crime Commissioner for Dorset

Note 18 Provisions Continued

18.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £500,000 of individual public and employer's liability claims and for motor claims £550,000. The Police and Crime Commissioner for Devon and Cornwall and the Police and Crime Commissioner for Dorset have a single insurance policy with a stop loss of £4.4mn for public and employer's liability claims and £1.9mn for motor claims. The insurance provision is to cover any claims from 2024/25 and previous years. The payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2025 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

18.2 Other Provisions

The other provisions mainly relate to contractual pay claims. The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2025/26.

Note 19 Unusable Reserves

31 March 2024			31 March 2025
£'000	Note		£'000
25,276	20.1	Revaluation Reserve	20,621
3,378	20.2	Capital Adjustment Account	(10,302)
(1,135,054)	20.3	Pensions Reserve	(1,119,516)
674	20.4	Collection Fund Adjustment Account	580
(2,697)	20.5	Accumulated Absences Account	(2,938)
(1,108,423)		Total Unusable Reserves	(1,111,555)

19.1 Revaluation Reserve

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

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

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

2023/24		Revaluation Reserve	2024/25	
£'000	£'000		£'000	£'000
	26,374	Balance at 1 April		25,276
	0	IFRS 16 Adjustment		(178)
	26,374	Restated Balance at 1 April		25,098
	(1,052)	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services		(4,413)
(46)		Difference between fair value depreciation and historical cost depreciation	(64)	
0		Accumulated gains on assets sold or scrapped	0	
	(46)	Amount written off to the Capital Adjustment Account		(64)
	25,276	Balance at 31 March		20,621

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction and enhancement. The account contains accumulated gains and losses on investment properties that have yet to be consumed by the Police and Crime Commissioner. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2023/24 £'000	Capital Adjustment Account	2024/25 £'000
11,461	Balance at 1 April	3,378
0	IFRS 16 Adjustment	(17,444)
11,461	Restated Balance at 1 April	(14,066)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:	
(4,451)	• Charges for depreciation and impairment of non-current assets	(4,428)
(7,931)	• Revaluation losses on Property, Plant and Equipment	(668)
(21)	• Amortisation of intangible assets	(9)
(171)	• Revenue expenditure funded from capital under statute	(229)
547	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(222)
(12,027)		(5,556)
46	Adjusting amounts written out of the Revaluation Reserve	64
(11,981)	Net written out amount of the cost of non-current assets consumed in the year	(5,492)
	Capital Financing applied in the year:	
(3,112)	• Transfer of sale proceeds to the Capital Receipts Reserve and application to finance new capital expenditure and disposal costs	0
138	• Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	1,235
3,547	• Statutory provision for the financing of capital investment charged against the General Fund balances	4,585
3,325	• Capital expenditure charged against the General Fund balances	3,238
3,898		9,058
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	198
3,378	Balance at 31 March	(10,302)

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.3 Pension Reserve

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

2023/24		Pension Reserve	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(1,140,428)	(1,140,428)	Balance at 1 April	(1,135,054)	(1,135,054)
5,785	0	Intra-Group Adjustments	15,539	0
(409)	25,326	Re-measurements of the net defined benefit liability/(asset)	(18)	34,816
(173)	(74,095)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the provision of services in the Comprehensive Income and Expenditure Statement	(222)	(76,391)
171	54,143	Employer's pensions contributions and direct payments to pensioners payable in the year	239	57,113
(1,135,054)	(1,135,054)	Balance at 31 March	(1,119,516)	(1,119,516)

19.4 Collection Fund Adjustment Account

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

2023/24 £'000	Collection Fund Adjustment Account	2024/25 £'000
1,729	Balance at 1 April	674
(1,055)	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(94)
674	Balance at 31 March	580

Police and Crime Commissioner for Dorset

Note 19 Unusable Reserves Continued

19.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24		Accumulated Absences Account	2024/25	
PCC £'000 (28)	PCC Group £'000 (2,549)		PCC £'000 (26)	PCC Group £'000 (2,697)
		Balance at 1 April		
28	2,549	Settlement or cancellation of accrual made at the end of the preceding year	26	2,697
(26)	(2,697)	Amounts accrued at the end of the current year	(45)	(2,938)
2	(148)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(19)	(241)
(26)	(2,697)	Balance at 31 March	(45)	(2,938)

Note 20 Cash Flow Statement – Operating Activities

2023/24	2023/24		2024/25	2024/25
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(7,669)	(7,436)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(21,752)	(13,062)
233	0	Net cash receipts/(payments) from operating activities excluding interest receipts and payments - Intra-Group Transaction	8,690	0
(1,226)	(1,226)	Interest received	(1,059)	(1,059)
747	747	Interest paid	751	751
(7,915)	(7,915)	Net cash flows from operating activities	(13,370)	(13,370)

Police and Crime Commissioner for Dorset

Note 21 Cash Flow Statement – Investing Activities

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
13,120	14,848	Purchase of property, plant and equipment, investment property and intangible assets	5,647	8,729
1,728	0	Purchase of property, plant and equipment, investment property and intangible assets - Intra-Group Transaction	3,082	0
0	0	Short-term redemptions	0	0
(3,140)	(3,140)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(185)	(185)
11,708	11,708	Net cash flows from investing activities	8,544	8,544

Note 22 Cash Flow Statement – Financing Activities

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
(13,000)	(13,000)	Short-term Loans received	(17,500)	(17,500)
7,000	7,000	Short-term Loans repaid	13,000	13,000
500	500	Long-term Loans repaid	500	500
(52)	(52)	Cash payments to reduce finance lease liabilities	1,344	1,344
2,173	2,173	Cash payments to reduce on balance sheet liabilities	1,907	1,907
(3,379)	(3,379)	Net cash flows from financing activities	(749)	(749)

Note 23 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
86	133	Standard fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	93	147
5	10	Additional fees in relation to regulation changes and expert advice	0	0
91	143	As per the audit plan	93	147
33	50	Estimated fees payable to external auditors with regard to external audit services carried out by the appointed auditor for prior years	5	10
124	193	Total	98	157

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration

24.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Office of the Police and Crime Commissioner and the Chief Constable above the rank of Superintendent and the staff equivalent. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note and shown within the Office of the Police and Crime Commissioner note.

2024/25	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
Office of the Police & Crime Commissioner								
<u>Salary £50,000 to £149,999 per year</u>								
OPCC Chief Executive		127,444	0	0	127,444	21,443	0	148,887
Chief Financial Officer		73,969	0	0	73,969	11,644	0	85,613
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable - Amanda Pearson		200,486	76	0	200,562	66,641	0	267,203
Deputy Chief Constable - Rachel Farrell		153,493	0	0	153,493	50,053	0	203,546
<u>Salary £50,000 to £149,999 per year</u>								
Assistant Chief Constable		144,951	0	0	144,951	47,016	0	191,967
Assistant Chief Constable		144,916	0	0	144,916	47,016	0	191,932
Assistant Chief Constable		134,151	0	0	134,151	43,225	0	177,376
Assistant Chief Constable (Regional) 03/03/25 to 31/03/25	1	9,393	0	1,090	10,483	3,316	0	13,799
Chief Financial Officer		138,232	0	0	138,232	23,662	0	161,894
Director of People and Support Services		126,532	0	5,224	131,756	23,662	0	155,418
Chief Superintendent 01/04/24 to 30/08/24		47,059	0	0	47,059	15,087	0	62,146
Chief Superintendent 31/05/24 to 28/02/25		79,521	0	0	79,521	26,064	0	105,585
Chief Superintendent		108,572	0	0	108,572	35,519	0	144,091
Chief Superintendent		98,825	0	0	98,825	34,206	0	133,031
Chief Superintendent		108,444	0	0	108,444	35,251	0	143,695
Chief Superintendent		114,383	21	0	114,404	38,066	0	152,470
Chief Superintendent from 24/02/25 to 31/03/25		13,269	0	0	13,269	3,454	0	16,723
Chief Superintendent from 11/03/25 to 31/03/25		6,054	0	0	6,054	1,985	0	8,039

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

2023/24	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Office of the Police & Crime Commissioner</u>								
<u>Salary £50,000 to £149,999 per year</u>								
Chief Executive		113,256	0	2,499	115,755	20,296	0	136,051
Chief Financial Officer		69,546	0	0	69,546	10,884	0	80,430
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable - Amanda Pearson		185,156	0	0	185,156	53,883	0	239,039
<u>Salary £50,000 to £149,999 per year</u>								
Deputy Chief Constable to 06/08/23	1	47,542	0	1,652	49,194	14,514	0	63,708
Deputy Chief Constable from 31/07/23 to 31/03/24 - Assistant Chief Constable from 01/04/23 to 30/07/23		138,299	0	0	138,299	38,125	0	176,424
Assistant Chief Constable		139,196	0	0	139,196	35,260	0	174,456
Assistant Chief Constable from 09/05/23 to 31/03/24 - Chief Superintendent from 01/04/23 to 08/05/23		130,939	0	0	130,939	35,112	0	166,051
Assistant Chief Constable from 11/09/23 to 31/03/24 - Detective Chief Superintendent from 01/04/23 to 10/09/23		113,911	0	0	113,911	32,177	0	146,088
Chief Financial Officer		122,733	0	0	122,733	20,830	0	143,563
Director of People and Support Services		119,765	0	5,224	124,989	23,288	0	148,277
Chief Superintendent		109,429	0	0	109,429	30,556	0	139,985
Chief Superintendent from 10/05/23		89,714	0	0	89,714	25,713	0	115,427
Chief Superintendent to 11/06/23		20,350	0	0	20,350	5,726	0	26,076
Chief Superintendent		101,966	0	0	101,966	29,699	0	131,665
Chief Superintendent from 11/09/23		52,362	0	0	52,362	14,436	0	66,798
Chief Superintendent from 07/08/23		66,456	0	0	66,456	19,048	0	85,504
Chief Superintendent to 25/10/23		59,789	0	0	59,789	16,444	0	76,233

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

24.1 Notes

2024/25

- The regional Assistant Chief Constable is employed by Dorset Police. Costs are shared between the collaborating Police Forces. More information on the collaboration is shown below.

2023/24

- The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide some specific services across both Forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective Forces. This arrangement came to an end in August 2023.

24.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2023/24 and 2024/25. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Devon and Cornwall Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 – £20,000	0	2	1	80	1	82	4	958
£20,001 - £40,000	2	1	0	1	2	2	66	51
£40,001 - £60,000	0	0	0	1	0	1	0	52
£60,001 - £80,000	0	0	1	0	1	0	76	0
Total included in bandings and in CIES	2	3	2	82	4	85	146	1,061
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement							0	72
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement							(4)	(47)
Exit Costs charged to the Comprehensive Income and Expenditure Statement							142	1,086

Police and Crime Commissioner for Dorset

Note 24 Officers' Remuneration Continued

24.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers' remuneration.

2023/24		2024/25
Number of employees	Remuneration Band	Number of employees
288	£50,000 - £54,999	276
160	£55,000 - £59,999	205
90	£60,000 - £64,999	97
27	£65,000 - £69,999	82
12	£70,000 - £74,999	12
13	£75,000 - £79,999	8
6	£80,000 - £84,999	7
3	£85,000 - £89,999	4
2	£90,000 - £94,999	7
5	£95,000 - £99,999	4
0	£100,000 - £104,999	4
1	£105,000 - £109,999	0
0	£115,000 - £119,999	1
0	£125,000 - £129,999	1
1	£145,000 - £149,999	0
0	£155,000 - £159,999	1
608	Total	709

24.3.1 Notes

- The above table does not include staff and officers paid below £50,000 who make up approximately 78% of the workforce.
- Pay scales for police officers are set nationally.
- There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award during 2024/25.

Police and Crime Commissioner for Dorset

Note 25 Grant Income

The Police and Crime Commissioner Group credited the following grants, and contributions to the Comprehensive Income and Expenditure Statement.

2023/24 £'000		2024/25 £'000
	Credited to Taxation and Non Specific Grant Income	
(71,029)	Police Grant	(75,294)
(7,919)	Council Tax Support Grants	(7,919)
(88)	Recognised Capital Grant and Contributions	(1,520)
(79,036)	Total	(84,733)
	Credited to Services	
(6,865)	PFI Grant	(6,865)
(3,939)	Other Local Grants	(4,098)
(2,428)	Commissioning	(1,918)
(3,870)	Projects	(3,029)
(3,697)	Forensics Capability Network	(2,968)
(1,379)	Pension Support Grant	(4,296)
(2,737)	Pay Award Grant	(1,358)
(24,915)	Total	(24,532)
	Credited to Other Operating Income and Expenditure	
(25,238)	Pensions Top Up Grant	(23,782)
(129,189)	Total Grant Income	(133,047)

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations

26.1 Related Party Transactions

The Police and Crime Commissioner is required to disclose material transactions with related parties, including the Chief Constable, central government, other local authorities, members, senior officers and their close families.

26.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner. It is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

26.1.2 Independent Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website. No relevant transactions have been reported.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure.

The Chief Financial Officer to the Police and Crime Commissioner sits on the Owners Board of the South West Audit Partnership (SWAP) that supplies Internal Audit Services to the Force and OPCC. The Chief Financial Officer represents all five Forces and OPCC's in the region who are members and are required to nominate a member of the Owners Board. No personal benefit is received by the Chief Financial Officer from this arrangement.

26.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The main commissioning and partnership working is shown in the table below.

2023/24			2024/25		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
					OPCC Commissioning and Partnerships
677	0	1	522	0	Commissioner's Safety Fund
625	0	2	570	0	Local Innovation Fund
1,305	(1,305)	3	1,432	(1,432)	Victims Services
1,123	(1,123)	4	1,419	(1,458)	Other Local Grants and Funding
202	0		450	0	Transfer to/(from) Reserves
3,932	(2,428)		4,393	(2,890)	Outturn Total
0	0		(2)	0	Pension Cost
0	0		4	0	Accumulated Absence
(202)	0		(450)	0	Reverse Transfer to/(from) Reserves
3,730	(2,428)		3,945	(2,890)	CIES Total
1,302			1,055		CIES Net Expenditure Total

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the Office of the Police and Crime Commissioner website.

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2025.

26.2.1 Commissioner's Safety Fund

This fund covers numerous community-based projects and the key initiatives covered in the above expenditure include:

The Maple Project - Domestic Abuse Advisors, employed by Dorset Police. This service ensures that women, men and children whose lives are affected by domestic abuse receive a high level of support and protection and perpetrators are held accountable for their actions and behaviour - *also part funded by the Victims Services budget.*

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaboration Continued

Drug Intervention Programme - Provision of appropriate support to people within the criminal justice system with substance misuse issues.

Safe Schools and Communities Team - Provide targeted interventions to young people and the wider community, helping to reduce and prevent crime and Anti Social Behaviour - *core contributor to the Safe Schools and Communities Team.*

Combined Dorset Youth Offending Services - Supporting the Youth Offending Services to provide interventions that reduce and prevent offending/reoffending by children and young people within the criminal justice system - *core contributor to the Youth Offending Service for pan-Dorset.*

Restorative Justice Service - Providing a pan-Dorset Restorative Justice and restorative mediation capability for victims of crime and anti-social behaviour - *also part funded by the Victims Services budget.*

Victims Bureau – Funding towards the running costs of a team dedicated to supporting victims of crime. Enabling direct contact by Dorset Police with victims of crime, including providing updates on progress of relevant cases through the Criminal Justice System.

Victim Support – Support for victims of domestic abuse – *primarily funded from the Victim Services budget.*

Police Consultation Groups - Enabling Dorset Police to consult with appropriate and experienced organisations representing harder to reach communities.

Electronic Tagging scheme - Lease of electronic tags to be issued to offenders as a part of their bail conditions.

26.2.2 Local Innovation Fund

This fund covers numerous community-based projects and the key initiatives covered in the above expenditure include:

Boscombe Community Safety Accreditation Scheme - Enabling accreditation of Bournemouth Christchurch and Poole Council employed staff in order to enhance the delivery of community safety interventions within Boscombe.

Learning Disability Advisors - Providing targeted support to victims of crime with learning difficulties, including providing advice regarding the criminal justice process.

Stalking Co-ordinator – Funding for an Independent Stalking Advocate post to reduce risk and increase safety by providing an effective service to all high-risk victims of stalking.

Weymouth Community Safety Accreditation Scheme - Accrediting council staff to use certain police and council powers reduce anti-social behaviour, street drinking, rough sleeping and begging in Weymouth, primarily in the Melcombe Regis area of the town.

Poole Community Safety Accreditation Scheme - Enabling accreditation of Bournemouth Christchurch and Poole Council employed staff in order to enhance the delivery of community safety interventions within Poole Town Centre and the bus station.

Circles South-West - To provide Circles of Support to known perpetrators of sexual offences, to reduce offending behaviours and therefore prevent further sexual abuse. Circles are delivered to adults convicted of serious sexual offences who have been assessed as high or very high risk of re-offending and/or serious harm.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

Fly Tipping Co-ordinator - The Co-ordinator post investigates incidents and reports of fly tipping in Dorset and works with partners to raise awareness around duty of care and prevention.

Operation Relentless Grant Fund – Grant pot for community groups to bid for small grants to support projects addressing anti-social behaviour.

Client Casework Administrator – Casework administrator to support independent sexual violence advisors (ISVA's) in administrative tasks such as note taking, referrals and appointment management. Enabling ISVAs to focus more time on client support, improving the victims experience.

Support to Dorset Police – Targeted interventions relating to specific issues such as shoplifting, anti-social behaviour and drug enabled crime.

26.2.3 Victims Services, Community Safety Accreditation and Police Transformation Funding

Sexual Assault Referral Centre (SARC) – Contribution to service delivery. Delivering confidential immediate crisis support and forensic medical assessments for victims of sexual assaults.

Independent Sexual Violence Advisors - Sub-contract of the Sexual Assault Referral Centre - Provision of Independent Sexual Violence Advisors to provide targeted support to victims of sexual violence, including providing advice regarding the criminal justice process.

Victims Services - Providing emotional and practical support to victims of crime in Dorset.

Sexual Trauma and Recovery Services - Providing immediate and ongoing support to victims and survivors of sexual violence, including longer-term specialist support.

26.2.4 Other Grants and Funding

The following grants were received from the Home Office and Ministry of Justice (MOJ):

	£
Safer Streets Round 5 (Home Office)	315,909
Support for Domestic Abuse and Sexual Violence (MOJ)	169,168
Serious Violence Duty (Home Office)	354,067
Immediate Justice (Home Office)	618,613
Total	1,457,757

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.3 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. The activities undertaken involve the use of the assets and resources of the joint operators. The table below shows the regional activities.

2023/24			2024/25
Expenditure £'000	Notes	Joint Operation	Expenditure £'000
3,827	1	South West Regional Forensics Services	4,287
237	2	South West Police Procurement Services	263
2,231	3	South West Regional Organised Crime Unit (ROCU)	2,572
255	4	South West Regional Programme	292
6,550			7,414

26.3.1 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each Force employing a number of staff. The cost totalled £27.967mn which was spent on operational costs and was split on a percentage basis, with Devon and Cornwall contributing 36.17%, Avon and Somerset contributing 34.75%, Wiltshire contributing 13.75% and Dorset contributing 15.33%. The Force cost for the year was £4.287mn.

26.3.2 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police, Devon and Cornwall Police and Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £263,000. Most of the £1.945mn total cost is split on a percentage basis with Dorset contributing 13.52%, Wiltshire Police contributing 12.12%, Gloucestershire Police contributing 11.82%, Devon and Cornwall contributing 31.90% and Avon and Somerset contributing 30.64%.

26.3.3 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Devon and Cornwall Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £2.572mn. The total cost of £19.024mn is split on a percentage basis with Dorset Police contributing 13.52%, Devon and Cornwall contributing 31.90%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82% and Avon and Somerset contributing 30.64%.

26.3.4 South West Regional Programme

The South West Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects, along with now including the South West Disaster Victim Identification and Casualty Bureau Co-ordination. Costs are shared with the Forces that are involved in each project. The cost totalled £2.077mn of which £1.094mn was split on the following percentage basis, with Dorset contributing 13.52%, Avon and Somerset contributing 30.64%, Wiltshire contributing 12.12%, Devon and Cornwall contributing 31.90% and Gloucestershire contributing 11.82%. The remaining costs related to the Quality Standards team and SWPC Regional Project Team totalling £677,000 and £306,000 with Dorset contributing 14.76% and 14.33% respectively. The Force cost for the year was £292,000.

Police and Crime Commissioner for Dorset

Note 26 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

26.4 Other Public Bodies

Precept Income

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept. The amounts collected (adjusted for surpluses or shortfalls collected for previous years) are shown below.

31 March 2024		31 March 2025
£'000	Billing Authority	£'000
43,261	Dorset Council	45,201
40,666	Bournemouth, Christchurch & Poole	43,462
83,927		88,663
(1,055)	Adjusted for accruals	(94)
82,872		88,569

Pension Administration

The Police and Crime Commissioner purchases the Police Staff pension administration services from Dorset Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

Note 27 Contingent Liabilities

27.1 Pension Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a pension guarantee of £21,000 for the APCC pension fund which is currently held by Merseyside Local Government Pension Scheme.

27.2 Compensation Claims

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

27.4 Beckmann

The Police and Crime Commissioner Group has provided a Beckmann indemnity, to cover enhanced redundancy benefits of TUPE'd employees over a certain age. Initial calculations indicate a potential cost of £700,000 however the number of employees affected by this have not yet been confirmed and there is still uncertainty whether the liability will transpire.

27.5 Bluelight Commercial Guarantee

The Police and Crime Commissioner has along with other Police and Crime Commissioner's provided a financial guarantee to Bluelight Commercial Limited amounting to £55,000.

Police and Crime Commissioner for Dorset

Note 28 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

2023/24			2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
33,089	33,089	Opening Capital Financing Requirement	43,016	43,016
0	0	IFRS 16 Adjustment	20,664	20,664
33,089	33,089	Restated Opening Capital Financing Requirement	63,680	63,680
		Capital Investment:		
13,120	13,120	Land and buildings	6,385	6,385
0	1,348	Vehicles and Other Transport	0	942
0	2,326	Plant, Equipment and ICT	0	2,140
0	0	Intangible Assets	0	0
0	171	Revenue Expenditure Funded from Capital Under Statute	0	229
3,845	0	Intra-Group Capital Investment	3,311	0
16,965	16,965		9,696	9,696
		Less Sources of Finance:		
0	(138)	Grants and Contributions	0	(1,235)
0	(28)	Capital Receipts	0	(185)
0	(696)	Borrowing: Minimum Revenue Provision	0	(810)
0	(48)	Finance Lease: Minimum Revenue Provision	0	(24)
(2,803)	(2,803)	PFI/Loan Charge: Minimum Revenue Provision	(3,750)	(3,750)
0	0	Finance Lease: Remeasurement	(1,314)	(1,314)
(390)	(3,325)	Reserves	(2,181)	(3,238)
(3,845)	0	Intra-Group Less Sources of Finance	(3,311)	0
(7,038)	(7,038)	Increase/(Decrease) in Capital Financing Requirement	(10,556)	(10,556)
43,016	43,016	Closing Capital Financing Requirement	62,820	62,820
		Represented by:		
18,792	18,792	PFI and Other Long Term Liabilities	34,142	34,142
14,100	14,100	External Borrowing	15,000	15,000
10,059	10,059	Internal Borrowing	12,524	12,524
65	65	Finance Lease Liabilities	1,154	1,154
43,016	43,016		62,820	62,820
		Borrowing During the Year		
(2,174)	(2,174)	PFI and Other Long Term Liabilities	15,350	15,350
10,648	10,648	External Borrowing	400	400
1,400	1,400	Internal Borrowing	2,965	2,965
53	53	Finance Lease	1,089	1,089
9,927	9,927		19,804	19,804

Police and Crime Commissioner for Dorset

Note 29 Office of the Police and Crime Commissioner

2023/24		2024/25
£'000	Office of the Police and Crime Commissioner	£'000
15	Independent members and advisors costs	8
151	Police and Crime Commissioner including reimbursements	167
1,020	Statutory and other OPCC staff	1,389
331	Other costs	113
(37)	Income	(42)
70	Transfer to/(from) Reserves	(7)
1,550	Outturn Total	1,628
2	Pension costs	(10)
(2)	Accumulated Absence	16
(70)	Reverse Transfer to/(from) Reserves	7
922	Depreciation	980
2,402	CIES Total	2,621

Disclosed below are the Police and Crime Commissioner's remuneration costs which are included within the above table.

2023/24		2024/25
£'000	Police and Crime Commissioner	£'000
84	Salary, Fees and Allowances	84
84	Total excluding pension contributions	84
14	Employer's Pension	14
98	Total	98

Note 30 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Police and Crime Commissioner Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Police and Crime Commissioner Group operated four pension schemes, three for police officers and one for police staff. From 1 April 2022, members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore, from this date, the Police and Crime Commissioner Group operated two pension schemes, one for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group 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 Group in the form of a central government top-up grant.

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

A similar adjustment arising from the McCloud/Sargeant judgement has been made for the Local Government Pension Scheme.

30.1 Police Officer Schemes

30.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Dorset, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Group makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

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

2023/24 £'000		2024/25 £'000
(1,135,587)	Opening balance at 1 April	(1,134,961)
(12,281)	Current service cost	(13,852)
(53,420)	Interest cost	(54,442)
(7,863)	Contributions from scheme participants	(8,431)
	Remeasurement gains and (losses):	
4,504	• Actuarial gains/(losses) arising from changes in demographic assumptions	(10,777)
18,557	• Actuarial gains/(losses) arising from changes in financial assumptions	154,543
(2,589)	• Experience gains/(losses) on defined benefit obligation	(108,314)
51,838	Benefits paid	54,871
1,880	Injury pension payments	1,924
(1,134,961)	Closing balance at 31 March	(1,119,439)

30.1.3 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
12,281	Current service cost	13,852
	Financing and Investment Income and Expenditure	
53,420	Net interest expense	54,442
65,701	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	68,294
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(4,504)	• Actuarial (gains)/losses arising on changes in demographic assumptions	10,777
(18,557)	• Actuarial (gains)/losses arising on changes in financial assumptions	(154,543)
2,589	Experience (gains)/losses on defined benefit obligation	108,314
45,229	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	32,842
	Movement In Reserves Statement	
(65,701)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(68,294)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
20,616	Employers' contributions payable to scheme	24,581
25,238	Home Office Top Up Grant	23,782

30.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £1.119bn has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2026 is £23.219mn.

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

30.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2024.

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2024 to 31 March 2027. The next combined actuarial valuation is to be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2023/24	Mortality Assumptions:	2024/25
	Longevity at 65 for current pensioners:	
21.3	Men	21.2
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
22.5	Men	22.5
24.7	Women	24.8
	Financial Assumptions:	
3.25%	Rate of RPI Inflation	3.20%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

The estimated weighted average duration of the Police Officer schemes is 14 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	40,382	(38,896)
Rate of increase in salaries (increase or decrease by 0.1%)	1,268	(1,262)
Rate of increase in pensions (increase or decrease by 0.1%)	14,651	(14,311)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,137)	15,492

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

30.2 Police Staff Scheme

30.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Police and Crime Commissioner Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

30.2.2 Transactions Relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff, rather than when the benefits are eventually paid as pensions. However, the charge that is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2023/24		Comprehensive Income and Expenditure Statement	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
168	8,146	• Current service cost	222	8,091
4	212	• Administration Expenses	6	216
		Financing and Investment Income and Expenditure		
1	36	Net interest expense	(6)	(210)
173	8,394	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	222	8,097
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(371)	(17,989)	• Return on plan assets (excluding the amount included in the net interest expense)	11	409
(67)	(3,266)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(16)	(600)
(164)	(7,958)	• Actuarial (gains)/losses arising on changes in financial assumptions	(1,223)	(44,644)
509	0	Apportionment Adjustment	1	0
16	765	Experience (gains)/losses on defined benefit obligation	(16)	(577)
486	23,594	Changes in effect of asset ceiling	1,262	46,048
582	3,540	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	241	8,733

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

2023/24		Movement in Reserves Statement	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(173)	(8,394)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(222)	(8,097)
Funded Liabilities		Funded Liabilities	Funded Liabilities	
PCC	PCC Group	Actual amount charged against the General Fund	PCC	PCC Group
£'000	£'000	Balance for pensions in the year:	£'000	£'000
171	8,277	Employers' contributions payable to scheme	239	8,734
Unfunded Liabilities		Unfunded Liabilities	Unfunded Liabilities	
PCC	PCC Group	Actual amount charged against the General Fund	PCC	PCC Group
£'000	£'000	Balance for pensions in the year:	£'000	£'000
0	13	Retirement benefits payable to pensioners	0	13

30.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2024			31 March 2025	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(5,984)	(266,810)	Present value of the defined benefit obligation	(6,893)	(227,895)
(486)	(23,594)	Changes in effect of asset ceiling	(1,940)	(70,810)
5,983	290,313	Fair value of plan assets	8,184	298,628
(487)	(91)	Net liability arising from defined benefit obligation	(649)	(77)

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

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

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(4,152)	(261,079)	Opening balance at 1 April	(5,984)	(266,810)	
(168)	(8,146)	Current service cost	(222)	(8,089)	
(256)	(12,428)	Interest cost	(352)	(12,865)	
(60)	(2,908)	Contributions from scheme participants	(85)	(3,117)	
		Remeasurement gains/(losses):			
67	3,266	• Actuarial gains/(losses) arising from changes in demographic assumptions	16	600	
164	7,958	• Actuarial gains/(losses) arising from changes in financial assumptions	1,223	44,644	
(16)	(765)	• Experience gains/(losses) on defined benefit obligation	16	577	
(1,713)	0	Apportionment adjustment	(1,975)	0	
150	7,292	Benefits paid	470	17,165	
(5,984)	(266,810)	Closing balance at 31 March	(6,893)	(227,895)	

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

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2026 is estimated to be £7.854mn of which £215,000 is for the Police and Crime Commissioner. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025. These projections are based on the assumptions as at 31 March 2025.

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
4,076	256,238	Opening fair value of scheme assets	5,983	290,313	
255	12,392	Interest income	390	14,241	
		Remeasurement gains/(losses):			
371	17,989	• The return on plan assets, excluding the amount included in the net interest expense	(11)	(409)	
1,204	0	Apportionment adjustment	1,974	0	
(4)	(212)	Administration expenses	(7)	(216)	
171	8,290	Contributions from employer	240	8,747	
60	2,908	Contributions from employees into the scheme	85	3,117	
(150)	(7,292)	Benefits paid	(470)	(17,165)	
5,983	290,313	Closing fair value of scheme assets	8,184	298,628	

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

30.2.6 Local Government Pension Scheme assets comprised:

31 March 2024			31 March 2025	
PCC	PCC Group	Fair Value of Scheme assets	PCC	PCC Group
£'000	£'000	Cash and cash equivalents	£'000	£'000
3,744	181,700	UK Equities	5,132	187,298
396	19,219	Diversified Growth Fund	546	19,917
391	18,996	Other Bonds	537	19,592
470	22,763	Property	573	20,909
444	21,523	Infrastructure	629	22,942
126	6,122	Cash	179	6,516
412	19,988	Multi Asset Credit	588	21,454
0	2	Liability Driven Investment	0	0
5,983	290,313	Total	8,184	298,628

30.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Long-term expected rate of return on assets in the scheme:	
4.95%	Equity investments	5.85%
4.95%	Bonds	5.85%
4.95%	Other	5.85%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.8	Men	21.8
23.9	Women	24.0
	Longevity at 65 for future pensioners:	
23.1	Men	23.1
25.4	Women	25.4
	Financial Assumptions:	
3.15%	Rate of RPI inflation	3.10%
3.90%	Rate of increase in salaries	3.85%
2.90%	Rate of increase in pensions	2.85%
4.95%	Rate for discounting scheme liabilities	5.85%

The past service liability duration has been estimated at 18 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

have followed the accounting policies for the scheme i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Due to changes in interest rates in recent years, there have been improvements in funding levels on the accounting basis which has resulted in some LGPS employers with an accounting surplus at the balance sheet date. This is the case for the Police and Crime Commissioner Group. When a surplus is calculated, the standard requires the net defined benefit asset to be measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. We have instructed Barnett Waddingham LLP, an independent firm of actuaries to carry out this calculation. They have established that the impact of the asset ceiling is £70.810mn. The calculation assumes that:

- The Employer does not have the right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement. For the period beyond the existing rates and adjustments certificate, their best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, in the absence of any other readily available figure.

The analysis shows that:

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000	Net Pension Asset in the Statement of Financial Position	£'000	£'000	
5,984	266,810	Present value of the defined benefit obligation	6,893	227,895	
(2)	(91)	Present value of unfunded obligation	(2)	(77)	
5,982	266,719	Present value of funded obligation	6,891	227,818	
(5,983)	(290,313)	Fair value of fund assets	(8,184)	(298,628)	
(1)	(23,594)	Deficit/(Surplus)	(1,293)	(70,810)	
486	23,594	Impact of asset ceiling	1,940	70,810	
2	91	Present value of unfunded obligation	2	77	
487	91	Net defined benefit liability/(asset)	649	77	

The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £70.810mn, the initial impact of the asset ceiling is £70.810mn. There is no onerous funding commitment to assess since the Police and Crime Commissioner Group is not currently making any contributions towards a funding deficit. In addition, there is an unfunded liability of £77,000 resulting in a final deficit to be recognised of £77,000.

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS 19.

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

30.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	181	(176)
Rate of increase in salaries (increase or decrease by 0.1%)	11	(11)
Rate of increase in pensions (increase or decrease by 0.1%)	101	(98)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(107)	110
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	6,612	(6,410)
Rate of increase in salaries (increase or decrease by 0.1%)	419	(416)
Rate of increase in pensions (increase or decrease by 0.1%)	3,693	(3,593)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(3,894)	3,998

30.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

30.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Dorset Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Dorset Council publishes details of the Fund's performance. More detail can be found on their website <https://dorsetpensionfund.org/>

Police and Crime Commissioner for Dorset

Note 30 Defined Benefit Pension Schemes Continued

30.2.11 Total Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Police and Crime Commissioner Group's obligation in respect of its Police Officer and Police Staff Pension Schemes is as follows.

31 March 2024			31 March 2025	
PCC	PCC		PCC	PCC Group
£'000	Group		£'000	£'000
		Police Officers Pension Schemes		
0	(1,134,961)	Present value of the defined benefit obligation - Pensions Liabilities - Intra-Group Creditor	0	(1,119,439)
0	(1,134,961)	Total Police Officer benefit obligation	0	(1,119,439)
		Police Staff Pension Scheme		
(5,984)	(266,810)	Present value of the defined benefit obligation	(6,893)	(227,895)
(486)	(23,594)	Changes in effect of asset ceiling	(1,940)	(70,810)
5,983	290,313	Fair value of plan assets	8,184	298,628
(487)	(91)	Total Police Staff benefit obligation	(649)	(77)
(1,134,961)		Police Officer Pensions Liabilities - Intra-Group Creditor	(1,119,439)	
396		Police Staff Pensions Liabilities - Intra-Group Creditor	572	
(1,134,565)		Total Intra-Group Adjustment	(1,118,867)	

Note 31 Private Finance Initiatives

The PFI liabilities balance shown on the Balance Sheet relates to two Private Finance Initiatives.

Payments

An agreed payment (or unitary charge) is made each year which comprises both fixed and variable elements. Payments remaining to be made under the service concession contract at 31 March 2025 are as follows:

2023/24					2024/25			
Payment for Services	Reimb. of Capital Exp	Interest	Total		Payment for Services	Reimb. of Capital Exp	Interest	Total
£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000
5,398	2,840	1,117	9,355	Payable within 1 year	3,496	3,991	2,041	9,528
25,526	10,411	3,445	39,382	Payable within 2 to 5 years	13,981	17,837	6,289	38,107
29,916	10,995	1,902	42,813	Payable within 6 to 10 years	9,896	18,403	2,514	30,813
2,547	1,397	52	3,996	Payable within 11 to 15 years	0	0	0	0
63,387	25,643	6,516	95,546	Total	27,373	40,231	10,844	78,448

Police and Crime Commissioner for Dorset

Note 31 Private Finance Initiatives Continued

Value of Assets under PFI Contracts

The value of assets held under PFI contracts and their movements during the year is included within the Property, Plant and Equipment Note.

The opening balance have been restated to include the remeasurement of the PFI arrangements to comply with IFRS 16.

The movement in the value of liabilities resulting from the contract is as follows:

	2023/24 £'000	2024/25 £'000
Balance outstanding at 1 April	(20,359)	(18,304)
IFRS 16 Adjustment	0	(18,231)
Restated Balance outstanding at 1 April	(20,359)	(36,535)
Payments during the year	2,685	3,814
Remeasurement	0	(172)
Capital expenditure incurred in the year	(630)	(868)
Balance outstanding at 31 March	(18,304)	(33,761)

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable whilst the capital expenditure remains to be reimbursed. The liability outstanding to be paid to the contractor for capital expenditure incurred is as follows:

2023/24 £'000	Assets	2024/25 £'000
11,908	Opening Balance	11,920
725	Additions/Development/Lifecycle	1,156
(523)	Revaluations	(1,009)
(190)	Depreciation	(141)
11,920	Closing Balance	11,926

Note 32 Investment Property

Investment properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. The long term plan for each of the seven properties was considered in 2023/24 and as a result they no longer met the investment criteria and were reclassified as surplus assets in property, plant and equipment. Asset arrangements were reviewed during 2024/25 and considered against the investment criteria. None of the arrangements met the criteria.

2023/24 £'000		2024/25 £'000
2,426	Balance at 31 March 2024	0
(241)	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	0
(2,185)	Transfers to/from property, plant and equipment	0
0	Balance at 31 March 2025	0

Police and Crime Commissioner for Dorset

Note 32 Investment Property Continued

The following rental income has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24		2024/25
£'000		£'000
(64)	Rental income from investment property	0
35	Direct operating expenses arising from investment property	0
(29)	Net (gain)/loss at year end	0

Note 33 Long Term Borrowing

The maturity analysis of long term borrowing is as follows:

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Contractual Maturity	£'000	£'000
(500)	(500)	Less than one year	(500)	(500)
(500)	(500)	Total Short Term Borrowing	(500)	(500)
(6,000)	(6,000)	More than one year less than five years	(10,500)	(10,500)
(9,000)	(9,000)	Between five and ten years	(4,000)	(4,000)
(15,000)	(15,000)	Total Long Term Borrowing	(14,500)	(14,500)
(15,500)	(15,500)	Total Borrowing for Capital Investment	(15,000)	(15,000)

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000	Contractual Maturity	£'000	£'000
(13,000)	(13,000)	Less than one year	(17,500)	(17,500)
(13,000)	(13,000)	Total Short Term Borrowing	(17,500)	(17,500)
(13,000)	(13,000)	Total Borrowing for Cashflow Purposes	(17,500)	(17,500)

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
(13,500)	(13,500)	Total Short Term Borrowing	(18,000)	(18,000)
(15,000)	(15,000)	Total Long Term Borrowing	(14,500)	(14,500)

Police and Crime Commissioner for Dorset

Note 34 Lessor - Operating Leases

The Police and Crime Commissioner leases out property under operating leases. The future minimum lease payments receivable in future years are:

31 March 2024		31 March 2025
£'000		£'000
156	Not later than one year	148
322	Later than one year and not later than five years	233
1,117	Later than five years	1,081
1,595		1,462

Note 35 Leases

In 2024/25, the Police and Crime Commissioner applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Police and Crime Commissioner incremental borrowing rate from PWLB at that date
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet as at 1 April 2024:

- £3.042mn Property, plant and equipment – land and buildings (right-of-use assets £2.216mn and peppercorn £825,000)
- £223,000 Short term creditors
- £1.887mn Long term creditors
- £323,000 Prepayments

The operating lease total commitment disclosed in the operating lease note to the 2023/24 financial statements was £1.980mn. When these lease commitments are discounted to their present value using the incremental borrowing rate at 1 April 2024, the same term and monthly rental, the commitment amounts to £1.505mn.

A full review of all lease arrangements was undertaken for 1 April 2024 with the estimable impact being disclosed in Note 2 of the 2023/24 financial statements. In order to establish the impact, a number of judgements were made on the option to extend, and all non-lease components were taken into account. As a result, the lease liability increased from £1.505mn to £1.964mn plus peppercorn arrangements estimated at £538,000 giving a total of £2.502mn as reported in the 2023/24 financial statements.

A further review has been undertaken during 2024/25. Rental payments have been updated to reflect actuals, the remaining lease term reflects updated judgements made and where non-lease components are easily identifiable, they have been excluded as per the CIPFA code. This review of the lease liabilities together with the 2024/25 repayments to suppliers has resulted in a reduction as at 31 March 2025. Consequently, the right of use asset has also been remeasured. The tables below provide more detail.

Police and Crime Commissioner for Dorset

Note 35 Leases Continued

	Land and Buildings		Total
	Right of Use	Peppercorn	
	£'000	£'000	£'000
Balance at 1 April 2024	2,216	826	3,042
Additions/Remeasurement	(1,344)	228	(1,116)
Revaluations	17	28	45
Depreciation	(118)	(29)	(147)
Disposals	0	0	0
Balance at 31 March 2025	771	1,053	1,824

These balances have been incorporated into the Property, Plant and Equipment note.

	2023/24	2024/25
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Interest expense on lease liabilities	108	70
Expense relating to short-term leases	25	31
Expense relating to exempt leases of low-value items	14	2
Variable lease payments not included in the measure of lease liabilities	421	398
Balance at 31 March 2025	568	501

	2023/24	2024/25
	£'000	£'000
Cashflow Statement		
Minimum lease payments	312	149
	312	149

Maturity analysis of lease liabilities	31 March 2024	31 March 2025
	£'000	£'000
Less than one year	277	144
One to five years	746	509
More than five years	957	2,011
Total liabilities	1,980	2,664



DORSET
POLICE & CRIME
COMMISSIONER
DAVID SIDWICK

Pension Fund Accounting Statements

Police and Crime Commissioner for Dorset

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2024 £'000		31 March 2025 £'000
	Contributions Receivable	
(18,154)	Employers (normal)	(21,650)
(7,864)	Employees (normal)	(8,431)
(583)	Ill Health capital charge	(1,008)
	Transfers In	
(70)	Individual transfers from other schemes	(21)
	Benefits payable	
45,229	Pensions	48,424
6,657	Commutations and lump sum retirement benefits	6,135
0	Lump sum death payments	163
	Payment to and on account of leavers	
23	Individual transfers to other schemes	170
25,238	Net amount paid during the year	23,782
(25,238)	Transfer from Police Fund*	(23,782)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
21,201	Received in year	24,770
4,037	Debtor	(988)
25,238		23,782

The Police Officer Pension Fund is unfunded and has no investment assets.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The employer paid a contribution equal to 35.3% of police officer pay for 2024/25. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2025.

Glossary

Police and Crime Commissioner for Dorset

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Statement of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the Balance Sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
CIES	Comprehensive Income and Expenditure Statement.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Police and Crime Commissioner for Dorset

Glossary Continued

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
FVPL	Classification of Financial asset. FVPL stands for, Fair Value through profit or loss.

Police and Crime Commissioner for Dorset

Glossary Continued

International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
Impairment	~~A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.~~
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
Medium Term Financial Strategy (MTFP)	Often referred to as MTFP, it is the financial plan and management of funding, spending and savings over a four year period.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
OPCC	Officer of the Police and Crime Commissioner.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (Unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
PWLB	Public Works Loan Board.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.

Police and Crime Commissioner for Dorset

Glossary Continued

Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
ROCU	Regional Organised Crime Unit.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.
TUPE	Transfer of Undertakings Protection of Employment.



DORSET POLICE

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Chief Constable for Dorset Police



Statement of Accounts

For the year ended 31 March 2025

Unaudited

Chief Constable for Dorset

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
Amanda Pearson



Chief Financial Officer
Neal Butterworth

Address:

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Winfrith
Dorchester
DT2 8DZ

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Chief Constable for Dorset
Statement of Accounts 2024/25

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Chief Constable for Dorset
Statement of Accounts 2024/25

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**DORSET
POLICE**

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Accompanying Reports



Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer

1.0 INTRODUCTION

- 1.1 Welcome to the Chief Constable's Statement of Accounts for 2024/25. This narrative report aims to provide the context for the Chief Constable's financial statements and to demonstrate how the resources have been allocated in line with intended outcomes for the 2024/25 financial year.
- 1.2 The financial statements provide information on the Chief Constable's financial activities for the year ending 31 March 2025. They are prepared in accordance with proper accounting practices (as defined in the Code of Practice on Local Authority Accounting in the United Kingdom) and are published in accordance with the Accounts and Audit Regulations 2015.
- 1.3 The primary function of the Chief Constable is to provide an efficient and effective police service in Dorset, ensuring that the county remains a safe county for everyone in accordance with the Chief Constable's Vision. The Vision sets out the purpose of the Force as being tough on crime, keeping people safe and putting victims first. To achieve the Vision and purpose there are six priorities which provide a benchmark and standard against which achievements of the Force may be assessed.
- Relentless pursuit of criminality
 - Putting victims first
 - Exceptional local policing
 - Ethical and inclusive
 - Innovating, transforming and improving
 - Enabling people to deliver excellence
- 1.4 The Police and Crime Commissioner for Dorset during the 2024/25 was David Sidwick who took office on 13 May 2021. His Police and Crime Plan was launched on 29 October 2021 covering the period 2021 to 2029.
- 1.5 The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. The accounts presented here are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate [document](#).

2.0 RESOURCES AVAILABLE IN 2024/25

- 2.1 The Police and Crime Commissioner for Dorset allocates the majority of the available annual funding to the Chief Constable. In 2024/25, the allocation to the Chief Constable was £168.7mn out of the total Police and Crime Commissioner funding of £171.9mn.
- 2.2 The Chief Constable works with the Police and Crime Commissioner in agreeing a Medium Term Financial Plan (MTFP), identifying the budget requirement for the following year and for the subsequent three years.
- 2.3 The national Police Officer Uplift Programme continued in 2024/25, providing for a total of 183 additional officers in the four years to 31 March 2025, bringing total budgeted headcount up to 1,450 officers. A further 8 officers were available to be recruited during 2024/25 in response to the Home Office request for forces to recruit above their existing uplift target in return for funding, to ensure that the national target was achieved, bringing the 31 March 2025 target headcount up to 1,458.
- 2.4 The ongoing need to deliver savings, alongside the significant benefits but also restrictions of the Police Officer Uplift Programme was a particularly prominent issue in 2024/25. Significant unavoidable cost pressures including inflation, pay awards and capital investment requirements required the delivery of planned and unplanned savings during the year to ensure that a balanced outturn position was achieved. This achievement of a balanced year end position was also considerably helped by the Police and Crime Commissioner's decision to increase the Council Tax by £13 (4.63%).
- 2.5 While investment opportunities were limited against this background, the Force did continue to develop and improve the way that key services were delivered, focussing on achieving ever greater value from existing resources. Some key developments were :

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

- The design and implementation of Enhanced Video Response within the Force, providing a modern approach to reporting crime, giving victims the option of speaking to a police officer at a time that is convenient and in a location they have chosen. In circumstances where it has been appropriate to use this technology it has allowed faster contact with victims, improved investigative standards, and increased victim satisfaction. Dorset Police is working with the College of Policing to introduce the same operational ability in other forces nationally.
- The Force has conducted a full review of its operating model, which has enabled a reduction in senior police officer ranks and has directly enabled the release of more officers to frontline operational roles.
- Maximising the use of Home Office funding to enhance neighbourhood policing with targeted patrols in hot spot areas, in most cases leading to a reduction in crime and serious violence.
- The delivery of Right Care, Right Person as a whole-system partnership approach, resulting in members of the community receiving support from the most appropriate agency and has ensured Dorset Police Officers and staff are able to keep people safe, bring offenders to justice and support victims of crime.
- In April 2024 the new Headquarters building at Winfrith was opened, providing a considerable improvement in working environment and value for money. Its award-winning design for sustainability has realised positive benefits in reduced energy use.

The 2024/25 year also saw the need for a considerable policing requirement for protest activity linked to national and international events, as well as the continued need to deal with activity relating to the asylum barge at Portland.

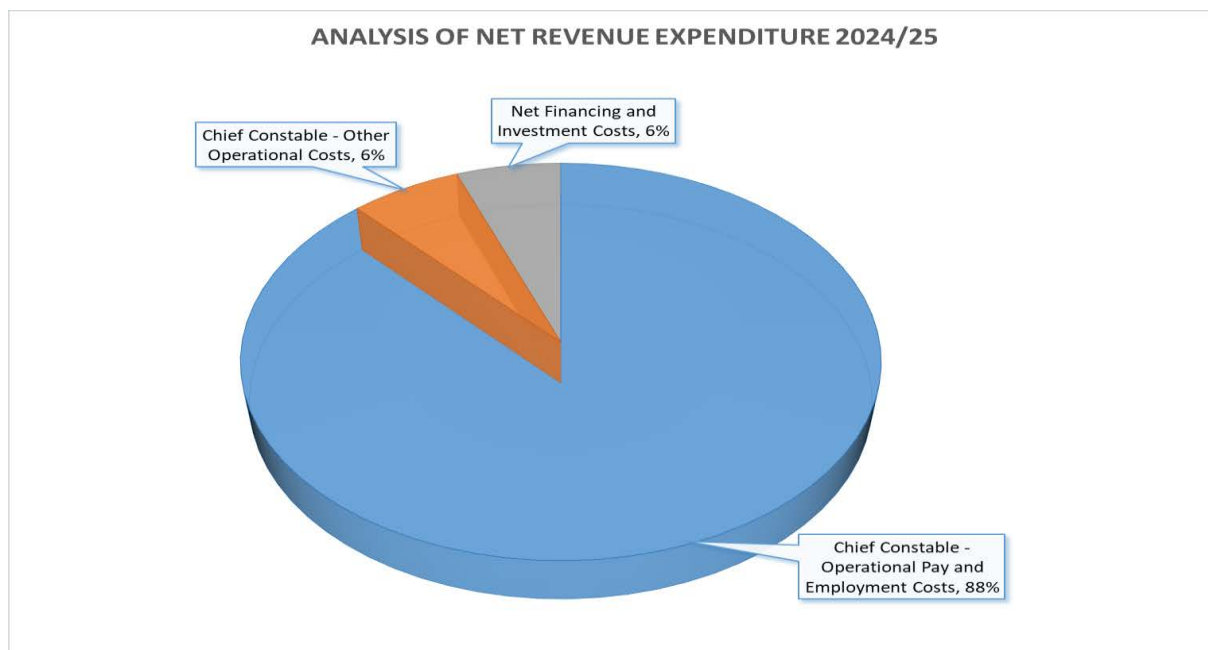
2.6 Alongside these service improvements, the Force needed to achieve a total of £4.5mn in savings and efficiencies in order to balance the budget. This savings requirement increased during the year as additional pressures became clear. The savings programme included :-

- Significant reduction of staffing costs through a mutually agreed resignation scheme (MARS)
- Implementing strict limits on the use of overtime, while allowing sufficient flexibility to ensure that critical services were maintained.
- Use of technology to improve efficiency and realise productivity gains, including further automation and online training.
- Using officer time released under the Force operating model review to change the workforce mix in areas where this will deliver value and operational benefits.
- Rationalise the use of estate to derive maximum value from our buildings and ensure that premises are used to best support policing in Dorset.
- Changes to the way the Force engages with the public.
- Exploiting opportunities to generate further income through the provision of training, including to other forces and overseas.
- Reviews of our supernumerary posts, management structures, collaborative arrangements, and long-term vacancies.

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

3.0 ACTUAL EXPENDITURE IN 2024/25

- 3.1 The Chief Constable ended the year with an underspend of £833,000. This will be transferred to the Budget Management Fund (£613,000) to cover carry forward requests and planned use of underspend in 2025/26, with the balance (£220,000) transferred to General Balances. This final spend position is reflected in the Expenditure and Funding Analysis in the accounts.
- 3.2 2024/25 was a challenging year with pressure to maintain the Uplift requirement to avoid significant financial penalties and a higher than budgeted pay award. It was anticipated that a pay award would be granted in 2024 and the Force assumed a 2.5% increase. The actual pay award was 4.75% from September 2024 for all officers and staff. Additional grant of £1.358mn was received in support of the increased pay award, however this was £462,000 short of the actual cost, further adding to the in-year budgetary pressures.
- 3.3 The Force was 1 officer below its headcount target of 1,450, which resulted in a loss of £40,000 of maintenance grant. The Force was also unable to achieve the over-recruitment allocation of 8 headcount. In terms of full time equivalent (FTE) officer numbers, the Force ended the year 15.2 FTE under budgeted establishment.
- 3.4 Police officer pay ended the year with a small overspend position of £155,000. This was mainly due to starting the financial year above the budgeted target, with mitigating actions from a lower number of recruits than originally expected, timing of recruitment, and lower national insurance costs due to savings achieved on overtime spend bringing the position closer to budget.
- 3.5 Police staff pay underspent due to a range of factors, including higher than budgeted levels of turnover however the underspend was offset by spend on Agency staff and overtime. Much of the turnover can be attributed to the effect of a voluntary resignation scheme (MARS) which saw 80 police staff leave the Force by the end of January 2025.
- 3.6 Overheads underspent in total primarily due to Estates. The department ended the year with an underspend of £1.45mn. This was due to several factors including the receipt of rate rebates for a number of buildings (£463,000); lower than expected utility costs as a result of reduced prices and lower consumption in particular for the new Winfrith HQ (£470,000); reduced maintenance costs (£187,000) and a reduced Private Finance Initiative unitary charge due to a lower than budgeted Retail Price Index increase (£215,000).
- 3.7 Income exceeded budget due to additional grants from the Home Office which offset additional costs to support the pay award, policing requirements arising from the Bibby Stockholm Barge, policing the national public disorder over the summer and other one-off grants as well as increased investment income due to higher than anticipated cash balances and interest rates.
- 3.8 The chart below shows a breakdown of actual net revenue expenditure for 2024/25 by category of spend.



Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

4.0 CAPITAL PROGRAMME

- 4.1 The table below shows the Chief Constable's capital expenditure, and funding, during 2024/25. The majority of the assets used by the Chief Constable, most significantly its buildings, are owned by the Police and Crime Commissioner. However certain items of equipment, ICT and vehicles are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with an individual or programme value in excess of £10,000.

	£'mn
Vehicles	0.942
Equipment and ICT	2.140
Revenue Expenditure Funded from Capital under Statute	0.229
	3.311
<u>Funded by</u>	
Delegation from the Police and Crime Commissioner	(3.311)
	0

- 4.2 ICT and equipment across the Force area is replaced when necessary to ensure that officers and staff have the necessary access to the most appropriate technology and equipment to support them in their roles.
- 4.3 The purchase of new vehicles improved from the challenges of the past couple of years with delivery timescale broadly as expected, however prices continued to be higher than budgeted.

5.0 WORKFORCE RESOURCES

- 5.1 Workforce costs make up 88% of the annual expenditure of Dorset Police. The full-time equivalents (FTE) of officers and staff employed by Dorset Police at the beginning and end of the year were:

31/03/24 (FTE)		31/03/25 (FTE)
1,436	Police Officers	1,407
1,168	Police Staff (Force)	1,143
76	PCSO's	71
2,680	Total	2,621

- 5.2 The budget included provision for the additional 183 officers that are funded by the Police Uplift Programme targets, bringing total budgeted establishment up to 1,422 FTE officers (1,450 headcount).

Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

6.0 PERFORMANCE INDICATORS

External Indicators

6.1 The principal independent financial indicators available to the Chief Constable and Police and Crime Commissioner are as follows:

- HMICFRS PEEL Report – His Majesty’s Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The 2023-25 report showed that Dorset Police was assessed and graded in the following areas:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Recording data about crime	Protecting vulnerable people	Police powers and public treatment	
	Preventing crime	Managing offenders	Responding to the public	
		Developing a positive workplace	Investigating crime	
		Leadership and force management		

The Force was graded “Adequate” in the area of leadership and Force management. Key comments in this area included:

- The Force provides value for money and can show continuous improvement, efficiency savings and improved productivity
- The Force collaborates to improve services and has a clear focus on evaluation to make sure that these continue to offer benefits
- The Force has sound financial management processes in place
- Auditors’ Value for Money Opinion – External auditors last provided a Value for Money conclusion for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2024. This audit concluded that the Police and Crime Commissioner and Chief Constable have each put in place proper arrangements to secure economy, efficiency and effectiveness in their use of resources.
- HMICFRS Value for Money Profile 2024 – this report does not provide an opinion but states key financial and performance information of Dorset Police in comparison to other Forces. The report did not indicate any significant outliers within Dorset Police’s information.

Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

Operational Performance of the Force

6.2 The following table sets out the key movement in activity in 2024/25 when compared to the previous year.

Contact		
999 Calls	-8.30%	↓
Non-Emergency Contacts	-3.20%	↓
Incidents		
Incidents Recorded	-6.20%	↓
Of which, Anti-Social Behaviour	-10.70%	↓
Crime		
All Crime Recorded	-1.40%	↓
Sexual Offences	+4.10%	↑
Of which, Serious Sexual Offences	+5.5%	↑
Violence Against the Person	-4.10%	↓
Of which, Most Serious Violence	0%	-
Domestic Abuse Crime	-2.50%	↓
Theft	+0.9%	↑
Other		
Arrests Made	+2.0%	↑
Positive Outcomes	+2.0%	↑
Missing Persons	-30.10% (High Risk -44.00%)	↓
Public Protection Notices Issued	-1.80%	↓

- 6.3 999 call volume has stabilised over the last 12-months with 131,500 calls received. The % of calls answered within 10 seconds has increased by 5.3% to 93.3%. Single Online Home was introduced in March 2023 whereby the public can undertake online reporting. Over the last 12-months 52,797 online reports have been received, a 7% increase on the previous year.
- 6.4 Overall crime decreased by 1.4% for the reporting period, with some important areas showing significant reductions. The Force continued its focus on reducing violence against women and girls by targeting crimes such as sexual offences and domestic abuse and providing meaningful support to victims. The Force remains committed to reducing and preventing sexual offences, including rape, and works closely with our partners to improve the journey for victims and to increase positive outcomes. We also encourage victims to report offences, support and safeguard the most vulnerable in our communities, and provide a safe environment for victims and encourage them to come forward and report crimes. The Force saw a decrease of 4.1% in Violence Against the Person offences and a 2.5% reduction in Domestic Abuse related crimes. The Force is 8th safest in terms of crimes per 1,000 population.
- 6.5 The Force has made significant improvements in the % of crimes resulting in a positive outcome. The overall positive outcome rate has improved by 2.0% to 14.5% with significant increases in areas such as Most Serious Violence (+9%), Robbery (+3%), Domestic Abuse (+2%) and Theft (+2%). Overall over the last 12-months there has been 1,000 additional positive outcomes compared to the previous 12-months.
- 6.6 The Force has also implemented an Enhanced Video Response Team (EVR) to further improve the Force's response to victims. The team responds to Grade 3 crime, providing improved response times and victim satisfaction.

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

7.0 FUTURE FINANCIAL OUTLOOK

- 7.1 The Chief Constable and the Police and Crime Commissioner formally update the MTFP annually during the budget setting process. The national economic environment has continued to change since the 2024/25 budget settlement. This has included significant increases continued increases in inflation, particularly the September 2024 pay award. Turnover of officers and staff has also been difficult to predict. As such, the financial outlook for 2025/26 and beyond is different than it was forecast to be last year.
- 7.2 The 2025/26 MTFP shows a balanced budget for 2025/26 after significant savings but there is a budget gap in future years of £3.1mn increasing to £6.6mn in 2028/29. The forecasts are underpinned by numerous assumptions including staff and officer turnover, pay increases and rates of inflation and interest.
- 7.3 The 2025/26 MTFP is designed to support the delivery of the Police and Crime Plan.
- 7.4 The Financial Strategy, including the Capital Strategy, Reserves Strategy and Treasury Management Strategy are used to translate the vision of the Police and Crime Plan into the detailed budget, with the MTFP setting out what this looks like for future years.
- 7.5 The strategic approach taken to balancing the 2025/26 budget was to take a longer term view to ensure that decisions taken are sustainable and that future budgets have firm foundations, to build greater financial resilience, and deliver value for money for Dorset residents. The Force has taken steps to drive out new cashable efficiencies and savings from the 2025/26 budget through a structured savings programme linked to a comprehensive evidence based risk assessment tool (BRAG). The Efficiency and Productivity Board will oversee the delivery of these and further efficiencies to produce a balanced MTFP in future years.
- 7.6 Grant funding for 2025/26 was provided by the new government as a one-year settlement ahead of a comprehensive spending review due to report in June 2025. The core funding increase was £2.8mn which does not fund all of the inflationary increase and other unavoidable pressures faced by the Force in 2025/26.
- 7.7 Key areas of uncertainty in future planning are:
- Future pay awards for officers and staff
 - Inflationary pressures, albeit at a lower level than in recent years
 - Staff turnover and, in particular, police officer leavers
 - CSR for 2026/27 and how many years will this cover
 - Future council tax referendum principles
 - Impact of council tax premiums for second homes
 - Review of the police funding formula

8.0 GOVERNANCE ARRANGEMENTS

- 8.1 The Annual Governance Statement is published alongside this document. The Annual Governance Statement describes the internal control environment for the Chief Constable. It also comments on the effectiveness of the governance arrangements and identifies issues that require further work.
- 8.2 The Police and Crime Commissioner and the Chief Constable have an effective joint process for managing risk and the details are also provided in the Annual Governance Statement.

Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

9.0 THE STATEMENT OF ACCOUNTS

9.1 A brief explanation of the of the purpose of each of the four primary statements is provided below:

Movement in Reserves Statement shows the changes in the Chief Constable's financial resources over the year.

Summary Movement in Reserves	Movements for 2023/24 £'000	Change £'000	Movements for 2024/25 £'000
Surplus or (Deficit) on the Provision of Services	(25,735)	(9,099)	(34,834)
Remeasurement of the net defined benefit (liability) asset	25,735	9,099	34,834
Total Usable Reserves	0	0	0

The significant change relates to the accounting adjustments for pensions. These accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

Comprehensive Income and Expenditure Statement - this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
Cost of Services	192,454	(38,951)	153,503
Pensions Top-Up Grant	0	(23,782)	(23,782)
Pensions Interest	66,953	(12,715)	54,238
Intra-Group Adjustments	(224,573)	75,448	(149,125)
(Surplus)/Deficit on Provision of Services	34,834	0	34,834
Remeasurement of the Pensions Net Defined Benefit Liability (Asset)	(34,834)	0	(34,834)
Total Comprehensive Income and Expenditure	0	0	0

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is the pensions interest cost and remeasurement of the pension fund. These costs are calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

Balance Sheet as at 31 March 2025 - shows how the resources available to the Chief Constable are held in the form of assets and liabilities.

Summary Balance Sheet	Balance as at 31/03/2024 £'000	Balance as at 31/03/2025 £'000	Movement £'000
Long Term Assets	1,149,022	1,132,752	(16,270)
Current Assets	35,945	30,744	(5,201)
Current Liabilities	(35,945)	(30,744)	5,201
Long Term Liabilities	(1,149,022)	(1,132,752)	16,270
Net Assets	0	0	0

Chief Constable for Dorset

Narrative Report by Neal Butterworth, Chief Financial Officer Continued

Cash Flow Statement - shows how the movement in resources has been reflected in cash flows.

Summary Cash Flow Statement	Cash Flows 2023/24	Cash Flows 2024/25
	£'000	£'000
Net (Surplus) or Deficit on the Provision of Services	25,735	34,834
(Increase)/Decrease in pensions liability	(25,735)	(34,834)
Net Cash (Inflows)/Outflows from Operating Activities	0	0

Expenditure and Funding Analysis shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2024/25 £'000
Expenditure and Funding Analysis	
Net Cost of Services - Chief Constable	169,051
Financing and Investment Income and Expenditure	(308)
Total net expenditure funded by Taxation and Non-Specific Grant Income	168,743
Outturn	
Chief Constable	167,910
Transfer from Reserves	833
Total net expenditure funded by Taxation and Non-Specific Grant Income	168,743

- 9.2 The notes to the financial statements include the accounting policies and give further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
XX June 2025

Further Information: This publication provides a review of the financial performance of the Chief Constable for 2024/25. It may be read in conjunction with the [Police and Crime Commissioner/Group Accounts](#) and the [Police and Crime Plan](#).

Chief Constable for Dorset

Independent Auditor's Report to the Chief Constable for Dorset

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published when available.

Chief Constable for Dorset

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of the financial affairs of Dorset Police and to secure that one of her officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Chief Constable
- manage the affairs of Dorset Police to secure economic, efficient and effective use of resources and to safeguard its assets
- approve the Statement of Accounts.

Approval of the Accounts

I approve the Statement of Accounts.

Amanda Pearson
Chief Constable

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2025 gives a true and fair view of the financial position of the Chief Constable for Dorset at the reporting date and of the income and expenditure for the year ended 31 March 2025.

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
XX June 2025



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Financial Statements



Chief Constable for Dorset

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2023/24 and 2024/25 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(34,834)	0	0	0	(34,834)	0	(34,834)
Remeasurement of the net defined benefit (liability) asset		34,834	0	0	0	34,834	0	34,834
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2025		0	0	0	0	0	0	0

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(25,735)	0	0	0	(25,735)	0	(25,735)
Remeasurement of the net defined benefit (liability) asset		25,735	0	0	0	25,735	0	25,735
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2024		0	0	0	0	0	0	0

Chief Constable for Dorset

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2023/24 and 2024/25. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2023/24				2024/25			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
186,949	(36,145)	150,804	Chief Constable	192,454	(38,951)	153,503	8
186,949	(36,145)	150,804	Cost of Services	192,454	(38,951)	153,503	
0	(25,238)	(25,238)	Pensions Top Up Grant	0	(23,782)	(23,782)	
(186,949)	61,383	(125,566)	Intra-Group Transaction	(192,454)	62,733	(129,721)	
0	0	0	Cost of Services Net of Pensions Top Up Grant	0	0	0	
			Financing and Investment Income and Expenditure				
65,592	(12,137)	53,455	Pensions Interest	66,953	(12,715)	54,238	20
(65,592)	12,137	(53,455)	Pensions Interest - Intra-Group Transaction	(66,953)	12,715	(54,238)	
25,735	0	25,735	Remeasurement of the Net Defined Benefit Liability (Asset) - Intra-Group Transaction	34,834	0	34,834	20
25,735	0	25,735	(Surplus)/Deficit on Provision of Services	34,834	0	34,834	
			Remeasurement of the Net Defined Benefit Liability (Asset)				
	(25,735)					(34,834)	
	0		Other Comprehensive Income and Expenditure			0	
	0		Total Comprehensive Income and Expenditure			0	

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
XX June 2025

Chief Constable for Dorset

Balance Sheet

The Chief Constable owns some long term assets and holds current assets and liabilities as well as long term liabilities which relate to employee benefits. The Chief Constable does not hold reserves. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2024 £'000		31 March 2025 £'000	Notes
	Long Term Assets		
14,445	Vehicles, ICT and Equipment	13,881	9
12	Intangible Assets	4	19
1,134,565	Pensions Liabilities - Intra-Group Debtor	1,118,867	4
1,149,022	Total Long Term Assets	1,132,752	
	Current Assets		
17,215	Short Term Debtors	12,788	10
493	Inventories	252	
2,671	Accumulated Absences - Intra-Group Debtor	2,893	
770	Provisions - Intra-Group Debtor	501	
14,796	Short Term Creditors - Intra-Group Debtor	14,310	
35,945	Total Current Assets	30,744	
	Current Liabilities		
(14,796)	Short Term Creditors	(14,310)	11
(2,671)	Accumulated Absences	(2,893)	13
(770)	Provisions	(501)	12
(493)	Inventories - Intra-Group Creditor	(252)	
(17,215)	Short Term Debtors - Intra-Group Creditor	(12,788)	
(35,945)	Total Current Liabilities	(30,744)	
	Long Term Liabilities		
(1,134,565)	Pensions Liabilities	(1,118,867)	20
(14,457)	Vehicles, ICT, Equipment and Intangible Assets - Intra-Group Creditor	(13,885)	9,19
(1,149,022)	Total Long Term Liabilities	(1,132,752)	
0	Net Assets	0	

Neal Butterworth ACMA, CPFA
Chief Financial Officer to the Chief Constable
XX June 2025

Chief Constable for Dorset

Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pension's valuation shown against the increase/decrease in pension's liability line.

2023/24		2024/25
£'000		£'000
25,735	Net Surplus or (Deficit) on the Provision of Services	34,834
	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	
(25,735)	Increase/(Decrease) in pensions liability	(34,834)
0	Net Cash (Inflows)/Outflows from Operating Activities	0
0	Cash and Cash Equivalents at the end of the reporting period	0



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Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Chief Constable's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Chief Constable is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in the Comprehensive Income and Expenditure Statement for the income that might not be collected.

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

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

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

Note 1 Accounting Policies Continued

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. JOINT OPERATIONS

The Chief Constable participates in a number of partnership activities. These arrangements involve the Chief Constable carrying out activities relevant to their own functions jointly with others. The Chief Constable accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Chief Constable incurs with respect to their interest in the partnerships.

8. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

9. EMPLOYEE BENEFITS

9.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves statement in the Police and Crime Commissioner accounts to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

9.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date or an employee's decision to submit a mutually agreed resignation. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

In the Movement in Reserves Statement in the Police and Crime Commissioner accounts, 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.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

9.3 Post-Employment Benefits

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Chief Constable.

9.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes 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.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

9.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Local Government Pension Scheme 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. This liability is shown in the Chief Constable accounts and then offset via an intra-group adjustment.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The assets of the Dorset County pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:

•	quoted securities	-	current bid price
•	unquoted securities	-	professional estimate
•	unitised securities	-	current bid price
•	property	-	market value

Note 1 Accounting Policies Continued

9.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement.
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure 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 to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve in the Police and Crime Commissioner accounts as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.
- Actuarial gains and losses are 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. These changes are charged to the pensions reserve in the Police and Crime Commissioner accounts as other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments.

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

9.3.4 Police Officers' Injury Benefits

The Chief Constable makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

9.3.5 Impact on Reserves in the Police and Crime Commissioner accounts

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment. This intra-group adjustment is taken into the Police and Crime Commissioner accounts and included within the Movement in Reserves Statement. This allows 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Note 1 Accounting Policies Continued

9.4 Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

10. PROVISIONS

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Chief Constable a legal or constructive present 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 Chief Constable 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 the 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. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Chief Constable settles the obligation.

A provision would be made for termination payments due to staff resulting from restructuring when the Chief Constable has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately, and provision made of the estimated termination payments as and when each element of the plan is announced.

11. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Property is accounted for in the Police and Crime Commissioner accounts whilst ICT, vehicles, plant and equipment are included within the Chief Constable accounts. These operational assets are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of property, ICT, vehicles, plant and equipment assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. The accounting policies of the Group in relation to depreciation are set out within the financial statements of the Police and Crime Commissioner.

11.1 Recognition

Expenditure on the acquisition, creation or enhancement is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Chief Constable for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Note 1 Accounting Policies Continued

11.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

•	ICT	-	depreciated historical cost
•	Equipment	-	depreciated historical cost
•	Plant	-	depreciated historical cost
•	Vehicles	-	depreciated historical cost
•	Assets under construction	-	historical cost

11.3 Depreciation

Depreciation is provided for all ICT, vehicles, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

- Information and Communications Technology (ICT) – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to the asset life.
- Plant and equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation.
- Vehicles – are depreciated monthly using the straight-line allocation, over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.4 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether plant, ICT, equipment and vehicles) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing as shown in the Police and Crime Commissioner Group accounts together with the amounts that are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

11.5 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement.

12. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

13. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Chief Constable they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material, and a separate disclosure would be made to aid the understanding of the Chief Constable's financial performance.

Chief Constable for Dorset

Note 1 Accounting Policies Continued

14. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year. This comprises

- depreciation attributable to the assets used by the relevant service
- amortisation of intangible assets attributable to the service.

The Police and Crime Commissioner is not required to raise council tax to fund the depreciation, amortisation and impairment losses that are charged against the Chief Constable's Comprehensive Income and Expenditure Statement. However, there is a requirement to make an annual contribution (minimum revenue provision) from revenue towards the reduction in the overall borrowing requirement (equal to the amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, amortisation and impairment losses are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two as shown in the Police and Crime Commissioner Group accounts.

15. COST AND INTRA-GROUP RECOGNITION

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to 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 by the Code for the relevant financial year. Standards that fall into this category that are relevant to the Chief Constable accounts are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- Changes to the measurement of non-investment assets include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

All of these standards will be incorporated in the Code from 2025/26. However, CIPFA has indicated that the Amendments to IAS 21 will not have a significant impact on the amounts anticipated to be reported in the financial statements. With reference to the changes in measurement, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of the indexation will be.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows.

Chief Constable for Dorset

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (referred to as the Police and Crime Commissioner Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

A long term debtor has been established in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social responsibility Act 2011, for the Police and Crime Commissioner to provide funds to the Chief Constable for the payment of assets and liabilities. Should the Police and Crime Commissioner be required to settle future liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2024/25.

The financial consequences of the activity under the control of the Chief Constable are shown in these accounts. As the Chief Constable does not hold reserves, the Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on her General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the Police and Crime Commissioner Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer police pensions
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

On the 1 April 2024, the Police and Crime Commissioner Group applied IFRS16 Leases. The main impact of this standard is to remove the traditional distinction between finance leases and operating leases. Guidance on whether a right of use relationship exists between the Police and Crime Commissioner and Chief Constable has yet to be issued and therefore the impact on the Chief Constable accounts is currently unknown. If it is determined that a relationship does exist, appropriate disclosures will be made.

Chief Constable for Dorset

Note 4 The Chief Constable as an Accounting Entity Continued

Intra-Group Transactions	2023/24		2024/25	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Cost of Services	(150,804)	150,804	(153,503)	153,503
Pensions Top Up Grant	25,238	(25,238)	23,782	(23,782)
Pensions Interest Cost - Intra-Group Transaction	(53,455)	53,455	(54,238)	54,238
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	25,735	(25,735)	34,834	(34,834)
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Non-Current Assets/Liabilities				
Pensions Liabilities	(1,134,565)	0	(1,118,867)	0
Pensions Liabilities - Intra-Group Debtor	1,134,565	0	1,118,867	0
Pensions Liabilities - Intra-Group Creditor	0	(1,134,565)	0	(1,118,867)
Vehicles, ICT, Equipment Assets and Intangible Assets	14,457	0	13,885	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Creditor	(14,457)	0	(13,885)	0
Vehicles, ICT, Equipment Assets and Intangible Assets - Intra-Group Debtor	0	14,457	0	13,885
Current Assets/Liabilities				
Current Liabilities	(18,237)	0	(17,704)	0
Current Liabilities - Intra-Group Debtor	18,237	0	17,704	0
Current Liabilities - Intra-Group Creditor	0	(18,237)	0	(17,704)
Current Assets	17,708	0	13,040	0
Current Assets - Intra-Group Creditor	(17,708)	0	(13,040)	0
Current Assets - Intra-Group Debtor	0	17,708	0	13,040
Unusable Reserves				
Intra-Group Transactions	0	(1,120,637)	0	(1,109,646)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on XX June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Chief Constable's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

6.1 Pensions Liability

Uncertainties

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 and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The standard assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. This year an accounting surplus has been calculated and therefore additional assumptions have been recommended in order to establish the net defined benefit value. These additional assumptions have also been approved. All assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes are closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sergeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner which is funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund.

2024/25									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	169,051	(474)	168,577	(15,074)	153,503	(4,137)	(11,157)	220	(15,074)
Cost of Services	169,051	(474)	168,577	(15,074)	153,503	(4,137)	(11,157)	220	(15,074)
Pension Top Up Grant	0	0	0	(23,782)	(23,782)	0	(23,782)	0	(23,782)
Intra-Group Transaction	(169,051)	474	(168,577)	38,856	(129,721)	4,137	34,939	(220)	38,856
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	54,238	54,238	0	54,238	0	54,238
Pensions Interest - Intra-Group Transaction	0	0	0	(54,238)	(54,238)	0	(54,238)	0	(54,238)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	34,834	34,834	0	34,834	0	34,834
(Surplus)/Deficit on the Provision of Services	0	0	0	34,834	34,834	0	34,834	0	34,834

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis Continued

2023/24									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	160,328	1,745	162,073	(11,269)	150,804	(3,151)	(8,268)	150	(11,269)
Cost of Services	160,328	1,745	162,073	(11,269)	150,804	(3,151)	(8,268)	150	(11,269)
Pension Top Up Grant	0	0	0	(25,238)	(25,238)	0	(25,238)	0	(25,238)
Intra-Group Transaction	(160,328)	(1,745)	(162,073)	36,507	(125,566)	3,151	33,506	(150)	36,507
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	53,455	53,455	0	53,455	0	53,455
Pensions Interest - Intra-Group Transaction	0	0	0	(53,455)	(53,455)	0	(53,455)	0	(53,455)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	25,735	25,735	0	25,735	0	25,735
(Surplus)/Deficit on the Provision of Services	0	0	0	25,735	25,735	0	25,735	0	25,735

Chief Constable for Dorset

Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column deducts the depreciation, amortisation, minimum revenue provision, finance lease and revenue contributions from the cost of the Chief Constable's services and are then offset via an intra-group adjustment.

7.2 Net Change for Pensions' Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group on behalf of the Chief Constable as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

These contributions and charges are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable such as accumulated absences are recognised in the Chief Constable accounts and then offset via an intra-group adjustment.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line plus interest payable and interest and investment income. In the Statement of Accounts, the interest payable and interest and investment income is under the control of the Police and Crime Commissioner and shown under the category financing and investment income and expenditure.

Note 8 Expenditure and Income Analysed by Nature

The Chief Constable's expenditure and income is analysed as follows:

2023/24 £'000	Expenditure/Income	2024/25 £'000
	Expenditure	
138,968	Employee benefit expenses	145,275
44,429	Other service expenses	43,722
3,552	Depreciation, amortisation and impairment	3,457
186,949	Total Expenditure	192,454
	Income	
(13,659)	Fees, charges and other service income	(17,321)
(22,486)	Government grants and contributions	(21,630)
(25,238)	Pension Top Up Grant	(23,782)
(61,383)	Total Income	(62,733)
125,566	Cost of Services including the Pension Top Up Grant and excluding the Intra-Group Transactions	129,721

All government funding and income is received by the Police and Crime Commissioner. When resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

Chief Constable for Dorset

Note 9 Vehicles, ICT and Equipment

This table sets out the assets held by the Chief Constable:

2023/24			Movements	2024/25		
Vehicles, ICT and Equipment Under Construction	Vehicles, ICT and Equipment	Total		Vehicles, ICT and Equipment Under Construction	Vehicles, ICT and Equipment	Total
£'000	£'000	£'000	Cost	£'000	£'000	£'000
409	32,219	32,628	Balance at 1 April	1,218	34,133	35,351
851	2,823	3,674	Additions	778	2,299	3,077
0	(951)	(951)	Disposals	0	(7,376)	(7,376)
(42)	42	0	Reclassification	(1,273)	1,314	41
1,218	34,133	35,351	Balance at 31 March	723	30,370	31,093
			Accumulated Depreciation			
0	(18,296)	(18,296)	Balance at 1 April	0	(20,906)	(20,906)
0	(3,531)	(3,531)	Depreciation Charge	0	(3,451)	(3,451)
0	921	921	Derecognition-Disposals	0	7,155	7,155
0	0	0	Reclassification	0	(10)	(10)
0	(20,906)	(20,906)	Balance at 31 March	0	(17,212)	(17,212)
			Net Book Value			
409	13,923	14,331	Balance at 31 March 2023			
1,218	13,227	14,445	Balance at 31 March 2024	1,218	13,227	14,445
			Balance at 31 March 2025	723	13,158	13,881

9.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis level is met:-

- ICT £10,000
- Plant and Equipment £10,000
- Vehicles £10,000

9.2 Depreciation

A review of asset lives has taken place in 2024/25 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives these are within the range 1-8 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

Chief Constable for Dorset

Note 9 Vehicles, ICT and Equipment Continued

9.2.2 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 1-18 years. These assets are depreciated monthly over the forecast useful life of the asset.

9.2.3 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 1-41 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

9.3 Asset Transfers

No assets have been transferred from the Police and Crime Commissioner to the Chief Constable in 2024/25.

9.4 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 25% and greater than £1mn of the main asset value. No assets have met the criteria in 2024/25.

9.5 De-recognition

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

9.6 Impairment

No assets were identified as being impaired in 2024/25.

Note 10 Debtors

31 March 2024		31 March 2025
£'000		£'000
7,655	Central Government Bodies	3,954
2,682	Other Local Authorities	2,765
8	National Health Service	85
6,870	Other Entities and Individuals	5,984
17,215	Total Debtors	12,788

Note 11 Creditors

31 March 2024		31 March 2025
£'000		£'000
(3,257)	Central Government Bodies	(3,984)
(3,375)	Other Local Authorities	(3,073)
0	National Health Service	(79)
(8,164)	Other Entities and Individuals	(7,174)
(14,796)	Total Creditors	(14,310)

Chief Constable for Dorset

Note 12 Provisions

2024/25	£'000
Current Liabilities	
Balance at 1 April 2024	(770)
Additional provisions made	0
Amounts used/reversed/change in reserve	269
Balance at 31 March 2025	(501)

2023/24	£'000
Current Liabilities	
Balance at 1 April 2023	(233)
Additional provisions made	(534)
Amounts used/reversed/change in reserve	(3)
Balance at 31 March 2024	(770)

The provisions mainly relate to contractual pay claims. The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2025/26.

Note 13 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

2023/24		2024/25
£'000		£'000
(2,521)	Balance at 1 April	(2,671)
2,521	Settlement or cancellation of accrual made at the end of the preceding year	2,671
(2,671)	Amounts accrued at the end of the current year	(2,893)
(150)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(222)
(2,671)	Balance at 31 March	(2,893)

Chief Constable for Dorset

Note 14 External Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts:

2023/24 £'000		2024/25 £'000
47	Standard fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	54
5	Additional fees in relation to regulation changes and expert advice	0
52	As per the audit plan	54
17	Estimated fees payable to external auditors with regard to external audit services carried out by the appointed auditor for prior years	5
69	Total	59

Chief Constable for Dorset

Note 15 Officers' Remuneration

15.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Chief Constable above the rank of Superintendent and the staff equivalent:

2024/25	Note	Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses & Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable - Amanda Pearson		200,486	76	0	200,562	66,641	0	267,203
Deputy Chief Constable - Rachel Farrell		153,493	0	0	153,493	50,053	0	203,546
<u>Salary £50,000 to £149,999 per year</u>								
Assistant Chief Constable		144,951	0	0	144,951	47,016	0	191,967
Assistant Chief Constable		144,916	0	0	144,916	47,016	0	191,932
Assistant Chief Constable		134,151	0	0	134,151	43,225	0	177,376
Assistant Chief Constable (Regional) 03/03/25 to 31/03/25	1.	9,393	0	1,090	10,483	3,316	0	13,799
Chief Financial Officer		138,232	0	0	138,232	23,662	0	161,894
Director of People and Support Services		126,532	0	5,224	131,756	23,662	0	155,418
Chief Superintendent 01/04/24 to 30/08/24		47,059	0	0	47,059	15,087	0	62,146
Chief Superintendent 31/05/24 to 28/02/25		79,521	0	0	79,521	26,064	0	105,585
Chief Superintendent		108,572	0	0	108,572	35,519	0	144,091
Chief Superintendent		98,825	0	0	98,825	34,206	0	133,031
Chief Superintendent		108,444	0	0	108,444	35,251	0	143,695
Chief Superintendent		114,383	21	0	114,404	38,066	0	152,470
Chief Superintendent from 24/02/25 to 31/03/25		13,269	0	0	13,269	3,454	0	16,723
Chief Superintendent from 11/03/25 to 31/03/25		6,054	0	0	6,054	1,985	0	8,039

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

2023/24		Salary, Fees and Allowances £	Bonuses, Subsistence & Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Compensation for loss of employment £	Total Remuneration incl Pension Contributions £
<u>Chief Constable</u>								
<u>Salary £150,000 plus per year</u>								
Chief Constable - Amanda Pearson		185,156	0	0	185,156	53,883	0	239,039
<u>Salary £50,000 to £149,999 per year</u>								
Deputy Chief Constable to 06/08/23	1	47,542	0	1,652	49,194	14,514	0	63,708
Deputy Chief Constable from 31/07/23 to 31/03/24 - Assistant Chief Constable from 01/04/23 to 30/07/23		138,299	0	0	138,299	38,125	0	176,424
Assistant Chief Constable		139,196	0	0	139,196	35,260	0	174,456
Assistant Chief Constable from 09/05/23 to 31/03/24 - Chief Superintendent from 01/04/23 to 08/05/23		130,939	0	0	130,939	35,112	0	166,051
Assistant Chief Constable from 11/09/23 to 31/03/24 - Detective Chief Superintendent from 01/04/23 to 10/09/23		113,911	0	0	113,911	32,177	0	146,088
Chief Financial Officer		122,733	0	0	122,733	20,830	0	143,563
Director of People and Support Services		119,765	0	5,224	124,989	23,288	0	148,277
Chief Superintendent		109,429	0	0	109,429	30,556	0	139,985
Chief Superintendent from 10/05/23		89,714	0	0	89,714	25,713	0	115,427
Chief Superintendent to 11/06/23		20,350	0	0	20,350	5,726	0	26,076
Chief Superintendent		101,966	0	0	101,966	29,699	0	131,665
Chief Superintendent from 11/09/23		52,362	0	0	52,362	14,436	0	66,798
Chief Superintendent from 07/08/23		66,456	0	0	66,456	19,048	0	85,504
Chief Superintendent to 25/10/23		59,789	0	0	59,789	16,444	0	76,233

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

Notes

2024/25

- The regional Assistant Chief Constable is employed by Dorset Police. Costs are shared between the collaborating Police Forces.

2023/24

- The Deputy Chief Constables for Devon and Cornwall Police and Dorset Police provide some specific services across both Forces. Their employment and associated costs are disclosed within the Statement of Accounts for each of their respective Forces. This arrangement came to an end in August 2023.

15.2 Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2023/24 and 2024/25. They relate to staff employed by the Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of costs with Devon and Cornwall Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 – £20,000	0	2	1	79	1	81	4	944
£20,001 - £40,000	2	1	0	1	2	2	66	51
£40,001 - £60,000	0	0	0	1	0	1	0	52
£60,001 - £80,000	0	0	1	0	1	0	76	0
Total included in bandings and in CIES	2	3	2	81	4	84	146	1,047
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged from Devon and Cornwall Police as part of Strategic Alliance agreement							0	72
Redundancy cost recharged to Devon and Cornwall Police as part of Strategic Alliance agreement							(4)	(47)
Exit Costs charged to the Comprehensive Income and Expenditure Statement							142	1,072

Chief Constable for Dorset

Note 15 Officers' Remuneration Continued

15.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers' remuneration.

2023/24		2024/25
Number of employees	Remuneration Band	Number of employees
285	£50,000 - £54,999	273
159	£55,000 - £59,999	202
90	£60,000 - £64,999	97
27	£65,000 - £69,999	82
12	£70,000 - £74,999	12
13	£75,000 - £79,999	8
6	£80,000 - £84,999	7
3	£85,000 - £89,999	4
1	£90,000 - £94,999	7
5	£95,000 - £99,999	3
0	£100,000 - £104,999	4
1	£105,000 - £109,999	0
0	£115,000 - £119,999	1
0	£125,000 - £129,999	1
1	£145,000 - £149,999	0
0	£155,000 - £159,999	1
603	Total	702

15.3.1 Notes

- The above table does not include staff and officers paid below £50,000 who make up approximately 78% of the workforce.
- Pay scales for police officers are set nationally.
- There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award during 2024/25.

Chief Constable for Dorset

Note 16 Related Party Transactions and Collaborations

16.1 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties, including the Police and Crime Commissioner, central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason, the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

16.1.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure. No relevant transactions have been reported.

16.2 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. The activities undertaken involve the use of the assets and resources of the joint operators. The table below shows the regional activities.

2023/24				2024/25
Expenditure £'000	Notes	Joint Operation		Expenditure £'000
3,827	1	South West Regional Forensics Services		4,287
237	2	South West Police Procurement Services		263
2,231	3	South West Regional Organised Crime Unit (ROCU)		2,572
255	4	South West Regional Programme		292
6,550				7,414

16.2.1 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Avon and Somerset Police, Wiltshire Police and Devon and Cornwall Police as the lead Force. There are bases in all four Forces, with each Force employing a number of staff. The cost totalled £27.967mn which was spent on operational costs and was split on a percentage basis, with Devon and Cornwall contributing 36.17%, Avon and Somerset contributing 34.75%, Wiltshire contributing 13.75% and Dorset contributing 15.33%. The Force cost for the year was £4.287mn.

16.2.2 South West Police Procurement Services

South West Police Procurement Services is a partnership with Wiltshire Police, Gloucestershire Police and Devon and Cornwall Police and Avon and Somerset Police. Staff are employed by Devon and Cornwall Police and based across the region. The Force cost for the year was £263,000. Most of the £1.945mn total cost is split on a percentage basis with Dorset contributing 13.52%, Wiltshire Police contributing 12.12%, Gloucestershire Police contributing 11.82%, Devon and Cornwall contributing 31.90% and Avon and Somerset contributing 30.64%.

16.2.3 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Devon and Cornwall Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £2.572mn. The total cost of £19.024mn is split on a percentage basis with Dorset Police contributing 13.52%, Devon and Cornwall contributing 31.90%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82% and Avon and Somerset contributing 30.64%.

Note 16 Related Party Transactions and Collaborations Continued

16.2.4 South West Regional Programme

The South West Regional Programme is a partnership with Dorset Police, Devon and Cornwall Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects, along with now including the South West Disaster Victim Identification and Casualty Bureau Co-ordination. Costs are shared with the Forces that are involved in each project. The cost totalled £2.077mn of which £1.094mn was split on the following percentage basis, with Dorset contributing 13.52%, Avon and Somerset contributing 30.64%, Wiltshire contributing 12.12%, Devon and Cornwall contributing 31.90% and Gloucestershire contributing 11.82%. The remaining costs related to the Quality Standards team and SWPC Regional Project Team totalling £677,000 and £306,000 with Dorset contributing 14.76% and 14.33% respectively. The Force cost for the year was £292,000.

Note 17 Contingent Liabilities

17.1 Compensation Claims

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

17.2 Beckmann

The Chief Constable has provided a Beckmann indemnity, to cover enhanced redundancy benefits of TUPE'd employees over a certain age. Initial calculations indicate a potential cost of £700,000 however the number of employees affected by this have not yet been confirmed and there is still uncertainty whether the liability will transpire.

Chief Constable for Dorset

Note 18 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, vehicles and other equipment for the Force. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets held by the Chief Constable with the finance being provided by the Police and Crime Commissioner.

2023/24 £'000		2024/25 £'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
1,348	Vehicles	942
2,326	Plant, Equipment and ICT	2,140
171	Revenue Expenditure Funded from Capital Under Statute	229
3,845		3,311
	Less Sources of Finance:	
(3,845)	Delegation from Police and Crime Commissioner - Intra Group Transaction	(3,311)
(3,845)		(3,311)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Note 19 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Chief Constable makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Chief Constable operated four pension schemes, three for police officers and one for police staff. From 1 April 2022 members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore, from this date, the Chief Constable operated two pension schemes, one for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group 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 Group in the form of a central government top-up grant.

A similar adjustment arising from the McCloud/Sargeant judgement has been made for the Local Government Pension Scheme.

The Chief Constable recognises the cost of retirement benefits for police officers and police staff. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long-term responsibility to provide funds to enable the Chief Constable to administer the police pensions.

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.1 Police Officer Schemes

19.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012 who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Dorset, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Chief Constable and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Chief Constable's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Chief Constable makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

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

2023/24		2024/25
£'000		£'000
(1,135,587)	Opening balance at 1 April	(1,134,961)
(12,281)	Current service cost	(13,852)
(53,420)	Interest cost	(54,442)
(7,863)	Contributions from scheme participants	(8,431)
	Remeasurement gains and (losses):	
4,504	• Actuarial gains/(losses) arising from changes in demographic assumptions	(10,777)
18,557	• Actuarial gains/(losses) arising from changes in financial assumptions	154,543
(2,589)	• Experience gains/(losses) on defined benefit obligation	(108,314)
51,838	Benefits paid	54,871
1,880	Injury pension payments	1,924
(1,134,961)	Closing balance at 31 March	(1,119,439)

19.1.3 Transactions relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers, rather than when the benefits are eventually paid as pensions. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long-term responsibility to provide funds to enable the Chief Constable to administer police pensions.

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.1.4 Impact on the Cashflows held by the Police and Crime Commissioner

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £1.119bn has a substantial impact on the net worth as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2026 is £23.219mn.

19.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2024.

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
12,281	Current service cost	13,852
	Financing and Investment Income and Expenditure	
53,420	Net interest expense	54,442
65,701	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	68,294
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(4,504)	• Actuarial (gains)/losses arising on changes in demographic assumptions	10,777
(18,557)	• Actuarial (gains)/losses arising on changes in financial assumptions	(154,543)
2,589	Experience (gains)/losses on defined benefit obligation	108,314
45,229	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statements	32,842
	Intra-Group Adjustment	
(65,701)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(68,294)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
20,616	Employers' contributions payable to scheme	24,581
25,238	Home Office Top Up Grant	23,782

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2024 to 31 March 2027. The next combined actuarial valuation is to be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2023/24	Mortality Assumptions:	2024/25
	Longevity at 65 for current pensioners:	
21.3	Men	21.2
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
22.5	Men	22.5
24.7	Women	24.8
	Financial Assumptions:	
3.25%	Rate of RPI Inflation	3.20%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

The estimated weighted average duration of the Police Officer schemes is 14 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	40,382	(38,896)
Rate of increase in salaries (increase or decrease by 0.1%)	1,268	(1,262)
Rate of increase in pensions (increase or decrease by 0.1%)	14,651	(14,311)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(15,137)	15,492

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.2 Police Staff Scheme

19.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Dorset Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

19.2.2 Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement in the Police and Crime Commissioner's accounts. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
	Service cost comprising:	
7,978	• Current service cost	7,869
208	• Administration Expenses	210
	Financing and Investment Income and Expenditure	
35	Net interest expense	(204)
8,221	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	7,875
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(17,618)	• Return on plan assets (excluding the amount included in the net interest expense)	398
(3,199)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(584)
(7,794)	• Actuarial (gains)/losses arising on changes in financial assumptions	(43,421)
(509)	Apportionment Adjustment	(1)
0	Other actuarial (gains)/losses	0
749	Experience (gains)/loss on defined benefit obligation	(561)
23,108	Changes in effect of asset ceiling	44,786
2,958	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	8,492

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

2023/24 £'000		2024/25 £'000
	Intra-Group Adjustment	
(8,221)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(7,875)
	Funded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
8,106	Employers' contributions payable to scheme	8,495
	Unfunded Liabilities	
£'000	Actual amount charged against the General Fund Balance for pensions in the year:	£'000
13	Retirement benefits payable to pensioners	13

19.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2024 £'000		31 March 2025 £'000
(260,826)	Present value of the defined benefit obligation	(221,002)
(23,108)	Changes in effect of asset ceiling	(68,870)
284,330	Fair value of plan assets	290,444
396	Net liability arising from defined benefit obligation	572

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

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

31 March 2024		31 March 2025
£'000		£'000
(256,927)	Opening balance at 1 April	(260,826)
(7,978)	Current service cost	(7,867)
(12,172)	Interest cost	(12,513)
(2,848)	Contributions from scheme participants	(3,032)
	Remeasurement gains/(losses):	
3,199	• Actuarial gains/(losses) arising from changes in demographic assumptions	584
7,794	• Actuarial gains/(losses) arising from changes in financial assumptions	43,421
(749)	• Experience gains/(losses) on defined benefit obligation	561
1,713	Apportionment Adjustment	1,975
0	Past service cost including gains/(losses) on curtailments	0
7,142	Benefits paid	16,695
(260,826)	Closing balance at 31 March	(221,002)

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

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2026 is estimated to be £7.639mn. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025. These projections are based on the assumptions as at 31 March 2025.

31 March 2024		31 March 2025
£'000		£'000
252,162	Opening fair value of scheme assets	284,330
12,137	Interest income	13,851
	Remeasurement gains/(losses):	
17,618	• The return on plan assets, excluding the amount included in the net interest expense	(398)
(1,204)	Apportionment Adjustment	(1,974)
(208)	Administration expenses	(209)
8,119	Contributions from employer	8,507
2,848	Contributions from employees into the scheme	3,032
(7,142)	Benefits paid	(16,695)
284,330	Closing fair value of scheme assets	290,444

Note 19 Defined Benefit Pension Schemes Continued

19.2.6 Local Government Pension Scheme assets comprised:

31 March 2024		31 March 2025
£'000	Fair Value of Scheme assets	£'000
	Cash and cash equivalents	
177,956	UK Equities	182,166
18,823	Diversified Growth Fund	19,371
18,605	Other Bonds	19,055
22,293	Property	20,336
21,079	Infrastructure	22,313
5,996	Cash	6,337
19,576	Multi Asset Credit	20,866
2	Liability Driven Investment	0
284,330	Total	290,444

19.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Long-term expected rate of return on assets in the scheme:	
4.95%	Equity investments	5.85%
4.95%	Bonds	5.85%
4.95%	Other	5.85%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.8	Men	21.8
23.9	Women	24.0
	Longevity at 65 for future pensioners:	
23.1	Men	23.1
25.4	Women	25.4
	Financial Assumptions:	
3.15%	Rate of RPI inflation	3.10%
3.90%	Rate of increase in salaries	3.85%
2.90%	Rate of increase in pensions	2.85%
4.95%	Rate for discounting scheme liabilities	5.85%

The past service liability duration has been estimated at 18 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

It should be noted that as interest rates have increased over recent periods, there have been improvements in funding levels on the accounting basis which has resulted in some LGPS employers with an accounting surplus at the balance sheet date. This is the case for the Chief Constable. When a surplus is calculated, the standard requires the net defined benefit asset to be measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. We have instructed Barnett Waddingham LLP, an independent firm of actuaries to carry out this calculation. They have established that the impact of the asset ceiling is £68.870mn. The calculation assumes that:

- The Employer does not have the right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement. For the period beyond the existing rates and adjustments certificate, their best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, in the absence of any other readily available figure.

The analysis shows that:

31 March 2024 £'000	Net Pension Asset in the Statement of Financial Position	31 March 2025 £'000
260,826	Present value of the defined benefit obligation	221,002
(89)	Present value of unfunded obligation	(75)
260,737	Present value of funded obligation	220,927
(284,330)	Fair value of fund assets	(290,444)
(23,593)	Deficit/(Surplus)	(69,517)
23,108	Impact of asset ceiling	68,870
89	Present value of unfunded obligation	75
(396)	Net defined benefit liability/(asset)	(572)

The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £68.870mn, the initial impact of the asset ceiling is £68.870mn. There is no onerous funding commitment to assess since the Chief Constable is not currently making any contributions towards a funding deficit. In addition, there is an unfunded liability of £75,000 resulting in a final deficit to be recognised of £572,000.

The Chief Constable has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS 19.

19.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	6,431	(6,234)
Rate of increase in salaries (increase or decrease by 0.1%)	408	(405)
Rate of increase in pensions (increase or decrease by 0.1%)	3,592	(3,495)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(3,787)	3,888

Chief Constable for Dorset

Note 19 Defined Benefit Pension Schemes Continued

19.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

19.2.10 Impact on the Cashflows held by the Police and Crime Commissioner

The objectives of the scheme, as administered by Dorset Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 18 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Dorset Council publishes details of the Fund's performance. More detail can be found on their website <https://dorsetpensionfund.org/>

19.2.11 Total Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of its Police Officer and Police Staff Pension Schemes is as follows.

2022/23 £'000	Police Officers Pension Schemes	2023/24 £'000
(1,134,961)	Present value of the defined benefit obligation	(1,119,439)
(1,134,961)	Total Police Officer benefit obligation	(1,119,439)
	Police Staff Pension Scheme	
(260,826)	Present value of the defined benefit obligation	(221,002)
(23,108)	Changes in effect of asset ceiling	(68,870)
284,330	Fair value of plan assets	290,444
396	Total Police Staff benefit obligation	572
(1,134,565)	Net liability arising from defined benefit obligation	(1,118,867)
1,134,565	Pensions Liabilities - Intra-Group Debtor	1,118,867
0	Impact on the Chief Constable Balance Sheet	0



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Pension Fund Accounting Statements



Chief Constable for Dorset

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2024 £'000		31 March 2025 £'000
	Contributions Receivable	
(18,154)	Employers (normal)	(21,650)
(7,864)	Employees (normal)	(8,431)
(583)	Ill Health capital charge	(1,008)
	Transfers In	
(70)	Individual transfers from other schemes	(21)
	Benefits payable	
45,229	Pensions	48,424
6,657	Commutations and lump sum retirement benefits	6,135
0	Lump sum death payments	163
	Payment to and on account of leavers	
23	Individual transfers to other schemes	170
25,238	Net amount paid during the year	23,782
(25,238)	Transfer from Police Fund*	(23,782)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
21,201	Received in year	24,770
4,037	Debtor	(988)
25,238		23,782

The Police Officer Pension Fund is unfunded and has no investment assets.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The employer paid a contribution equal to 35.3% of police officer pay for 2024/25. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2025.



**DORSET
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Glossary



Chief Constable for Dorset

Glossary

Accounting Period	The period of time covered by the accounts runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. <i>(Also referred to as capital spending or capital payments).</i>
Capital Grants	Grants received that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
CIES	Comprehensive Income and Expenditure Statement.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)
Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.

Chief Constable for Dorset

Glossary Continued

Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due but unpaid by the end of the accounting period.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which have been committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
Home Office Grant	A central government grant paid by the Home Office in support of their day to day expenditure.
International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
Medium Term Financial Plan (MTFP)	Often referred to as MTFP, it is the financial plan and management of funding, spending and savings over a four year period.
Minimum Revenue Provision	The minimum amount that must be charged to the General Fund each year.
OPCC	Officer of the Police and Crime Commissioner.

Chief Constable for Dorset

Glossary Continued

Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (Unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services.
TUPE	Transfer of Undertakings Protection of Employment.



PCC

Office of the Police
and Crime Commissioner
Devon and Cornwall

Police and Crime Commissioner for Devon & Cornwall



Statement of Accounts for the year ended 31 March 2025

Unaudited

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Officers of the Police and Crime Commissioner Group

The statutory officers of the Office of the Police and Crime Commissioner and contact details are as follows:



Police and Crime Commissioner
Alison Hernandez



Chief Executive
Frances Hughes



Chief Financial Officer
Nicola Allen

Address:

Andy Hocking House
Alderson Drive
Middlemoor
Exeter
EX2 7RP

Website:

<https://www.devonandcornwall-pcc.gov.uk/>

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Officers of the Police and Crime Commissioner Group Continued

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
James Vaughan
From 13/12/2024



Chief Financial Officer
David Wilkin
From 30/09/2024

Address: Police Headquarters
Middlemoor
Exeter
EX2 7HQ

Website: <https://www.devon-cornwall.police.uk/>

Statement of Accounts 2024/25

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PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Accompanying Reports

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Narrative Report by Nicola Allen, Chief Financial Officer

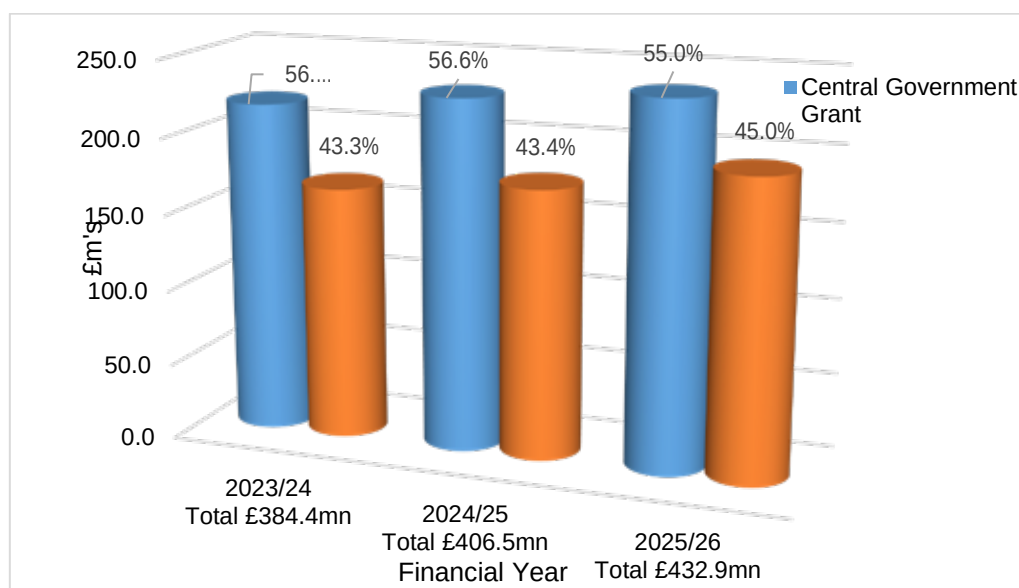
1.0 INTRODUCTION

- 1.1 Welcome to the Police and Crime Commissioner's Statement of Accounts for 2024/25. The statement of accounts report the income and expenditure on service provision for the year and the value of the Police and Crime Commissioner's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly, and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996. The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. This set of accounts includes the Statements for the Police and Crime Commissioner Group and for the Police and Crime Commissioner as a single entity. The Chief Constable's single entity accounts are published in a separate document. Further information on the structure of the group is provided within the accounts.
- 1.3 The aim of this narrative report is to provide an easily understandable explanation of the Police and Crime Commissioner Group's financial performance in 2024/25 and its position at the end of the financial year.

2.0 RESOURCES AVAILABLE IN 2024/25

- 2.1 In December 2021 the government provided policing with an indicative three year funding settlement for the period 2022/23 through to 2024/25. The government recognised the need to maintain investment in policing with the settlement continuing the uplift of police officers.
- 2.2 The 2024/25 budget was set in the context of an increase of Police Grant funding of 1.9%, which included Devon and Cornwall's share of the uplift funds allocated nationally for the 20,000 additional officers. The settlement confirmed national increases of £624m in 2024/25.
- 2.3 As part of the 2024/25 overall central government funding settlement, the council tax flexibility provided to Police and Crime Commissioners was set at a maximum of £13 per Band D equivalent property before a referendum was required. The Police and Crime Commissioner, in consultation with the Police and Crime Panel, increased the council tax element for policing by £12.94 (4.95%) allowing services to the public to not only be maintained but enhanced. Council tax was set at £274.50 for a band D property.
- 2.4 The graph below shows the revenue budget funding sources in 2024/25 as well as the funding in the previous and following year for comparative purposes. It shows slightly decreasing levels of central grant as a proportion of revenue funding (2022/23 56.7%, 2023/24 56.6%, and 2024/25 55.0%).

Revenue Budget funding 2023/24 – 2025/26



Narrative Report by Nicola Allen, Chief Financial Officer Continued

3.0 THE FINANCIAL STRATEGY FOR 2024/25

- 3.1 The Police and Crime Commissioner takes a multi-year approach to financial planning, considering the budget year and the subsequent three years.
- 3.2 The Police and Crime Plan 2021-2025 sets out the Police and Crime Commissioner's vision for **Safe, Resilient and Connected** communities. This vision is underpinned by priorities for Devon, Cornwall and the Isles of Scilly which are shown below.
- **Violence** – We continue to have inherent violence across our communities. Supporting families and young people affected by violence reduces the chances of those people becoming victims or perpetrators of violence later in life. Our Serious Violence Prevention Programme will help to drive the earliest possible interventions through partnership working and the scaling of evidence-based practice
 - **Antisocial Behaviour** – Persistent antisocial behaviour (ASB) is a very visible sign of disorder in communities. It can lead to community tensions and have a significant impact on people's health, wellbeing and daily quality of life
 - **Drugs** – Drugs can have a devastating social impact on community life and on those who are dependent upon them. They have an adverse impact on individuals, families and businesses and contribute to violence, crime, financial problems and homelessness
 - **Road Safety** – There are too many crashes on our roads. While the region is one of the safest when it comes to road safety, one death or serious injury is one too many
 - **Providing high quality and timely support to victims of crime** - To help them recover and to get justice by improving the criminal justice system
- 3.3 The Medium-Term Financial Strategy (MTFS), Capital Strategy, Reserves Strategy and Treasury Management Strategy are updated and approved annually during the budget setting process.
- 3.4 The overall impact in 2024/25 of increases to the Home Office core grant and special grant, and Council Tax increases relating to the precept, taxbase and surplus was an increase of funding of £22.1m, resulting in a budget of £406.5m (2023/24 budget £384.4m).
- 3.5 The table below outlines how these additional funds were allocated.

Use of additional funding - 2024/25	£m	
Additional Funding: -		
Police Grant & Council Tax	22.1	
Specific Grant (Uplift & Pensions)	14.6	36.7
Use of Additional Funding: -		
Increases:		
Growth	1.4	
Regional Growth	1	2.4
Unavoidable Changes:		
Pay Inflation	20.5	
Other Pay Changes	10.7	
Inflation	1.2	
Non-Pay Costs	3.2	
Capital Funding	1.6	37.2
Change in use of reserves		2.9
Investment Interest		-0.1
Increased Income		-0.4
Savings		-5.3
		36.7

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 3.6 The 2024/25 budget also included funding and strategic investment for:
- Maintaining officer numbers at 3,610 by 31 March 2025
 - Public access to services and community visibility
 - Strengthen public protection through effective investigation
- 3.7 The 2024/5 budget also made a provision for a number of unavoidable costs such as pay inflation, increments and existing policy commitments.
- 3.8 Pay awards were budgeted at 3.0%, and inflation was applied on non-pay budgets only to areas subject to inflationary pressures. The Consumer Price Index (CPI) at November 2023 was 3.9%, a decrease of 6.7% when compared to 10.7% in November 2022; electricity and gas contracts are based on market prices and were expected to decrease, with other inflationary/contractual pressures assumed at 2%.

4.0 2024/25 OUTCOMES

Uplift Officers

- 4.1 The government's three-year Uplift Programme was designed to deliver 20,000 additional police officers nationally by 31 March 2023; this was successfully achieved and provided Devon and Cornwall with 540 additional officers over the course of the programme taking the force to a total officer number of 3,610 FTE.
- 4.2 The provisional finance settlement announced in December 2023 outlined the government's intention to maintain the increased officer levels, and the financial settlement for 2024/25 included a ringfenced grant of £9.983m to maintain the uplift headcount (3,655). Payment was subject to maintaining the increased headcount at 30 September 2024 and 31 March 2025.
- 4.3 Similar to previous financial year the government offered an incentive scheme to exceed headcount targets. The incentive scheme for 2024/25, allocated Devon and Cornwall a total of 24 officers over their target headcount. At 31 March 2025 the actual headcount was 3,686, which achieved 7 over the target.
- 4.4 The Force was able to achieve these additional posts partly as a result of the PCC's decision to fund officers in excess of the uplift target, funded through precept. This means that as these officers were already included within the budgeted FTE of 3,610 the additional headcount uplift does not take the establishment over the assumed position. The Force ended the year slightly below the budgeted position at 3,605, 5 FTE below the budgeted number.

Investment

- 4.5 The 2024/25 Medium Term Financial Strategy (MTFS) identified ongoing revenue investments of £1.385m. This supported:
- The opening of a further four front offices across the Force by March 2025
 - Improving public confidence by reducing time taken to investigate complaints
 - Investments in NICHE support, coroners officers and Crime Standards unit

Savings

- 4.6 Savings of £1.591m were built into the 2024/25 budget to be achieved through courier contract re-tender, People Department, detention officers and Crime/Vulnerability. The majority of the savings have been achieved in 2024/25, with some minor adjustments needed to the 2025/26 savings plan to reflect unavoidable delays.

Vision Zero South West

- 4.7 The Office of Police and Crime Commissioner (OPCC) is the lead treasurer for the Vision Zero South West Road Safety Partnership. The partnerships ambition is to cut road deaths and serious injuries in Devon and Cornwall to zero by 2040, and to reduce current numbers by 50% by 2030.
- 4.8 Total income for the financial year, including Speed Awareness Courses and Court Costs recovered, was £7.065m, the Force accounted for running costs during the year and a surplus of £169k was transferred into the reserve at the year end.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

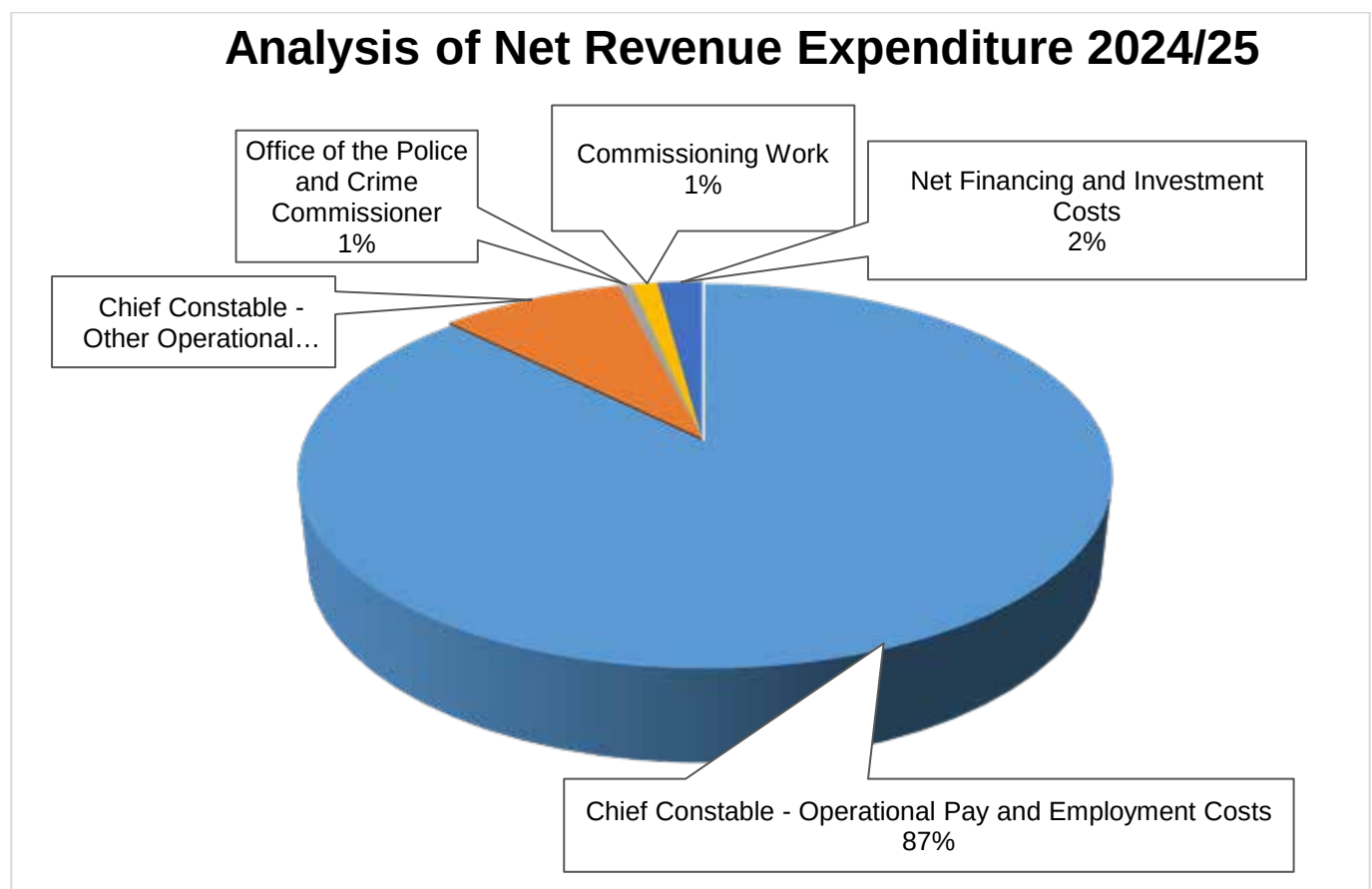
4.9 The Vision Zero reserve balance started the financial year at £4.378m, with spend on vehicle investment, camera equipment and Road Safety Delivery Plan of £2.081m, offset by the surplus of £169k the closing reserve balance is £2.466m.

5.0 ACTUAL EXPENDITURE 2024/25

5.1 The Police and Crime Commissioner Group spent £406.256m against a budget allocation of £406.518m, resulting in an underspend of £0.262m. The outturn of £406.538m shown below is the net position after £0.282m of the underspend was approved to be carried forward into 2025/26 making the net overspend £20k, which will be charged to general balances.

5.2 The approved net revenue budget for 2024/25 was £406.518m, of which £399.017m was under the direct control of the Chief Constable and £7.501m was under the direct control of the Police and Crime Commissioner.

5.3 The chart below shows a breakdown of actual net revenue expenditure for 2024/25 by category of spend.



Summary of final outturn	Revised Budget £'m	Outturn £'m	(Under)/Over £'m
Chief Constable	399.017	399.037	0.020
OPCC and Commissioning	7.501	7.501	0.000
Grand Total	406.518	406.538	0.020

5.4 Although the budget for 2024/25 was set within the context of high inflation, with CPI reducing from 2.8% to 2.6% during the year. The pay award of 4.75% award was significantly above the budgeted level of 3%, with the cost of living, resourcing and supply chains still under extreme pressure. This level of inflation was higher than originally estimated when setting the budget. These pressures not only had a cash effect on the Force, but also affected the ability to deliver projects within timescales and on budget.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

The Bank of England base rate held at 4.5% after dropping from the 5.25 peak in August 2023.

5.5 There were a number of over and underspends during the year; the most significant of which are detailed below:

- Police Officer overtime costs across all areas of the business continued to place pressure on the organisation, with costs exceeding budget by over £3m.
- Reductions in Police Officer Pay are caused by a higher than budgeted level of leavers, lower than budgeted numbers in the pension scheme and unbudgeted income from the region and external projects.
- Staff Pay costs are offset by Improvement reserve funding for an agreed one-off investment in temporary agency staff and forfeitures income. Once applied the staff/ agency costs are underspent, mainly linked to vacancies.
- Pressures within non pay budgets include increased expenditure on the policing of dangerous dogs, legal costs, tasers, equipment purchases, hotel accommodation, Police National Computer (PNC) charges, additional Police Now recruitment, NPAS, vehicle repairs/parts and mileage claims.
- The Estates department saw reductions in planned maintenance costs and additional income over budget.
- ICT underspends were caused by the legal dispute between the Competitions and Markets Authority (CMA) and the supplier of police radio services concluding. The Court of Appeal has refused the supplier of police radio services permission to appeal the CMA findings that it was making supernormal profits from providing communications network services to the UK emergency services.
- Income increased due to interest rates resulting in higher than anticipated returns on investments and additional funds from grants, specifically the reimbursement of costs provided to support the modern slavery programme.

5.6 The availability of one-off surplus during 2021/22 enabled the force to support several investments totalling £2.1m, it took some time to make traction on a number of these projects and the residual balance had been ringfenced within the Budget Management Reserve. The majority of these investments were completed in prior years, with remaining commitments of £383.4k falling in 2024/25. The spend of £274k in 2024/25 has resulted in an underspend of £110k. It is considered all spending should now be complete.

5.7 After taking into account carry-forward requests of £0.282m the £0.262m underspend reduces to a small residual overspend of £0.020m, which was charged to General Balances.

6.0 RESERVES

6.1 Reserves are held to support both Capital and Revenue spending. A Reserves Strategy is produced annually which looks at the resilience of the reserves of the group. The strategy takes a risk-based approach to assess the adequacy of the general balances. This strategy is reviewed by the Independent Audit Committee each year with recommendations for improvement referred back to the Police and Crime Commissioner. There has been a Home Office requirement to ensure that reserves held are not excessive and are used to support policing within the area.

6.2 The Reserves Strategy states the intention to maintain general balances at no more than 5% and no less than 3% of overall funding levels each year. The level at 31 March 2025 was 4.52% of the 2024/25 net revenue budget.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 6.3 The table below summarises the most recent level of reserves and balances forecast for 2024/25, compared with the actual level:

	Planned Balance (revised 24/25 MTFS) 31/3/2025 £'m	Actual Balance 31/3/2025 £'m
Earmarked Reserves - Capital	14.837	14.438
Earmarked Reserves - Revenue	7.000	10.530
General Balances	17.889	18.369
Total Reserves and Balances	39.726	43.337

- 6.4 The key reasons for the higher than originally planned level of reserves were further slippage on the capital programme, the agreed revenue carry forwards into 2025/26 and movement of one off funding to reserves.
- 6.5 The following table outlines the details of the reserves over the MTFS period. The future years forecast on each earmarked reserve are as per 2025/26 MTFS.

	Forecast Balance 31/3/2024 £000's	Forecast Balance 31/3/2025 £000's	Forecast Balance 31/3/2026 £000's	Forecast Balance 31/3/2027 £000's	Forecast Balance 31/3/2028 £000's	Forecast Balance 31/3/2029 £000's
Revenue Reserves						
Estates Development Reserve	15	15	0	0	0	0
Capital Financing Reserve	11,131	9,001	6,193	6,943	3,672	3,171
ESN Capital Reserve	4,101	4,101	3,901	3,701	3,286	21
VZSW (Ringfenced)	4,378	2,466	2,482	2,614	2,821	3,156
Improvement Reserve	2,000	700	475	475	475	475
Budget Management Fund	7,599	6,418	6,149	5,078	5,078	5,078
Police and Crime Plan Reserve	1,076	931	931	931	931	931
Total Revenue Reserves	30,300	23,631	20,130	19,741	16,262	12,830
Capital Reserves						
Capital Grant	305	360	360	360	360	360
Capital Receipts	977	977	977	977	977	977
Total Capital Reserves	1,282	1,337	1,337	1,337	1,337	1,337
General Balances	17,237	18,369	17,269	16,369	16,369	16,369
Total Reserves and Balances	48,820	43,336	38,735	37,447	33,968	30,536
<i>General Balances as % of Revenue Budget</i>	<i>4.24%</i>	<i>4.52%</i>	<i>3.99%</i>	<i>3.70%</i>	<i>3.61%</i>	<i>3.51%</i>

- 6.6 In line with the Capital Strategy there is an aspiration to reduce the level of reserves, which is in line with the Home Office direction. Slippage in the capital programme over the last two years has reduced the call on the Capital Financing Reserve and kept reserves at a temporarily higher level than had been previously anticipated.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

7.0 CAPITAL PROGRAMME

- 7.1 The table below shows the Police and Crime Commissioner Groups capital expenditure, and funding, during 2024/25. This consists of an ongoing programme of rationalisation, replacement and enhancement of property and other assets, all with an expected life of more than one year, and with a value in excess of £20k.

	24/25 Revised Plan £m's	24/25 Actual £m's
Capital Investment		
Vehicles	5.977	4.551
Land and Buildings	5.615	3.370
Equipment & ICT	8.319	4.486
Total	19.911	12.407
Funded by		
Grants	0.000	0.357
Capital Financing Reserve	3.149	2.945
Capital Receipts & Asset Disposal	0.845	0.037
Revenue Funding	5.403	5.331
Reserves	1.617	0.735
Borrowing	8.897	3.002
Total	19.911	12.407

- 7.2 The 2024/25 original capital programme was estimated to be £22.828m, but actual spending was £12.407m. The programme was revised during the year to reflect changes in the timing of a number of projects.
- 7.3 Vehicle expenditure related to the continual acquisition of replacement vehicles, to ensure that the vehicle fleet remains fit for purpose. During the year additional driver training vehicles were purchased, and purchases were made on behalf of Vision Zero South West.
- 7.4 Building spend primarily related to refurbishments of Camborne, Dartmouth and Barnstaple Police Stations and the firing range at Police Headquarters.
- 7.5 It is important for officers and staff to have access to the most suitable IT and equipment in order to deliver their service. This year has seen replacement programmes for mobiles, PC's and core infrastructure, whilst work towards a new contact centre system and data management system has started but will be delivered in future years.

8.0 2024/25 WORKFORCE

- 8.1 Workforce costs made up 86% of the annual expenditure of Devon and Cornwall Police.
- 8.2 Police Officers

31/03/24 (FTE)		31/03/25 (FTE)
3,610	Police Officers - Budgeted	3,610
3,615	Police Officers - Actual	3,605
5	(Under)/Over	(5)

Police Officer numbers were maintained during the year in line with national uplift targets which were achieved at both 30 September and 31 March.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

8.3 PCSO's

31/03/24 (FTE)		31/03/25 (FTE)
150	PCSO's - Budgeted	150
149	PCSO's - Actual	141
(1)	(Under)/Over	(9)

Recruitment campaigns during 2024/25 were undertaken which has meant the year end position of 141 FTE has been achieved, which is 9 FTE below budget.

8.4 Police Staff

The analysis of police staff numbers is made complex by the use of temporary and agency staff. In addition, the financial arrangements for the Alliance with Dorset Police mean some staff employed by one Force will be charged to another. For the purposes of this report, the numbers below reflect the full time equivalent number of police staff charged against the Police and Crime Commissioner's Group accounts.

31/03/24 (FTE)		31/03/25 (FTE)
2,287	Police Staff - Actual	2,195
32	OPCC - Actual	35
2,329	Total	2,230

There was a net decrease in FTE during the year as a result of changes made within the MTFS, short term temporary funded posts, use of agency staff and posts funded by third parties.

9.0 PERFORMANCE

External Indicators

9.1 The principal independent financial indicators available to the Police and Crime Commissioner are as follows:

9.2 HMICFRS PEEL Report – His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent review was July 2024. The inspection looked at how well the Force performed in nine areas of policing, and gave graded judgements in eight of the nine, as follows:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Police powers and public treatment	Managing offenders	Investigating crime
		Protecting vulnerable people	Leadership and force management	Responding to the public
		Developing a positive workplace		

Following the gradings from the previous report HMICFRS have kept the Force in the enhanced "engage" process, which provides additional scrutiny and support on behalf of the public. The Force were notified of this in October 2022. Since then, the Force has been working closely with HMICFRS through the Police Performance and Oversight Group (PPOG) to improve areas, regularly receiving positive feedback about progress made. One grade "Responding to the public" was discharged in September 2024.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 9.3 Auditor's Annual Report – External auditors provided a commentary on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2025. The Value for Money opinion comments that the significant weakness identified in 2022/23 remains but acknowledges that for 2024/25 the Force continues its robust response to the HMICFRS findings and the “engage” process, resulting in an improving direction of travel.
- 9.4 The HMICFRS Value for Money Profile 2024 – this does not provide an opinion but states key financial and performance information of Devon and Cornwall Police in comparison to other Forces. The report did not indicate any significant outliers within Devon and Cornwall Police's information.

Office of the Police and Crime Commissioner Performance Measures

- 9.5 As stated in the introduction, the primary function of the Police and Crime Commissioner is to secure the maintenance of an efficient and effective police service in Devon, Cornwall and the Isles of Scilly and to hold the Chief Constable to account for the exercise of operational policing duties under the Police Act 1996.
- 9.6 In addition, the Police and Crime Panel receive a report on a regular basis of the OPCC's assessment of current performance against the strategic indicators for the Police and Crime Plan 2021-2025 'Safe, Resilient and Connected communities', these indicators are accompanied by a focus on four community priorities, including violence, anti-social behaviour (ASB), drugs and road safety.

In order to monitor the progress of these objectives, the Police and Crime Commissioner has identified a suite of performance metrics, as per the table below.

Police and Crime Plan 2021-2025 Scorecard	
<u>Violence</u> - Homicides - National measure - Hospital admissions of under 25s for assault with a sharp object - National measure - Offences involving discharge of a firearm - National measure - Violent Crime (all) - Violent Crime (Domestic Violence) - Victim satisfaction (Domestic Violence) - National measure	<u>ASB</u> - Recorded number of ASB incidents - Recorded number of public order incidents
<u>Drugs</u> - Drug possession offences - Drug trafficking offences - Organised drug disruptions <i>Drug related homicides*</i> National measure <i>Police referrals into drug treatment*</i> National measure	<u>Road Safety</u> - Number of Fatal casualties - Number of Serious casualties - Number of Deaths or serious injuries caused by high risk driving offending behaviour - Number of Community Speedwatch Schemes
<u>Safe</u> - ONS crime rating - Victim based reported crime levels - Number of Police Officers (Full-time Equivalent) - Number of recorded hate crimes - Number of neighbourhood crimes - National measure <i>Percentage (%) of businesses experiencing a cyber breach or attack*</i> National measure <i>Confidence in the law enforcement response to cyber crime*</i> National measure	
<u>Resilient</u> - Number of young people who are victims of crime - Additional funding brought into Devon and Cornwall by OPCC - Overall victim satisfaction - National measure	
<u>Connected</u> - Number of customer contact points open to the public - Number of customer contacts (999, 101, online) 101 and 999 call wait times (P1 & P2) - Levels of public confidence in the Police - Number of reports made to Devon and Cornwall Police from Crime Stoppers	

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 9.7 The metrics are published in the Police and Crime Commissioner's Police and Crime Plan, and a scorecard is presented to the Police and Crime Panel at each meeting and is published quarterly on the OPCC Website to monitor progress.

Force Demand

- 9.8 The total number of calls for service received are detailed in the table below.

No. of Contacts	2023/24	2024/25	% Change	Notes
Calls:-				
999	328,928	298,001	-9.4%	
101	444,078	443,489	-0.1%	This is the Integrated Voice Response system (IVR) figures as all 101 calls are processed through IVR.
Other incoming call lines	44,315	41,077	-7.3%	This includes; Bluelight, Alarms, vulnerable victims, X-Directory, FIM, Firearms, Press.
Interactions:-				
Emails	95,958	93,956	-2.1%	
Texts	501	363	-27.5%	
Webchats	5,435	0	-100.0%	
Total	919,215	876,886	-4.6%	

The data shows a 4.6% reduction across all categories. Webchats were disabled in summer 2023.

10.0 FUTURE FINANCIAL OUTLOOK

- 10.1 The Chief Constable and the Police and Crime Commissioner formally update the MTFS annually during the budget setting process.
- 10.2 Grant funding for 2025/26 was provided by the new government as a one-year settlement ahead of a comprehensive spending review due to report in June 2025. Excluding food and energy prices inflation rose by 2.3% in the year to November 2024. Electricity and Gas contracts are based on market energy prices and are expected to decrease in 2025/26. The full year effect of the 2024/25 pay award must be accounted for in future years.
- 10.3 The government has permitted a maximum council tax increase of £14 for 2025/26 within its overall funding announcement, but even with this additional funding a gap remains.
- 10.4 2025/26 was only a one year funding settlement, the Force has considered a longer term, strategic approach to the workforce to protect and enhance service delivery and, critically, to maintain and enhance public confidence in policing; whilst enabling a balanced budget to be achieved.
- 10.5 The 2025/26 budget supports a structured financial approach to facilitate additional and sustainable resources to:
- Maintain police officer numbers at 3,610
 - Support the neighbourhood policing guarantee (13,000 more staff nationally)
 - Provide additional investment to support complaint handling
 - Modernisation of ICT systems

Narrative Report by Nicola Allen, Chief Financial Officer Continued

10.6 Planning for beyond 2025/26 remains very challenging. There are a number of things which will impact on this planning, including:

- Future pay awards for officers and staff
- Inflationary pressures, albeit at a lower level than in recent years
- Staff turnover and, in particular, police officer leavers
- CSR for 2026/27, how many years will this cover
- Future council tax referendum principles
- Impact of council tax premiums for second homes
- Review of the police funding formula

11.0 GOVERNANCE ARRANGEMENTS

11.1 The Annual Governance Statement is published alongside this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also sets out the joint arrangements for managing risk for the Police and Crime Commissioner and the Chief Constable.

12.0 THE STATEMENT OF ACCOUNTS

12.1 A brief explanation of the purpose of each of the four primary statements is provided below together with a high-level summary.

Movement in Reserves Statement for the Group and for the Police and Crime Commissioner as a single entity - shows the changes in the Police and Crime Commissioner's financial resources over the year. The statement shows the different reserves held which have been analysed into "Usable" and "Unusable" Reserves. Usable reserves can be used to fund expenditure during the year and in future years or to reduce the amount that needs to be raised in council tax. Unusable reserves are technical accounting adjustments that are required to be reported at year end.

The table below is a summary of the movement in reserves:

Summary Movement in Reserves	Restated Balance as at 01/04/2024*	Movements	Balance as at 31/03/2025
	£'000	£'000	£'000
General Fund	17,236	1,133	18,369
Earmarked Reserves	30,300	(6,669)	23,631
Capital Receipts	977	0	977
Capital Grants	305	55	360
Total Usable Reserves	48,818	(5,481)	43,337
Unusable Reserves	(2,434,939)	71,258	(2,363,681)
Total Reserves	(2,386,121)	65,777	(2,320,344)

*The restated balances presented have been calculated by applying the IFRS 16 adjustments to the closing balances as at 31 March 2024. The table below summarises the changes.

Summary Movement in Reserves	Balance as at 31/03/2024	IFRS 16 Adjustments	Restated Balance as at 01/04/2024*
	£'000	£'000	£'000
General Fund	17,236	0	17,236
Earmarked Reserves	30,300	0	30,300
Capital Receipts	977	0	977
Capital Grants	305	0	305
Total Usable Reserves	48,818	0	48,818
Unusable Reserves	(2,437,566)	2,627	(2,434,939)
Total Reserves	(2,388,748)	2,627	(2,386,121)

Narrative Report by Nicola Allen, Chief Financial Officer Continued

The significant movements during the year have been within unusable reserves, specifically for pensions, revaluation and the capital adjustment account. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices and are not chargeable against council tax for the year.

Comprehensive Income and Expenditure Statement for the Group and for the Police and Crime Commissioner as a single entity – this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

The table below is a summary of the Group Comprehensive Income and Expenditure Statement:

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
Net Cost of Services	465,707	(74,650)	391,057
Other Operating Income and Expenditure	567	(52,985)	(52,418)
Financing and Investment Income and Expenditure	147,812	(23,392)	124,420
Taxation and Non-Specific Grant Income	0	(406,373)	(406,373)
(Surplus)/Deficit on Provision of Services	614,086	(557,400)	56,686
Other Comprehensive Income and Expenditure	0	(122,463)	(122,463)
Total Comprehensive Income and Expenditure	614,086	(679,863)	(65,777)

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is shown in the Financing Investment Income and Expenditure section and relates to the pensions interest cost (£124.610m which is included in the net balance of £124.420m). This cost is calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

The "Other Comprehensive Income and Expenditure" section reflects the net movement in the revaluation of assets (£0.002m) and the remeasurement of the pension liabilities ((£122.465m)).

Balance Sheet as at 31 March 2025, shows how the resources available to the Group and the Police and Crime Commissioner are held in the form of assets and liabilities.

The table below is a summary of the Group Balance Sheet:

Summary Balance Sheet	Restated Balance as at 01/04/2024 £'000	Balance as at 31/03/2025 £'000	Movement £'000
Long Term Assets	277,096	273,965	(3,131)
Current Assets	63,097	53,827	(9,270)
Current Liabilities	(69,309)	(70,948)	(1,639)
Long Term Liabilities	(2,657,005)	(2,577,188)	79,817
Net Liabilities	(2,386,121)	(2,320,344)	65,777
Unusable Reserves	(2,434,939)	(2,363,681)	71,258
Usable Reserves	48,818	43,337	(5,481)
Total Reserves	(2,386,121)	(2,320,344)	65,777

*The restated balances presented have been calculated by applying the IFRS 16 adjustments to the closing balances as at 31 March 2024. The table below summarises the changes.

Narrative Report by Nicola Allen, Chief Financial Officer Continued

Summary Balance Sheet	Balance as at 31/03/2024 £'000	IFRS 16 Adjustment £'000	Restated Balance as at 01/04/2024 £'000
Long Term Assets	262,739	14,357	277,096
Current Assets	63,097	0	63,097
Current Liabilities	(68,554)	(755)	(69,309)
Long Term Liabilities	(2,646,030)	(10,975)	(2,657,005)
Net Liabilities	(2,388,748)	2,627	(2,386,121)
Unusable Reserves	(2,437,566)	2,627	(2,434,939)
Usable Reserves	48,818	0	48,818
Total Reserves	(2,388,748)	2,627	(2,386,121)

The significant movements in the Balance Sheet correspond to the areas highlighted above. The total reserves deficit is mainly due to the police officer and staff pension liabilities. In practice, in year pension costs for police officers are being met by the Home Office.

Cash Flow Statement shows how the movement in resources has been reflected in cash flows.

The table below is a summary of the cash flow position:

Summary Cash Flow Statement	Cash Flows 2023/24 £'000	Cash Flows 2024/25 £'000
Cash and Cash Equivalents as at 1 April	(13,992)	(18,867)
Net Cash Flow from:		
Operating Activities	(9,042)	(11,981)
Investing Activities	12,992	10,580
Financing Activities	(8,825)	(231)
Movement	(4,875)	(1,632)
Cash and Cash Equivalents as at 31 March	(18,867)	(20,499)

Expenditure and Funding Analysis shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2024/25 £'000
Expenditure and Funding Analysis	
Net Cost of Services - Chief Constable	399,206
Net Cost of Services - Office of the Police and Crime Commissioner	2,573
Net Cost of Services - Commissioning	4,928
Financing and Investment Income and Expenditure	(189)
Total net expenditure funded by Taxation and Non-Specific Grant Income	406,518
Outturn	
PCC Group	406,256
Underspend transferred to General Balances	262
Total net expenditure funded by Taxation and Non-Specific Grant Income	406,518

Narrative Report by Nicola Allen, Chief Financial Officer Continued

- 12.2 In 2024/25, the Police and Crime Commissioner applied IFRS 16 Leases standard as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of this standard is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of- use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Further details can be found in the Leases note.
- 12.3 The notes to the financial statements include the accounting policies and gives further information on the entries within the main statements as well as supplementary information. All notes relate to the Group Statements unless it is otherwise specified. These are further supplemented by a glossary of terms.

Nicola Allen CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Further Information

This publication provides a review of the financial performance of the Police and Crime Commissioner for 2024/25. It complements the information in the [Single Entity Accounts of the Chief Constable](#) and the [Police and Crime Plan](#).

**Independent Auditor's Report to the
Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published when available.

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

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

Approval of the Accounts

I approve the Statement of Accounts.

Alison Hernandez
Police and Crime Commissioner

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2025 gives a true and fair view of the financial position of the Police and Crime Commissioner for Devon and Cornwall at the reporting date and of the income and expenditure for the year ended 31 March 2025.

Nicola Allen CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Financial Statements

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2023/24 and 2024/25 on the different reserves held by the Police and Crime Commissioner Group, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		17,236	30,300	977	305	48,818	(2,437,566)	(2,388,748)
IFRS 16 Adjustment		0	0	0	0	0	2,627	2,627
Restated Balance at 1 April 2024		17,236	30,300	977	305	48,818	(2,434,939)	(2,386,121)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(56,686)	0	0	0	(56,686)	122,463	65,777
Adjustments between accounting basis and funding basis under regulations	9	51,150	0	0	55	51,205	(51,205)	0
Transfers to/(from) Earmarked Reserves	10	6,669	(6,669)	0	0	0	0	0
Increase/(Decrease)		1,133	(6,669)	0	55	(5,481)	71,258	65,777
Balance at 31 March 2025		18,369	23,631	977	360	43,337	(2,363,681)	(2,320,344)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		15,313	44,848	977	305	61,443	(2,487,188)	(2,425,745)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(72,033)	0	0	0	(72,033)	109,030	36,997
Adjustments between accounting basis and funding basis under regulations	9	59,408	0	0	0	59,408	(59,408)	0
Transfers to/(from) Earmarked Reserves	10	14,548	(14,548)	0	0	0	0	0
Increase/(Decrease)		1,923	(14,548)	0	0	(12,625)	49,622	36,997
Balance at 31 March 2024		17,236	30,300	977	305	48,818	(2,437,566)	(2,388,748)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

PCC Movement in Reserves Statement

This statement shows the movement from the start of the year to the end of the year for 2023/24 and 2024/25 on the different reserves held by the Police and Crime Commissioner, analysed into 'usable reserves' (i.e. those that can be used to fund expenditure or reduce local taxation) and other 'unusable reserves'. The statement shows how the movements in year of the Police and Crime Commissioner's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The net increase/(decrease) shows the statutory General Fund balance movements in the year following those adjustments.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		17,236	30,300	977	305	48,818	(2,437,566)	(2,388,748)
IFRS 16 Adjustment		0	0	0	0	0	2,627	2,627
Restated Balance at 1 April 2024		17,236	30,300	977	305	48,818	(2,434,939)	(2,386,121)
Movement in Reserves								
Total Comprehensive Income and Expenditure		65,832	0	0	0	65,832	(55)	65,777
Adjustments between accounting basis and funding basis under regulations	9	(71,368)	0	0	55	(71,313)	71,313	0
Transfers to/(from) Earmarked Reserves	10	6,669	(6,669)	0	0	0	0	0
Increase/(Decrease)		1,133	(6,669)	0	55	(5,481)	71,258	65,777
Balance at 31 March 2025		18,369	23,631	977	360	43,337	(2,363,681)	(2,320,344)

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		15,313	44,848	977	305	61,443	(2,487,188)	(2,425,745)
Movement in Reserves								
Total Comprehensive Income and Expenditure		(8,423)	0	0	0	(8,423)	45,420	36,997
Adjustments between accounting basis and funding basis under regulations	9	(4,202)	0	0	0	(4,202)	4,202	0
Transfers to/(from) Earmarked Reserves	10	14,548	(14,548)	0	0	0	0	0
Increase/(Decrease)		1,923	(14,548)	0	0	(12,625)	49,622	36,997
Balance at 31 March 2024		17,236	30,300	977	305	48,818	(2,437,566)	(2,388,748)

Group Comprehensive Income and Expenditure Statement

2023/24			2024/25			Notes	
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000		
430,781	(55,714)	375,067	Chief Constable	451,828	(68,299)	383,529	
3,134	(8)	3,126	Office of the Police and Crime Commissioner	2,623	(27)	2,596	30
9,668	(4,809)	4,859	Commissioning	11,256	(6,324)	4,932	27
443,583	(60,531)	383,052	Net Cost of Services	465,707	(74,650)	391,057	
			Other Operating Income and Expenditure				
176	0	176	Net (Surplus)/Deficit from the Sale of Non-Current Assets	567	0	567	20.3
3,989	0	3,989	(Gain)/Loss on Revaluation of Non-Current Assets	0	(800)	(800)	20.3
0	(52,573)	(52,573)	Pensions Top Up Grant	0	(52,185)	(52,185)	PFS
			Financing and Investment Income and Expenditure				
1,298	0	1,298	Interest Payable	1,745	0	1,745	18.2
0	(2,317)	(2,317)	Interest and Investment Income	0	(1,835)	(1,835)	18.2
47	(36)	11	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	0	(54)	(54)	34
0	(1)	(1)	(Gain)/Loss on Financial Instruments	0	(46)	(46)	18.2
142,318	(19,025)	123,293	Pensions Interest	146,067	(21,457)	124,610	
			Taxation and Non-Specific Grant Income				
0	(202,611)	(202,611)	Police Grant	0	(214,687)	(214,687)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(166,370)	(166,370)	Council Tax Precept	0	(175,537)	(175,537)	
0	(453)	(453)	Capital Grants, Contributions and Donations	0	(688)	(688)	26
591,411	(519,378)	72,033	(Surplus)/Deficit on Provision of Services	614,086	(557,400)	56,686	
			(Surplus)/Deficit on Revaluation of Non-Current Assets			2	11
			Remeasurement of the Net Defined Benefit Liability/(Asset)			(122,465)	32
		(109,030)	Other Comprehensive Income and Expenditure			(122,463)	
		(36,997)	Total Comprehensive Income and Expenditure			(65,777)	

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Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

PCC Comprehensive Income and Expenditure Statement

This statement shows the accounting cost in the years 2023/24 and 2024/25 of providing services for the Police and Crime Commissioner in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation (precepts) to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement and the Expenditure and Funding Analysis note.

2023/24				2024/25			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
430,781	(55,714)	375,067	Chief Constable - Intra-group transaction	451,828	(68,299)	383,529	4
3,134	(8)	3,126	Office of the Police and Crime Commissioner	2,623	(27)	2,596	30
9,668	(4,809)	4,859	Commissioning	11,256	(6,324)	4,932	27
443,583	(60,531)	383,052	Net Cost of Services	465,707	(74,650)	391,057	
			Other Operating Income and Expenditure				
176	0	176	Net (Surplus)/Deficit from the Sale of Non-Current Assets	567	0	567	20.3
3,989	0	3,989	(Gain)/Loss on Revaluation of Non-Current Assets	0	(800)	(800)	20.3
0	(52,573)	(52,573)	Pensions Top Up Grant - Intra-group transaction	0	(52,185)	(52,185)	PFS
			Financing and Investment Income and Expenditure				
1,298	0	1,298	Interest Payable	1,745	0	1,745	18.2
0	(2,317)	(2,317)	Interest and Investment Income	0	(1,835)	(1,835)	18.2
47	(36)	11	Income and Expenditure in relation to Investment Properties and changes in their Fair Value	0	(54)	(54)	34
0	(1)	(1)	(Gain)/Loss on Financial Instruments	0	(46)	(46)	18.2
433	(415)	18	Pensions Interest	462	(471)	(9)	
141,885	(18,610)	123,275	Pensions Interest - Intra-Group Transaction	145,605	(20,986)	124,619	4
			Taxation and Non-Specific Grant Income				
0	(202,611)	(202,611)	Police Grant	0	(214,687)	(214,687)	26
0	(15,461)	(15,461)	Council Tax Support Grants	0	(15,461)	(15,461)	26
0	(166,370)	(166,370)	Council Tax Precept	0	(175,537)	(175,537)	
0	(453)	(453)	Capital Grants, Contributions and Donations	0	(688)	(688)	26
0	(63,610)	(63,610)	Remeasurement of the Net Defined Benefit Liability (Asset) - Intra-Group Transaction	0	(122,518)	(122,518)	4
591,411	(582,988)	8,423	(Surplus)/Deficit on Provision of Services	614,085	(679,917)	(65,832)	
		(45,064)	(Surplus)/Deficit on Revaluation of Non-Current Assets			2	11
		(356)	Remeasurement of the Net Defined Benefit Liability (Asset)			53	32
		(45,420)	Other Comprehensive Income and Expenditure			55	
		(36,997)	Total Comprehensive Income and Expenditure			(65,777)	

Nicola Allen CPFA

Chief Financial Officer to the Police and Crime Commissioner, XX June 2025

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group and PCC Balance Sheet

The Balance Sheet shows the value as at 31 March 2024 and 31 March 2025 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner. The net assets of the Group/Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Group/Police and Crime Commissioner. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. The second category of reserves is those that the Group/Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses, where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'adjustments between accounting basis and funding basis under regulations'.

As at PCC* Restated £'000	31 March 2024 PCC Group* Restated £'000		As at PCC £'000	31 March 2025 PCC Group £'000	Notes
		Long Term Assets			
222,263	222,263	Land and Buildings	230,976	230,976	11
1,198	1,198	Intangible Assets	899	899	12
5,316	5,316	Surplus Assets	5,292	5,292	11
31,632	33,466	Vehicle, Plant and Equipment	34,366	36,302	11
496	496	Investment Property	496	496	34
1,834	0	Intra-Group Debtors	1,936	0	4
262,739	262,739	Total Long Term Assets	273,965	273,965	
		Current Assets			
885	885	Assets Held for Sale	885	885	16
1,731	1,731	Inventories	1,837	1,837	
9,179	41,614	Short Term Debtors	5,564	30,606	14
32,435	0	Intra-Group Debtors	25,042	0	4
18,867	18,867	Cash and Cash Equivalents	20,499	20,499	15
63,097	63,097	Total Current Assets	53,827	53,827	
		Current Liabilities			
(18,000)	(18,000)	Short Term Borrowing	(22,500)	(22,500)	
(4,615)	(47,373)	Short Term Creditors	(1,665)	(45,034)	17
(80)	(80)	Finance Lease	(973)	(973)	-
(1,711)	(3,101)	Provisions	(1,855)	(2,441)	19
(44,148)	0	Intra-Group Creditors	(43,955)	0	4
(68,554)	(68,554)	Total Current Liabilities	(70,948)	(70,948)	
		Long Term Liabilities			
(30,277)	(30,277)	Long Term Borrowing	(28,277)	(28,277)	33
(120)	(120)	Finance Lease	(8,334)	(8,334)	
(1,041)	(1,041)	Provisions	(1,129)	(1,129)	19
(201)	(9,419)	Pensions Liability - Staff	(190)	(8,872)	32
0	(2,605,173)	Pensions Liability - Officers	0	(2,530,576)	32
(2,614,391)	0	Intra-Group Creditors	(2,539,258)	0	4
(2,646,030)	(2,646,030)	Total Long Term Liabilities	(2,577,188)	(2,577,188)	
(2,388,748)	(2,388,748)	Net Liabilities	(2,320,344)	(2,320,344)	
		Represented by			
(2,437,566)	(2,437,566)	Unusable Reserves	(2,363,681)	(2,363,681)	20
48,818	48,818	Usable Reserves	43,337	43,337	
(2,388,748)	(2,388,748)	Total Reserves	(2,320,344)	(2,320,344)	

* The finance leases balance has been removed from Short Term Creditors and is now shown separately.

Nicola Allen CPFA
Chief Financial Officer to the Police and Crime Commissioner
XX June 2025

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Group Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the Group and the Police and Crime Commissioner during the reporting period. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

The amount of net cash flows arising from operating activities is a key indicator of the way the Group has managed its cash outflows against the monies received by way of taxation, grant income and from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000	Notes
8,423	72,033	Net (Surplus) or Deficit on the Provision of Services	(65,832)	56,686	
		Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements			
6	(53,267)	(Increase)/Decrease in pensions liability	68	(47,321)	
(53,273)	0	(Increase)/Decrease in pensions liability - Intra-Group Transaction	(47,389)	0	
63,610	0	Actuarial Movement on Pension Funds - Intra-Group Transaction	122,518	0	
(2)	(16,411)	Depreciation and amortisation	(2)	(13,640)	
(16,409)	0	Depreciation and amortisation - Intra-Group Transaction	(13,638)	0	
4	(903)	(Increase)/Decrease in provisions	(232)	572	
(907)	0	(Increase)/Decrease in provisions - Intra-Group Transaction	804	0	
(176)	(176)	Surplus/(Loss) on sales of non-current assets	(567)	(567)	
(4,034)	(4,034)	Surplus/(Loss) on revaluation of non-current assets	799	799	
(546)	(6,284)	Movement in relevant assets/liabilities	(1,916)	(8,510)	
(5,738)	0	Movement in relevant assets/liabilities - Intra-Group Transaction	(6,594)	0	
(9,042)	(9,042)	Net Cash (Inflows)/Outflows from Operating Activities	(11,981)	(11,981)	21
12,992	12,992	Investing Activities	10,580	10,580	22
(8,825)	(8,825)	Financing Activities	(231)	(231)	23
(4,875)	(4,875)	Net (Increase)/Decrease in Cash and Cash Equivalents	(1,632)	(1,632)	
(13,992)	(13,992)	Cash and Cash Equivalents at the beginning of the reporting period	(18,867)	(18,867)	
(18,867)	(18,867)	Cash and Cash Equivalents at the end of the reporting period	(20,499)	(20,499)	15



PCC
Office of the Police
and Crime Commissioner
Devon and Cornwall

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Groups transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Group is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in the Comprehensive Income and Expenditure Statement for the income that might not be collected

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

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

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

Note 1 Accounting Policies Continued

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. COUNCIL TAX

The council tax income included in the Comprehensive Income and Expenditure Statement is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Group's General Fund. Therefore, the difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund is taken to the collection fund adjustment account and included as a reconciling item in the Movement in Reserves Statement.

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

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

8. REVENUE EXPENDITURE FUNDED FROM CAPITAL UNDER STATUTE

Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset has been charged as expenditure to the relevant service in the Comprehensive Income and Expenditure Statement in the year. Where the Group has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the Movement in Reserves Statement from the General Fund balance to the Capital Adjustment Account then reverses out the amounts charged so that there is no impact on the level of council tax.

9. GOVERNMENT GRANTS AND CONTRIBUTIONS

Whether paid on account, by instalments or in arrears, government grants, third-party contributions are recognised as due to the Group when there is reasonable assurance that:

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

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset in the form of 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 Comprehensive Income and Expenditure Statement.

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

Note 1 Accounting Policies Continued

10. FINANCIAL INSTRUMENTS

10.1 Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year according to the loan agreement.

10.2 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. The Group holds financial assets measured at:

- amortised cost, and
- fair value through profit or loss (FVPL)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

10.3 Financial Assets Measured at Amortised Cost

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

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

10.4 Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arise in the surplus or deficit on the provision of services.

10.5 Fair Value Measurements of Financial Assets

Fair value of an asset is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurements of the financial assets are provided by the Group's Treasury advisors.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs: quoted prices (unadjusted) in active markets for identical assets that the Group can access at the measurement date
- Level 2 inputs: inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 inputs: unobservable inputs for the asset

Note 1 Accounting Policies Continued

Any gains and losses that arise on the derecognition of the asset are credited or debited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

11. CASH AND CASH EQUIVALENTS

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that are held no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

12. LEASES

12.1 The Group as Lessee

The Group classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

12.1.1 Initial Measurement

Leases are recognised as right-of use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The Group initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the Group's incremental borrowing rate. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the Group is reasonably certain to exercise
- lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the Group is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received.

However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

12.1.2 Subsequent Measurement

The right-of-use asset is subsequently measured using the fair value model. The Group considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews

Note 1 Accounting Policies Continued

- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when:

- there is a change in future lease payments arising from a change in index or rate
- there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee
- the Group changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

12.1.3 Low Value and Short Lease Exemption

As permitted by the Code, the Group excludes leases:

- for low-value items that cost less than £10k when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the Group is reasonably certain to exercise and any termination options that the Group is reasonably certain not to exercise).

12.1.4 Lease Expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

13. JOINT OPERATIONS

The Group participates in a number of partnership activities. These arrangements involve the Group carrying out activities relevant to their own functions jointly with others. The Group accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Group incurs with respect to their interest in the partnerships.

14. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to service segments in accordance with the Group's arrangements for accountability and financial performance.

Note 1 Accounting Policies Continued

15. EMPLOYEE BENEFITS

15.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

15.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Police and Crime Commissioner or Chief Constable to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Police and Crime Commissioner or Chief Constable is demonstrably committed to the termination of the employment of an employee. Where 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.

15.3 Post-Employment Benefits

Employees of the Police and Crime Commissioner are members of the Local Government Pensions Scheme (CARE).

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Group.

15.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes 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.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate,

Note 1 Accounting Policies Continued

equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

15.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Local Government Pension Scheme 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.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The assets of the Devon County Council pension fund attributable to the Group are included in the Balance Sheet at their fair value:

·	quoted securities	-	current bid price
·	unquoted securities	-	professional estimate
·	unitised securities	-	current bid price
·	property	-	market value

15.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Group - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure 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 to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurements comprising:

- The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme
- Actuarial gains and losses are 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. These changes are charged to the pensions reserve as other Comprehensive Income and Expenditure

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments

Contributions paid (only applicable to the Local Government Pension Scheme):

Note 1 Accounting Policies Continued

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

15.3.4 Police Officers' Injury Benefits

The Group makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

15.3.5 Impact on Reserves

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement of 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

15.4 Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

16. PROVISIONS

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Group a legal or constructive present obligation that probably requires settlement by a transfer of economic benefits or service potential, and where 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 the 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. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Group settles the obligation.

A provision would be made for termination payments due to staff resulting from restructuring when the Group has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately, and provision made of the estimated termination payments as and when each element of the plan is announced.

17. RESERVES

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by transferring amounts out of the General Fund balance. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement. The reserve is then transferred back to the General Fund balance so that there is no net charge against council tax for the expenditure.

Note 1 Accounting Policies Continued

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, local taxation, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the notes to the accounts.

18. PROPERTY, PLANT AND EQUIPMENT

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment.

18.1 Recognition

Expenditure on the acquisition, creation or enhancement of property, plant and equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

18.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

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

Donated assets are measured initially at fair value. The difference between fair value and any consideration paid is credited to the taxation and non-specific grant income and expenditure line of the Comprehensive Income and Expenditure Statement, unless the donation has been made conditionally. Until conditions are satisfied, the gain is held in the donated assets account. Where gains are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund balance to the Capital Adjustment Account in the Movement in Reserves Statement.

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

· operational specialised property	- depreciated replacement cost (DRC)
· operational non-specialised property assets	- existing use value
· assets under construction	- historical cost
· non-property assets	- depreciated historical cost
· surplus assets	- fair value, estimated at highest and best use from a market participant's perspective

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

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

Property assets included in the Balance Sheet at current value are revalued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end but as a minimum every three years.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. (Exceptionally, gains might be credited to the surplus or deficit on the provision of services where they arise from the reversal of a loss previously charged to a service.)

Where decreases in value are identified, they are accounted for by:

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

Note 1 Accounting Policies Continued

18.3 Impairment

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

Where impairment losses are identified, they are accounted for by:

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

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

18.4 Depreciation

Depreciation is provided for all property, plant and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. assets under construction).

Depreciation is calculated on the following bases:

- Vehicles – are depreciated monthly, using the straight-line allocation, over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered
- Land and Buildings – the useful life of each building is assessed by the valuer and depreciated, using the straight-line allocation, from the first of the month of acquisition; the land value is not depreciated. Where an asset comprises two or more major components with substantially different useful lives, each component is accounted for separately
- Enhancements/Adaptions to leasehold buildings – are depreciated monthly, using the straight-line allocation, over the life of the lease
- Information and Communications Technology – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to the asset life
- Plant and Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation

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

18.5 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether property, plant, ICT, equipment and vehicles or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10k are categorised as capital receipts. Receipts are credited to the usable Capital Receipts Reserve and used for new capital investment or set aside to reduce the Group's underlying

Note 1 Accounting Policies Continued

need to borrow. Receipts are appropriated to the reserve from the General Fund balance in the Movement in Reserves Statement.

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

18.6 Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an asset held for sale. The asset is revalued before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the surplus or deficit on the provision of services. Depreciation is not charged on assets held for sale.

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

18.7 Surplus Assets

Non-current assets which are surplus to service needs, but which do not meet the criteria required to be classified as investment property, or asset held for sale are classified as surplus assets within property, plant and equipment. Surplus assets can be categorised as either non-current assets or current assets, depending on their nature. These assets are depreciated.

19. INTANGIBLE ASSETS

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

19.1 Measurement

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at cost less accumulated depreciation.

19.2 Amortisation

The depreciable amount of an intangible asset is amortised over its useful life and charged to the Comprehensive Income and Expenditure Statement.

19.3 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to other operating expenditure in the Comprehensive Income and Expenditure Statement.

19.4 Accounting

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

Note 1 Accounting Policies Continued

20. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

21. INVENTORIES

Inventories are included in the Balance Sheet at the lower of cost and net realisable value. The cost of inventories is assigned using an average cost formula.

22. LONG TERM CONTRACTS

Long term contracts are accounted for on the basis of charging the surplus or deficit on the provision of services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

23. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Group they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material, and a separate disclosure would be made to aid the understanding of the Group's financial performance.

24. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year. This comprises:

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

The Group is not required to raise council tax to fund depreciation, amortisation, revaluation and impairment losses. However, it is required to make an annual contribution (minimum revenue provision) from revenue towards the reduction in its overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation, amortisation, revaluation and impairment losses are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

25. INVESTMENT PROPERTY

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the financing and investment income line and result in a gain for the General Fund balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are therefore reversed out of the General Fund balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10k) the Capital Receipts Reserve.

26. FAIR VALUE MEASUREMENT OF NON-FINANCIAL ASSETS

The Group's accounting policy for fair value measurement of financial assets is set out in the note to the accounts. The Group also measures some of its non-financial assets such as surplus assets and investment properties at fair

Note 1 Accounting Policies Continued

value at each reporting date. Fair value is the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset takes place either:

- a) in the principal market for the asset, or
- b) in the absence of a principal market, in the most advantageous market for the asset

The Group measures the fair value of an asset using the assumptions that market participants would use when pricing the asset, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group's valuers use valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets for which fair value is measured or disclosed in the Group's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets at the measurement date
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly
- Level 3 – unobservable inputs for the asset

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to 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 by the Code for the relevant financial year. Standards that fall into this category that are relevant to these Group accounts are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- Changes to the measurement of non-investment assets include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

All of these standards will be incorporated in the Code from 2025/26. However, CIPFA has indicated that the Amendments to IAS 21 will not have a significant impact on the amounts anticipated to be reported in the financial statements. With reference to the changes in measurement, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of the indexation will be.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Police and Crime Commissioner has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4.
- Estimation of the pension element of the provision is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows

Note 4 The Police and Crime Commissioner as an Accounting Entity

The Police and Crime Commissioner is part of an accounting group along with the Chief Constable (referred to as the Police and Crime Commissioner Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies. The Police and Crime Commissioner's Balance Sheet reflects the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, to provide funds to the Chief Constable from the Police Fund for the payment of assets and liabilities. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities, then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2024/25.

The financial consequences of the activity under the control of the Chief Constable are shown in the Chief Constable's single entity accounts which are published separately. As the Chief Constable does not hold reserves, the Chief Constable's Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the Police and Crime Commissioner Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer the police pensions.
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively.
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 4 The Police and Crime Commissioner as an Accounting Entity Continued

Intra-Group Transactions	2023/24		2024/25	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Cost of Services	(375,067)	375,067	(383,529)	383,529
Pensions Top Up Grant	52,573	(52,573)	52,185	(52,185)
Net Cost of Policing	(322,494)	322,494	(331,344)	331,344
Pensions Interest Cost - Intra-Group Transaction	(123,275)	123,275	(124,619)	124,619
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	63,610	(63,610)	122,518	(122,518)
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Long Term Assets/Liabilities				
Pensions Liabilities	(2,614,391)	0	(2,539,258)	0
Pensions Liabilities - Intra-Group Debtor	2,614,391	0	2,539,258	0
Pensions Liabilities - Intra-Group Creditor	0	(2,614,391)	0	(2,539,258)
ICT and Equipment Assets	1,834	0	1,936	0
ICT and Equipment - Intra-Group Creditor	(1,834)	0	(1,936)	0
ICT and Equipment - Intra-Group Debtor	0	1,834	0	1,936
Current Assets/Liabilities				
Current Liabilities	(44,148)	0	(43,955)	0
Current Liabilities - Intra-Group Debtors	44,148	0	43,955	0
Current Liabilities - Intra-Group Creditors	0	(44,148)	0	(43,955)
Current Assets	32,435	0	25,042	0
Current Assets - Intra-Group Creditors	(32,435)	0	(25,042)	0
Current Assets - Intra-Group Debtors	0	32,435	0	25,042
Unusable Reserves				
Intra-Group Transactions	0	(2,624,270)	0	(2,556,235)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on XX June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The items in the Group Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

6.1 Pensions Liability

Uncertainties

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 and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The standard assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. This year an accounting surplus has been calculated and therefore additional assumptions have been recommended in order to establish the net defined benefit value. These additional assumptions have also been approved. All assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes are closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used and funded from resources (government grants and council tax) by the Police and Crime Commissioner Group in comparison with those resources consumed or earned by the Police and Crime Commissioner Group in accordance with accounting practices. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement (CIES).

2024/25						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	399,206	5,536	404,742	(21,213)	383,529	6,018	(25,045)	(2,186)	21,213	0
Office for the Police and Crime Commissioner	2,573	0	2,573	23	2,596	2	(51)	72	(21,213)	(21,190)
Commissioning	4,928	0	4,928	4	4,932	0	(7)	11	0	4
Net Cost of Services	406,707	5,536	412,243	(21,186)	391,057	6,020	(25,103)	(2,103)	0	(21,186)
Other Operating Income and Expenditure	0	0	0	(52,418)	(52,418)	(233)	(52,185)	0	0	(52,418)
Financing and Investment Income and Expenditure	(189)	0	(189)	124,609	124,420	0	124,609	0	0	124,609
Taxation and Non-Specific Grant Income	(406,518)	0	(406,518)	145	(406,373)	(688)	0	833	0	145
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	5,536	5,536	51,150	56,686	5,099	47,321	(1,270)	0	51,150

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Note 7 Expenditure and Funding Analysis Continued

	£'000
Opening Revenue Reserve Balance as at 31 March 2024	47,536
Less/Plus Surplus or (Deficit) on the General Fund in Year	(5,536)
Closing Revenue Reserve Balance as at 31 March 2025	42,000

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Note 7 Expenditure and Funding Analysis Continued

2023/24						Adjustments between the Funding and Accounting Basis			Intra-Group Funding	Total Adjustments
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the CIES	Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences		
	£'000	£'000	£'000	£'000	£'000	(Note 7.1) £'000	(Note 7.2) £'000	(Note 7.3) £'000	£'000	£'000
Chief Constable	378,186	12,625	390,811	(15,744)	375,067	9,420	(17,429)	(7,735)	15,744	0
Office for the Police and Crime Commissioner	2,338	0	2,338	788	3,126	2	(20)	806	(15,744)	(14,956)
Commissioning	4,864	0	4,864	(5)	4,859	0	(4)	(1)	0	(5)
Net Cost of Services	385,388	12,625	398,013	(14,961)	383,052	9,422	(17,453)	(6,930)	0	(14,961)
Other Operating Income and Expenditure	0	0	0	(48,408)	(48,408)	4,165	(52,573)	0	0	(48,408)
Financing and Investment Income and Expenditure	(1,008)	0	(1,008)	123,293	122,285	0	123,294	(1)	0	123,293
Taxation and Non-Specific Grant Income	(384,380)	0	(384,380)	(516)	(384,896)	(453)	0	(63)	0	(516)
Difference between General Fund (Surplus) or Deficit and CIES Surplus or Deficit on the Provision of Services	0	12,625	12,625	59,408	72,033	13,134	53,268	(6,994)	0	59,408

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Note 7 Expenditure and Funding Analysis Continued

	£'000
Opening Revenue Reserve Balance as at 31 March 2023	60,161
Less/Plus Surplus or (Deficit) on the General Fund in Year	(12,625)
Closing Revenue Reserve Balance as at 31 March 2024	47,536

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Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column includes depreciation, amortisation, minimum revenue provision, finance lease, revenue contributions, impairment and revaluation gains and losses in the services line, and for:

- **Other operating expenditure** - adjusts for capital disposals with a transfer of income on disposals of assets and the amounts written off for those assets.
- **Taxation and non-specific grant income and expenditure** – capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The taxation and non-specific grant income and expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year.

7.2 Net Change for Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable to be recognised under statute:

- **For services** - accumulated absences that have been accrued for absences earned but not taken in the year.
- **For financing and investment income and expenditure** the other difference column recognises adjustments to the General Fund that do not fall into one of the above categories, such as gains/losses on financial instruments.
- The charge under **taxation and non-specific grant income and expenditure** represents the difference between what is chargeable under statutory regulations for council tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting policies in the code. This is a timing difference as any difference will be brought forward in future surpluses or deficits on the collection fund.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line and the amount shown against the financing and investment income and expenditure line. In the Statement of Accounts, the financing and investment income and expenditure line is under the control of the Police and Crime Commissioner and is excluded from the Chief Constable's Comprehensive Income and Expenditure Statement and Expenditure and Funding Analysis Statement but shown in the equivalent Police and Crime Commissioner statements.

7.5 Net Expenditure in the CIES

The balance of £56.688m consists of the adjustments between the funding and accounting basis (£51.152m) and reserve adjustments (£5.536m). Please see the adjustments between the funding and accounting basis note for further information. The reserve adjustments net total of £5.536m included revenue contributions to finance capital of £8.842m.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 8 Expenditure and Income Analysed by Nature

The Group's expenditure and income is analysed as follows:

2023/24	Expenditure/Income	2024/25
£'000		£'000
	Expenditure	
337,133	Employee benefit expenses	359,061
90,039	Other service expenses	93,006
16,411	Depreciation, amortisation, impairment	13,640
1,298	Interest payable	1,745
3,989	Loss on revaluation of fixed assets	0
47	Loss on revaluation of investment property and expenditure	0
176	Loss on the sale of non-current assets	567
142,318	Pensions interest	146,067
591,411	Total Expenditure	614,086
	Income	
(22,267)	Fees, charges and other service income	(25,279)
0	Gain on revaluation of fixed assets	(800)
(1)	Gain on financial instruments	(46)
(36)	Gain on revaluation of investment property and income	(54)
(2,317)	Interest and investment income	(1,835)
(19,025)	Pensions interest	(21,457)
(166,370)	Income from council tax	(175,537)
(309,362)	Government grants, contributions and donations	(332,392)
(519,378)	Total Income	(557,400)
72,033	Deficit on the Provision of Services	56,686

Note 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 Police and Crime Commissioner Group in the year in accordance with proper accounting practice to arrive at the resources that are specified by statutory provisions as being available to the Police and Crime Commissioner Group to meet future capital and revenue expenditure. The following sets out a description of the reserves that the adjustments are made against.

9.1 General Fund Balance

The General Fund is the statutory fund into which all the receipts of the Group are required to be paid and out of which all liabilities of the Group are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the General Fund Balance, which is not necessarily in accordance with proper accounting practice. The General Fund Balance therefore summarises the resources that the Group is statutorily empowered to spend on its services or on capital investment (or the deficit of resources that the Group is required to recover) at the end of the financial year.

9.2 Capital Receipts Reserve

The Capital Receipts Reserve holds the proceeds from the disposal of land or other assets, which are restricted by statute from being used other than to fund new capital expenditure or to be set aside to finance historical capital expenditure. The balance on the reserve shows the resources that have yet to be applied for these purposes at the year end.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

9.3 Capital Grants Unapplied

The Capital Grants Unapplied Account (Reserve) holds the grants and contributions received towards capital projects for which the Group has met the conditions that would otherwise require repayment of the monies but which have yet to be applied to meet expenditure. The balance is restricted by grant terms as to the capital expenditure against which it can be applied and/or the financial year in which this can take place.

Current Year - Police and Crime Commissioner Group	2024/25			Unusable Reserves
	Usable Reserves			
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	
Adjustments to Revenue Resources				£'000
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:				
Pensions costs (transferred to (or from) the Pensions Reserve)	47,321	0	0	(47,321)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	832	0	0	(832)
Holiday pay (transferred to the Accumulated Absences Reserve)	1,860	0	0	(1,860)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	13,411	0	0	(13,411)
Total Adjustments to Revenue Resources	63,424	0	0	(63,424)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	37	0	(37)
Transfer of Capital Grants, contributions and donations to the Capital Grant Reserve and Capital Adjustment Account	(688)	0	127	561
Statutory provision for the repayment of debt (transfer from the CAA)	(2,744)	0	0	2,744
Capital expenditure financed from revenue balances (transfer to the CAA)	(8,842)	0	0	8,842
Total Adjustments between Revenue and Capital Resources	(12,274)	37	127	12,110
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure	0	(37)	0	37
Application of Capital Grants to finance capital expenditure	0	0	(72)	72
Total Adjustments to Capital Resources	0	(37)	(72)	109
Total Adjustments excluding Earmarked Adjustments	51,150	0	55	(51,205)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(51,205)

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year - Police and Crime Commissioner Group		2023/24		
		Usable Reserves		Unusable Reserves
	General Balances	Capital Receipts Reserve	Capital Grants Unapplied	
	£'000	£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.				
Pensions costs (transferred to (or from) the Pensions Reserve)	53,267	0	0	(53,267)
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	(62)	0	0	62
Holiday pay (transferred to the Accumulated Absences Reserve)	1,269	0	0	(1,269)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	20,621	0	0	(20,621)
Total Adjustments to Revenue Resources	75,095	0	0	(75,095)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Transfer of Capital Grants and contributions to the Capital Grant Reserve	(453)	0	453	0
Statutory provision for the repayment of debt (transfer from the CAA)	(2,452)	0	0	2,452
Capital expenditure financed from revenue balances (transfer to the CAA)	(12,782)	0	0	12,782
Total Adjustments between Revenue and Capital Resources	(15,687)	0	453	15,234
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	0	0	0
Application of Capital Grants to finance capital expenditure	0	0	(453)	453
Total Adjustments to Capital Resources	0	0	(453)	453
Total Adjustments excluding Earmarked Adjustments	59,408	0	0	(59,408)
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				(59,408)

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Current Year - Police and Crime Commissioner		2024/25		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:				
Pensions costs (transferred to (or from) the Pensions Reserve)	(68)	0	0	68
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	832	0	0	(832)
Holiday pay (transferred to the Accumulated Absences Reserve)	14	0	0	(14)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	(230)	0	0	230
Intra-Group Adjustments	(67,263)	0	0	67,263
Total Adjustments to Revenue Resources	(66,715)	0	0	66,715
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	37	0	(37)
Transfer of Capital Grants, contributions and donations to the Capital Grant Reserve and Capital Adjustment Account	(688)	0	127	561
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,965)	0	0	3,965
Total Adjustments between Revenue and Capital Resources	(4,653)	37	127	4,489
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	(37)	0	37
Application of Capital Grants to finance capital expenditure	0	0	(72)	72
Total Adjustments to Capital Resources	0	(37)	(72)	109
Total Adjustments excluding Earmarked Adjustments	(71,368)	0	55	71,313
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				71,313

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Note 9 Adjustments between Accounting Basis and Funding Basis under Regulations Continued

Comparative Year - Police and Crime Commissioner		2023/24		
		Usable Reserves		Unusable Reserves
		General Balances	Capital Receipts Reserve	Capital Grants Unapplied
		£'000	£'000	£'000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure Statement are different from revenue for the year calculated in accordance with statutory requirements:.				
Pensions costs (transferred to (or from) the Pensions Reserve)	(6)	0	0	6
Financial instruments (transferred to the Pooled Fund Adjustments Account)	0	0	0	0
Council Tax (transfers to or from Collection Fund)	(62)	0	0	62
Holiday pay (transferred to the Accumulated Absences Reserve)	7	0	0	(7)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account (CAA):	4,210	0	0	(4,210)
Intra-Group Adjustments	303	0	0	(303)
Total Adjustments to Revenue Resources	4,452	0	0	(4,452)
Adjustments between Revenue and Capital Resources				
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	0	0	0	0
Transfer of Capital Grants and contributions to the Capital Grant Reserve	(453)	0	453	0
Statutory provision for the repayment of debt (transfer from the CAA)	0	0	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	(8,201)	0	0	8,201
Total Adjustments between Revenue and Capital Resources	(8,654)	0	453	8,201
Adjustments to Capital Resources				
Use of the Capital Receipts Reserve to finance capital expenditure and disposal costs	0	0	0	0
Application of Capital Grants to finance capital expenditure	0	0	(453)	453
Total Adjustments to Capital Resources	0	0	(453)	453
Total Adjustments excluding Earmarked Adjustments	(4,202)	0	0	4,202
Earmarked Adjustments from Income and Expenditure charged under the Accounting Basis to the Funding Basis				0
Total Adjustments including Earmarked Adjustments				4,202

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Note 10 Movement in Earmarked Reserves

This note sets out the amounts set aside from the General Fund in Earmarked Reserves to provide financing for future expenditure plans and the amounts posted back from Earmarked Reserves to meet General Fund expenditure in the year.

	Balance at 1 April 2023	Transfer Out 2023/24	Transfer In 2023/24	Balance at 31 March 2024	Transfer Out 2024/25	Transfer In 2024/25	Balance at 31 March 2025
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Budget Management Fund	8,300	(7,895)	7,194	7,599	(3,328)	2,147	6,418
Vision Zero South West Reserve	5,242	(1,319)	455	4,378	(7,257)	5,345	2,466
Capital Financing Reserve	16,226	(7,744)	2,650	11,132	(3,759)	1,628	9,001
Estates Development Reserve	883	(869)	0	14	0	0	14
Police and Crime Plan Reserve	1,515	(439)	0	1,076	(145)	0	931
Airwave Replacement Reserve	10,225	(6,124)	0	4,101	0	0	4,101
Uplift Reserve	453	(453)	0	0	0	0	0
Improvement Reserve	2,004	(1,714)	1,710	2,000	(1,300)	0	700
Total	44,848	(26,557)	12,009	30,300	(15,789)	9,120	23,631

The purpose of the Funds and Reserves held at 31 March 2025 are set out below:

Budget Management Fund	This is a fund to allow the transfer of carry-forward requests to the following year.
Vision Zero South West Reserve	This reserve is the ring-fenced pooled balance of the Vision Zero South West Road Safety Partnership.
Capital Financing Reserve	To fund capital investment.
Estates Development Reserve	To fund revenue cost of rationalising and developing the estate including planning applications, consultancy costs and project management.
Police and Crime Plan Reserve	To fund planned Police and Crime Plan developments.
Airwave Replacement Reserve	To fund enabling work and acquisition of national communication systems and hardware.
Uplift Reserve	To hold funds for infrastructure relating to the future years uplift programme.
Improvement Reserve	To fund specific Business Improvement Projects.

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Note 11 Property, Plant and Equipment

This table sets out the 2024/25 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2024/25						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	226,317	57,889	178	8,916	5,316	298,616
IFRS 16 Adjustment	14,253	104	0	0	0	14,357
Restated Balance at 1 April 2024	240,570	57,993	178	8,916	5,316	312,973
Additions	3,352	6,941	0	1,557	86	11,936
Lease Remeasurement	(1,620)	0	0	0	0	(1,620)
Revaluation recognised in the Revaluation Reserve	(3,666)	0	0	0	(110)	(3,776)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	667	0	0	0	0	667
Derecognition-Disposals	(46)	(13,960)	(172)	(18)	0	(14,196)
Reclassification	(9,824)	15,504	3,281	(8,946)	0	15
Balance at 31 March 2025	229,433	66,478	3,287	1,509	5,292	305,999
Accumulated Depreciation and Impairments						
Balance at 1 April 2024	(4,232)	(33,324)	0	(15)	0	(37,571)
Depreciation Charge	(5,724)	(7,653)	37	0	0	(13,342)
Depreciation written out to the Revaluation Reserve	3,774	0	0	0	0	3,774
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	132	0	0	0	0	132
Derecognition-Disposals	46	13,546	0	0	0	13,592
Reclassification	4,260	(4,254)	(37)	15	0	(15)
Balance at 31 March 2025	(1,744)	(31,685)	0	0	0	(33,429)
Net Book Value						
Balance at 31 March 2024	222,085	24,565	178	8,901	5,316	261,045
Balance at 31 March 2025	227,689	34,793	3,287	1,509	5,292	272,570

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2023/24 property, plant and equipment for the Police and Crime Commissioner Group.

Movements for 2023/24						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	185,750	55,065	178	5,140	3,806	249,939
Additions	4,071	9,471	0	3,776	0	17,319
Revaluation recognised in the Revaluation Reserve	38,376	0	0	0	1,400	39,776
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(477)	0	0	0	0	(477)
Derecognition-Disposals	(1,293)	(6,647)	0	0	0	(7,940)
Reclassification	(110)	0	0	0	110	0
Balance at 31 March 2024	226,317	57,889	178	8,916	5,316	298,616
Accumulated Depreciation and Impairments						
Balance at 1 April 2023	(4,051)	(32,503)	0	(15)	0	(36,569)
Depreciation Charge	(8,807)	(7,292)	0	0	0	(16,099)
Depreciation written out to the Revaluation Reserve	5,286	0	0	0	2	5,288
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	2,045	0	0	0	0	2,045
Derecognition-Disposals	1,293	6,471	0	0	0	7,764
Reclassification	2	0	0	0	(2)	0
Balance at 31 March 2024	(4,232)	(33,324)	0	(15)	0	(37,571)
Net Book Value						
Balance at 31 March 2023	181,699	22,562	178	5,125	3,806	213,370
Balance at 31 March 2024	222,085	24,565	178	8,901	5,316	261,045

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2024/25 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2024/25						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2024	226,317	49,859	178	8,906	5,316	290,576
IFRS 16 Adjustment	14,253	104	0	0	0	14,357
Restated Balance at 1 April 2024	240,570	49,963	178	8,906	5,316	304,933
Additions	1,732	6,318	0	1,497	86	9,633
Lease Remeasurement	(1,620)	0	0	0	0	(1,620)
Revaluation recognised in the Revaluation Reserve	(3,666)	0	0	0	(110)	(3,776)
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	667	0	0	0	0	667
Derecognition-Disposals	(46)	(8,936)	(172)	(19)	0	(9,173)
Reclassification	(9,824)	15,433	3,281	(8,875)	0	15
Balance at 31 March 2025	229,433	62,778	3,287	1,509	5,292	302,299
Accumulated Depreciation and Impairments						
Balance at 1 April 2024	(4,232)	(27,118)	0	(15)	0	(31,365)
Depreciation Charge	(5,724)	(7,072)	37	0	0	(12,762)
Depreciation written out to the Revaluation Reserve	3,774	0	0	0	0	3,774
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	132	0	0	0	0	132
Derecognition-Disposals	46	8,523	0	0	0	8,569
Reclassification	4,260	(4,254)	(37)	15	0	(15)
Balance at 31 March 2025	(1,744)	(29,921)	0	0	0	(31,665)
Net Book Value						
Balance at 31 March 2024	222,085	22,741	178	8,891	5,316	259,211
Balance at 31 March 2025	227,689	32,857	3,287	1,509	5,292	270,634

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Note 11 Property, Plant and Equipment Continued

This table sets out the 2023/24 property, plant and equipment for the Police and Crime Commissioner.

Movements for 2023/24						
	Operational and Non-Operational Assets		Assets under Construction		Surplus Assets	Total
	Land & Buildings	Vehicles, Plant & Equipment	Land & Buildings	Vehicles, Plant & Equipment	Surplus Assets	
Cost or Valuation	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 1 April 2023	185,750	46,885	178	5,140	3,806	241,759
Additions	4,071	8,846	0	3,766	0	16,683
Revaluation recognised in the Revaluation Reserve	38,376	0	0	0	1,400	39,776
Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	(477)	0	0	0	0	(477)
Derecognition-Disposals	(1,293)	(5,872)	0	0	0	(7,165)
Reclassification	(110)	0	0	0	110	0
Balance at 31 March 2024	226,317	49,859	178	8,906	5,316	290,576
Accumulated Depreciation and Impairments						
Balance at 1 April 2023	(4,051)	(26,832)	0	(15)	0	(30,898)
Depreciation Charge	(8,807)	(5,981)	0	0	0	(14,788)
Depreciation written out to the Revaluation Reserve	5,286	0	0	0	2	5,288
Depreciation written out to the (Surplus)/Deficit on the Provision of Services	2,045	0	0	0	0	2,045
Derecognition-Disposals	1,293	5,695	0	0	0	6,988
Reclassification	2	0	0	0	(2)	0
Balance at 31 March 2024	(4,232)	(27,118)	0	(15)	0	(31,365)
Net Book Value						
Balance at 31 March 2023	181,699	20,053	178	5,125	3,806	210,861
Balance at 31 March 2024	222,085	22,741	178	8,891	5,316	259,211

11.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis levels are met:-

- Land and buildings £20k
- All other assets £20k

11.2 Surplus Assets

Four properties have been classed as Surplus Assets as at the 31 March 2025.

11.3 Depreciation

A review of asset lives has taken place during 2024/25 and the useful life for some assets have been amended. The following useful lives and approaches to depreciation have been used to calculate the depreciation charges:

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 11 Property, Plant and Equipment Continued

11.3.1 Land and Buildings

The asset lives for individual buildings are assessed by the valuer and are within the range of 1-56 years. Buildings are depreciated monthly over the forecast useful life of the asset.

11.3.2 Vehicles

Classes of vehicle are given specific asset lives. These are within the range 1-29 years. Vehicles are depreciated monthly over the forecast useful life of the vehicle and the depreciation in the first year will reflect the number of months that the vehicle has been registered.

11.3.3 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives. These are within the range 1-8 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

11.3.4 Plant and Equipment

Classes of plant and equipment assets are given specific asset lives these are within the range 1-10 years. These assets are depreciated monthly over the forecast useful life of the asset.

11.4 Significant Capital Commitments

The nature of capital expenditure is such that long lead times and significant programmes of work often result in slippage in incurring expenditure. The unspent capital funding in 2024/25 will be carried forward to meet the cost of future and ongoing schemes that were provided for in that year. As at 31 March 2025, significant capital commitments amounted to £7.543m (31 March 2024: £8.771m).

11.5 Revaluations

Land and buildings are revalued by qualified external valuers. Following the full valuation that took place as at 31 March 2024, one third of properties underwent a full valuation as at 31 March 2025, with desktop valuations being undertaken to value the remaining two thirds of properties. Next year another one third of properties will have a full valuation. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors and the UK Valuation Practice Guidance Application which is in line with the CIPFA Code.

11.6 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value. No assets have met the criteria in 2024/25.

11.7 Derecognition

An annual review of assets classed as Vehicles, ICT, and Plant and Equipment has been undertaken which has resulted in the derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

11.8 Fair Value Measurement

Level 2 valuation techniques have been used to determine the fair values of Surplus Assets. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there is good level of observable inputs which are able to be verified and the source identified.

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Note 11 Property, Plant and Equipment Continued

11.9 Impairment

No assets were identified as being impaired in 2024/25.

11.10 Leases

The Land and Buildings and Equipment opening balances have been adjusted by £14.357m to include the impact of IFRS 16 which came into effect on 1 April 2024. The leases have been remeasured during the year and amounted to £12.814m (Right-of-use assets: Land and Buildings £11.229m and Equipment £0.104m; and Peppercorn assets £1.481m). Depreciation is charged from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. Depreciation relating to leases amounted to £1.737m resulting in a net book value of £11.077m.

Note 12 Intangible Assets

All of the intangible assets held are ICT software and are recognised separately from the tangible asset with which they are associated. Where the value of the intangible asset is more than 25% of gross expenditure and greater than £100k of the main asset value.

2023/24 Non-Operational Assets £'000		2024/25 Non-Operational Assets £'000
	Balance at start of year	
2,870	Gross carrying amounts	2,174
(1,360)	Accumulated amortisation	(976)
1,510	Net carrying amount at start of year	1,198
(696)	Derecognition - Gross Value	(121)
696	Derecognition - Gross Amortisation	121
(312)	Amortisation for the period	(299)
1,198	Net carrying amount at end of year	899
	Comprising:	
2,174	Gross carrying amounts	2,053
(976)	Accumulated Amortisation	(1,154)
1,198		899

12.1 Amortisation

All intangible assets are given a finite life, based on assessments of the period that the software is expected to be of use to the Group. Asset lives range from 1-3 years and the carrying amount is amortised on a straight-line basis.

12.2 Derecognition

An annual review of intangible assets has been undertaken which resulted in the derecognition of a number of assets that have reached the end of their useful lives or which were disposed during the year.

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Note 13 Capital Reserves

A description of these reserves can be found in the Adjustments between Accounting Basis and Funding Basis under Regulations Note.

	Capital Receipts Reserve	Capital Grants Unapplied	Total
	£'000	£'000	£'000
Balance at 1 April 2023	977	305	1,282
Financing of Fixed Assets	0	(453)	(453)
Capital Grants/Receipts Received	0	453	453
Balance at 31 March 2024	977	305	1,282
Financing of Fixed Assets	(37)	(72)	(109)
Capital Grants/Receipts Received	37	127	164
Balance at 31 March 2025	977	360	1,337
Net Movement for 2023/24	0	0	0
Net Movement for 2024/25	0	55	55

Note 14 Debtors

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
3,118	15,065	Central Government Bodies	3,339	18,251	
6,032	10,069	Other Local Authorities	2,053	4,730	
0	0	National Health Service	128	134	
29	16,480	Other Entities and Individuals	44	7,491	
9,179	41,614	Total Debtors	5,564	30,606	

Note 15 Cash and Cash Equivalents

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
31	31	Cash held by the Police and Crime Commissioner (Amortised Cost)	31	31	
1,559	1,559	Bank operational current accounts (Amortised Cost)	1,119	1,119	
1,590	1,590	Total Cash and Cash Equivalents (Amortised Cost)	1,150	1,150	
699	699	Bank operational current accounts (FVPL)	700	700	
16,578	16,578	Short-term deposits (FVPL)	18,649	18,649	
17,277	17,277	Total Cash and Cash Equivalents (FVPL)	19,349	19,349	
18,867	18,867	Total Cash and Cash Equivalents	20,499	20,499	

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Note 16 Assets Held for Sale

31 March 2024		31 March 2025	
PCC	PCC Group	PCC	PCC Group
£'000	£'000	£'000	£'000
6,442		885	
(5,557)		0	
885		885	

16.1 Revaluations

Land and buildings are revalued by qualified external valuers. Following, the full valuation that took place as at 31 March 2024, one third of properties underwent a full valuation as at 31 March 2025, with desktop valuations being undertaken to value the remaining two thirds of properties. Next year another one third of properties will have a full valuation. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors and the UK Valuation Practice Guidance Application which is in line with the CIPFA Code.

16.2 Fair Value Measurement

Level 2 valuation techniques have been used to determine the fair values of Surplus Assets. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there is good level of observable inputs which are able to be verified and the source identified.

Note 17 Creditors and Finance Leases

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	(6,923)	Central Government Bodies	0	(7,178)
(3,701)	(9,378)	Other Local Authorities	(536)	(6,178)
(334)	(334)	National Health Service	(347)	(679)
(660)	(30,818)	Other Entities and Individuals	(1,755)	(31,972)
(4,695)	(47,453)	Total Creditors and Finance Leases	(2,638)	(46,007)

The balance against other entities and individuals in the Police and Crime Commissioner Group includes accumulated absence creditors of £14,778k (2023/24 £12,918k).

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Note 18 Financial Instruments

18.1 Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet.

	Long Term		Current	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£'000	£'000	£'000	£'000
Cash and Cash Equivalents (18.1.2)				
Amortised Cost	0	0	1,590	1,150
Fair value through profit or loss	0	0	17,277	19,349
Total Cash and Cash Equivalents	0	0	18,867	20,499
Debtors (Trade Receivables)*				
Amortised Cost	0	0	3,677	3,667
Total included in Debtors	0	0	3,677	3,667
Borrowings (18.1.3)				
Amortised Cost	(30,277)	(28,277)	(18,000)	(22,500)
Total Borrowings	(30,277)	(28,277)	(18,000)	(22,500)
Finance Lease				
Amortised Cost	(121)	(8,334)	(80)	(973)
Total Finance Lease	(121)	(8,334)	(80)	(973)
Creditors (Trade Payables)**				
Amortised Cost	0	0	(17,872)	(16,808)
Total included in Creditors	0	0	(17,872)	(17,766)

*The trade receivables figure of £3,667k shown above is the net balance after removing non-cashable items such as prepayments, £3,824k from the other entities and individual's debtor balance of £7,491k as shown in the debtors note.

** The trade payables figure of (£16,794k) shown above is the net balance after removing non-cashable items such as accumulated absence of (£14,778k) and receipts in advance of (£30k) from the other entities and individual's creditor balance of (£31,602k) as shown in the creditors note.

18.1.1 Investments

Financial assets at fair value through profit and loss consist of deposits with external fund managers. These are valued by reference to quoted market price.

18.1.2 Cash and cash equivalents

Cash and cash equivalents consist of the bank current account, on call accounts, deposit account and money market funds all of which are repayable at 24 hours' notice without penalty.

18.1.3 Borrowing

All long-term borrowing was from the Public Works Loan Board, an executive agency of HM Treasury. Annual repayments are for interest only and the principal is repayable at the date of loan maturity.

All short-term borrowing was arranged from Local Authorities to cover short term fluctuations in cash.

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Note 18 Financial Instruments Continued

18.2 Income, Expense, Gains and Losses

	2023/24 £'000	2024/25 £'000
Surplus or Deficit on the Provision of Services - Financing and Investment Income and Expenditure		
Net (gains)/losses on:		
Financial assets measured at fair value through profit and loss	0	0
Financial assets measured at amortised cost	(1)	(46)
Total net (gains)/losses	(1)	(46)
Interest revenue		
Financial assets measured at fair value through profit and loss	(2,191)	(1,822)
Financial assets measured at amortised cost	(126)	(13)
Total Interest revenue	(2,317)	(1,835)
Interest expense		
Financial liabilities measured at amortised cost	1,298	1,745
Total Interest expense	1,298	1,745

18.3 Fair Value of Financial Assets and Financial Liabilities

Financial liabilities and financial assets can be assessed by calculating the present value of the cash flow that will take place over the remaining term of the instruments, using the following assumptions:

- The fair value balances for financial assets as at 31 March 2025 have been calculated using interest rates in force and with reference to quoted markets where appropriate as at 31 March 2024 and 2025
- The long-term borrowing as at 31 March 2024 and 31 March 2025 have been calculated by reference to market interest rates
- The fair value of trade receivables and payables is taken to be the invoiced or the billed amount
- The discount rate used in the calculation of the fair value of the finance lease liabilities has been calculated by reference to PWLB rates or the rate implicit in the lease if known
- Level 1 input has been used to measure the fair value of the financial assets which uses quoted prices in active markets for identical assets as a basis of valuation
- Level 2 input has been used to measure the fair value of the financial liabilities

There have been no transfers between levels 1 and 2 and no change in valuation technique during the year

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Note 18 Financial Instruments Continued

	31 March 2024	31 March 2024	31 March 2025	31 March 2025
Financial Assets	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Cash and cash equivalents				
Investments held at Amortised Cost	1,590	1,590	1,150	1,150
Investments held at FVPL	17,277	17,277	19,349	19,349
Debtors (Trade Receivables)	3,677	3,677	3,667	3,667
	22,544	22,544	24,166	24,166
Financial Liabilities	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Short Term Borrowing	(18,000)	(18,025)	(22,500)	(22,554)
Long Term Borrowing	(30,277)	(28,998)	(28,277)	(26,058)
Creditors (Trade Payables)	(17,872)	(17,872)	(16,808)	(16,808)
Finance Lease	(201)	(185)	(9,307)	(9,307)
	(66,350)	(65,080)	(76,892)	(74,727)

18.4 Nature and extent of risks arising from financial instruments

The Police and Crime Commissioner's activities expose it to a variety of financial risks, including:

- credit risk the possibility that other parties might fail to pay amounts due to the Police and Crime Commissioner
- liquidity risk the possibility that the Police and Crime Commissioner might not have funds available to meet its commitments to make payments
- market risk the possibility that financial loss may arise for the Police and Crime Commissioner as a result of changes in such measures as interest rates and stock market movements

The Police and Crime Commissioner's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the Treasury Team in consultation with Arlingclose (Treasury Advisors), under policies approved by the Police and Crime Commissioner in the Treasury Management Strategy. The Police and Crime Commissioner provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash.

18.4.1 Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Police and Crime Commissioner's customers.

This risk is minimised through the Treasury Management Strategy, which requires that deposits are not made with financial institutions unless they meet identified minimum credit criteria. The Treasury Management Strategy also imposes a maximum sum to be invested with a financial institution located within each category. The credit criteria in respect of financial assets held by the Police and Crime Commissioner are contained within the Treasury Management Strategy which is published on the Police and Crime Commissioner website. The Police and Crime Commissioner exposure to credit risk is an average credit rating of A+.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 18 Financial Instruments Continued

18.4.2 Credit Risk Management Practices

The Police and Crime Commissioner's credit risk management practices are set out in the Treasury Management Strategy.

For 2024/25, a 0.28% loss allowance of trade receivables has been calculated as well as the 12 month expected credit loss on investments held with banks. The total loss allowance amounted to £19.9k,

18.4.3 Liquidity Risk

The Police and Crime Commissioner has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Police and Crime Commissioner has ready access to borrowings from the money markets, the Public Works Loan Board and Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Police and Crime Commissioner will be bound to replenish a significant proportion of its borrowing at a time of unfavourable interest rates.

The maturity analysis of borrowing held as at 31 March 2025 is shown in the long term borrowing note.

At 31 March 2025 the Police and Crime Commissioner held £23.928m (31 March 2024 £21.088m) in on-call and money market fund accounts to manage short term liquidity requirements.

18.4.4 Market Risk

18.4.4.1 Interest Rate Risk

The Police and Crime Commissioner is exposed to risk in terms of interest rate movements on borrowings and investments. Movements in interest rates have a complex impact on the Police and Crime Commissioner. For instance, a rise in interest rates would have the following effects:

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

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

The Police and Crime Commissioner manages interest rate risk by setting indicators to control the exposure. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

The Treasurer assesses interest rate exposure that feeds into the setting of the annual budget, and which is used to update the budget during the year. This allows any adverse changes to be accommodated. The analysis will also advise whether new borrowing taken out is fixed or variable.

All borrowing held at 31 March 2025 is with fixed interest rates. All investments held have variable rates. If interest rates had been 1% higher with all other variables held constant, the financial effect on interest receivable on investments would be £239k. This would have an impact on the Surplus or Deficit on the Provision of Services. The impact of 1% fall in interest rates would be as above but with the movements being reversed.

18.4.4.2 Price Risk

The Police and Crime Commissioner is exposed to price risk in terms of movement in the value of pooled investments and financial assets valued at fair value through profit and loss. Controls for this exposure is set out in the Treasury Management Strategy.

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Note 19 Provisions

2024/25	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2024	(1,711)	(1,390)	0	(3,101)
Additional provisions made	(793)	(56)		(849)
Amounts used / reversed / change in reserve	649	860		1,509
Balance at 31 March 2025	(1,855)	(586)	0	(2,441)
Long Term Liabilities				
Balance at 1 April 2024	(1,041)	0	0	(1,041)
Additional provisions made	(793)	0	0	(793)
Amounts used / reversed / change in reserve	705	0	0	705
Balance at 31 March 2025	(1,129)	0	0	(1,129)
Total Provisions Balance	(2,984)	(586)	0	(3,570)

2023/24	Insurance £'000	Remuneration £'000	Other £'000	Total £'000
Current Liabilities				
Balance at 1 April 2023	(1,713)	(461)	(22)	(2,196)
Additional provisions made	(457)	(1,160)	0	(1,617)
Amounts used / reversed / change in reserve	459	231	22	712
Balance at 31 March 2024	(1,711)	(1,390)	0	(3,101)
Long Term Liabilities				
Balance at 1 April 2023	(1,042)	0	0	(1,042)
Additional provisions made	(458)	0	0	(458)
Amounts used / reversed / change in reserve	459	0	0	459
Balance at 31 March 2024	(1,041)	0	0	(1,041)
Total Provisions Balance	(2,752)	(1,390)	0	(4,142)

19.1 Insurance Provision

The Police and Crime Commissioner is uninsured for the first £0.500mn of individual public and employer's liability claims and for motors claims £0.550m. The Police and Crime Commissioner for Devon and Cornwall and the Police and Crime Commissioner for Dorset have a single insurance policy with a stop loss of £4.4m for public and employer's liability claims and £1.9m for motor claims. The insurance provision is to cover any claims from 2024/25 and previous years. The payments from the provision are expected to be made over the next five years. An assessment of liabilities as at 31 March 2025 has been undertaken and the provision has been increased to a level estimated to be sufficient to meet all the forecast obligations.

19.2 Remuneration Provision

19.2.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2025/26.

19.2.2 Employment termination

Judgements are applied in determining the level of the employment tribunal provision.

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Note 20 Unusable Reserves

31 March 2024			31 March 2025
£'000	Note		£'000
100,732	20.1	Revaluation Reserve	101,743
86,507	20.2	Capital Adjustment Account	86,931
(2,614,591)	20.3	Pensions Reserve	(2,539,449)
2,704	20.4	Collection Fund Adjustment Account	1,872
(12,918)	20.5	Accumulated Absences Account	(14,778)
(2,437,566)		Total Unusable Reserves	(2,363,681)

20.1 Revaluation Reserve

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

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

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

2023/24	Revaluation Reserve	2024/25
£'000		£'000
60,106	Balance at 1 April	100,732
0	IFRS 16 Adjustment	2,519
60,106	Restated Balance at 1 April	103,251
45,064	Upward/(Downward) revaluation of assets and impairment losses not posted to the Surplus/Deficit on the Provision of Services	(2)
(3,991)	Difference between fair value depreciation and historical cost depreciation	(1,506)
(447)	Accumulated gains on assets sold or scrapped	0
(4,438)	Amount written off to the Capital Adjustment Account	(1,506)
100,732	Balance at 31 March	101,743

20.2 Capital Adjustment Account

The Capital Adjustment Account absorbs the timing difference arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction, or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Police and Crime Commissioner as finance for the costs of acquisition, construction, and enhancement. The account contains accumulated gains and losses on investment properties that have yet to be consumed by the Police and Crime Commissioner. The account also contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

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Note 20 Unusable Reserves Continued

2023/24 £'000	Capital Adjustment Account	2024/25 £'000
87,003	Balance at 1 April	86,507
0	IFRS 16 Adjustment	108
87,003	Restated Balance at 1 April	86,615
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
(16,099)	• Charges for depreciation and impairment of non-current assets	(13,342)
(4,034)	• Revaluation losses on Property, Plant and Equipment	799
(312)	• Amortisation of intangible assets	(299)
(176)	• Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	(567)
(20,621)		(13,409)
4,438	Adjusting amounts written out of the Revaluation Reserve	1,506
(16,183)	Net written out amount of the cost of non-current assets consumed in the year	(11,903)
Capital Financing applied in the year:		
453	• Capital grants, contributions and donations credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	72
2,452	• Statutory provision for the financing of capital investment charged against the General Fund balances	2,744
12,782	• Capital expenditure charged against the General Fund balances	8,842
15,687		11,658
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	561
86,507	Balance at 31 March	86,931

20.3 Pension Reserve

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

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 20 Unusable Reserves Continued

2023/24		Pension Reserve	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(2,625,290)	(2,625,290)	Balance at 1 April	(2,614,591)	(2,614,591)
10,337	0	Intra-Group Adjustments	75,127	0
356	63,966	Remeasurements of the net defined benefit liability/(asset)	(53)	122,465
(322)	(168,058)	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	(286)	(171,974)
328	114,791	Employer's pensions contributions and direct payments to pensioners payable in the year	354	124,651
(2,614,591)	(2,614,591)	Balance at 31 March	(2,539,449)	(2,539,449)

20.4 Collection Fund Adjustment Account

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

2023/24 £'000	Collection Fund Adjustment Account	2024/25 £'000
2,642	Balance at 1 April	2,704
62	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(832)
2,704	Balance at 31 March	1,872

20.5 Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

2023/24		Accumulated Absences Account	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(4)	(11,649)	Balance at 1 April	(10)	(12,918)
4	11,649	Settlement or cancellation of accrual made at the end of the preceding year	10	12,918
(10)	(12,918)	Amounts accrued at the end of the current year	(24)	(14,778)
(6)	(1,269)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(14)	(1,860)
(10)	(12,918)	Balance at 31 March	(24)	(14,778)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 21 Cash Flow Statement - Operating Activities

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
2,657	(10,061)	Net cash receipts/(payments) from operating activities excluding interest receipts and payments	(67,772)	(12,071)
(12,718)	0	Net cash receipts/(payments) from operating activities excluding interest receipts and payments - Intra-Group Transaction	55,701	0
2,317	2,317	Interest received	1,835	1,835
(1,298)	(1,298)	Interest paid	(1,745)	(1,745)
(9,042)	(9,042)	Net cash flows from operating activities	(11,981)	(11,981)

This cashflow statement has been expanded to include the Police and Crime Commissioner. Whilst there is no distinction between the Group and the Police and Crime Commissioner operating activities, this statement shows the intra-group transactions that flow through the Police and Crime Commissioner accounts.

Note 22 Cash Flow Statement - Investing Activities

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
12,356	12,992	Purchase of property, plant and equipment, investment property and intangible assets	9,861	10,543
636	0	Purchase of property, plant and equipment, investment property and intangible assets - Intra-Group Transaction	682	0
0	0	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	37	37
12,992	12,992	Net cash flows from investing activities	10,580	10,580

This cashflow statement has been expanded to include the Police and Crime Commissioner. Whilst there is no distinction between the Group and the Police and Crime Commissioner investing activities, this statement shows the intra-group transactions that flow through the Police and Crime Commissioner accounts.

Note 23 Cash Flow Statement – Financing Activities

2023/24 PCC £'000	2023/24 PCC Group £'000		2024/25 PCC £'000	2024/25 PCC Group £'000
(18,000)	(18,000)	Loans received	(22,500)	(22,500)
9,000	9,000	Loans repaid	20,000	20,000
175	175	Cash payments to reduce finance lease liabilities	2,269	2,269
(8,825)	(8,825)	Net cash flows from financing activities	(231)	(231)

This cashflow statement has been expanded to include the Police and Crime Commissioner. Whilst there is no distinction between the Group and the Police and Crime Commissioner financing activities, this statement shows the intra-group transactions that flow through the Police and Crime Commissioner accounts.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 24 External Audit Costs

The Police and Crime Commissioner has incurred the following costs in relation to the audit of the Statement of Accounts:

2023/24			2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
103	159	Standard fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	124	187
11	16	Additional fees in relation to regulation changes and expert advice	0	0
114	175	As per the audit plan	124	187
40	40	Estimated fees payable to external auditors with regard to external audit services carried out by the appointed auditor for prior years	11	16
154	215	Total	135	203

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration

25.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Office of the Police and Crime Commissioner and the Chief Constable above the rank of Superintendent and the staff equivalent. The Police and Crime Commissioner (PCC) is an elected official and is excluded from this note and shown within the Office of the Police and Crime Commissioner note.

2024/25	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<u>Office of the Police and Crime Commissioner</u>							
<u>Salary £50,000 to £149,999 per year</u>							
OPCC Chief Executive		126,532	0	0	126,532	23,915	150,447
OPCC Chief Financial Officer		113,214	0	0	113,214	21,397	134,611
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable - William Kerr		211,766	0	0	211,766	0	211,766
Interim Chief Constable - James Vaughan from 13/12/24		59,263	8,901	0	68,164	0	68,164
Interim Chief Constable to 21/01/25 and Deputy Chief Constable from 22/01/25 - James Colwell		196,621	94	0	196,715	56,138	252,853
Temporary Deputy Chief Constable - David Thorne		169,770	0	0	169,770	56,138	225,908
<u>Salary £50,000 to £149,999 per year</u>							
Assistant Chief Constable		136,838	0	10,740	147,578	47,016	194,594
Assistant Chief Constable to 30/06/24		40,737	0	0	40,737	11,437	52,174
Assistant Chief Constable		143,931	0	0	143,931	47,016	190,947
Assistant Chief Constable		143,931	0	0	143,931	47,016	190,947
Chief Superintendent to 02/06/24 and Assistant Chief Constable from 03/06/24		125,295	0	0	125,295	38,066	163,361
Chief Superintendent to 08/09/24 and from 03/03/25, Assistant Chief Constable from 09/09/24 to 02/03/25		113,805	0	0	113,805	37,610	151,415
Assistant Chief Officer - People		137,272	4,467	0	141,739	23,915	165,654
Director of Legal Services	1	137,272	4,467	0	141,739	23,915	165,654
Chief Financial Officer (Director of Finance and Resources) to 20/05/24		18,352	612	0	18,964	3,190	22,154
Chief Financial Officer (Director of Finance and Resources) from 30/09/24		70,243	58,832	8,000	137,075	12,255	149,330
Chief Superintendent - Seconded to Metropolitan Police from 01/09/24	2	58,107	0	0	58,107	20,512	78,619
Chief Superintendent from 03/06/24		82,159	0	0	82,159	28,677	110,836
Chief Superintendent		100,731	0	0	100,731	35,334	136,065
Chief Superintendent		109,572	0	0	109,572	37,610	147,182
Chief Superintendent		101,888	2,500	2,352	106,740	35,639	142,379

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration Continued

2024/25		Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
	Note						
Chief Constable							
Salary £50,000 to £149,999 per year							
Chief Superintendent from 27/08/24		60,513	0	0	60,513	20,963	81,476
Chief Superintendent to 14/07/24, Assistant Chief Constable 15/07/24 to 03/11/24, Assistant Chief Constable - Seconded to British Transport Police from 04/11/24	3	115,943	0	0	115,943	38,066	154,009
Chief Superintendent		109,075	0	0	109,075	38,066	147,141
Chief Superintendent		110,684	0	0	110,684	38,066	148,750
Chief Superintendent - Seconded to Metropolitan Police	2	110,648	2,000	0	112,648	38,066	150,714
Chief Superintendent		110,024	0	0	110,024	37,919	147,943
Chief Superintendent		109,126	0	0	109,126	38,066	147,192
Chief Superintendent		109,317	0	0	109,317	37,919	147,236
Chief Superintendent - Seconded to Police Superintendents' Association from 16/04/24	4	98,053	2,849	0	100,902	34,194	135,096

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Note 25 Officers' Remuneration Continued

2023/24	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<u>Office of the Police and Crime Commissioner</u>							
<u>Salary £50,000 to £149,999 per year</u>							
Chief Executive		131,099	0	0	131,099	22,636	153,735
Chief Financial Officer		107,158	0	0	107,158	20,253	127,411
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable - William Kerr		197,176	736	0	197,912	0	197,912
Deputy Chief Constable to 25/07/23 and Interim Chief Constable from 26/07/23 - James Colwell		180,092	0	0	180,092	45,948	226,040
Assistant Chief Constable to 27/07/23 and Deputy Chief Constable from 28/07/23 - David Thorne		151,654	0	0	151,654	43,820	195,474
<u>Salary £50,000 to £149,999 per year</u>							
Assistant Chief Constable until 16/08/23		52,795	0	0	52,795	14,131	66,926
Assistant Chief Constable until 05/05/23		14,216	0	0	14,216	3,634	17,850
Assistant Chief Constable		129,715	0	10,300	140,015	39,081	179,096
Assistant Chief Constable		133,426	0	0	133,426	38,169	171,595
Chief Superintendent to 27/07/23 and Assistant Chief Constable from 28/07/23		127,227	0	0	127,227	36,034	163,261
Assistant Chief Constable		134,608	0	0	134,608	38,536	173,144
Assistant Chief Officer - People		130,065	4,467	0	134,532	22,636	157,168
Director of Legal Services	1	130,065	4,467	0	134,532	22,636	157,168
Chief Financial Officer (Director of Finance and Resources)		130,065	4,467	0	134,532	22,636	157,168
Chief Superintendent from 10/07/23		68,535	0	0	68,535	21,121	89,656
Chief Superintendent		97,105	0	0	97,105	29,389	126,494
Detective Chief Superintendent from 10/07/23		72,937	0	0	72,937	20,111	93,048
Chief Superintendent		100,774	0	41	100,815	30,766	131,581
Chief Superintendent		100,561	0	0	100,561	30,766	131,327
Chief Superintendent		101,578	0	0	101,578	30,766	132,344

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration Continued

2023/24		Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
	Note						
Chief Constable							
Salary £50,000 to £149,999 per year							
Chief Superintendent - Seconded to Met until 18/01/24, back to Force 19/01/24	2	103,009	0	0	103,009	30,766	133,775
Chief Superintendent		98,265	2,500	0	100,765	29,548	130,313
Chief Superintendent		101,127	0	0	101,127	30,766	131,893
Chief Superintendent		100,792	0	0	100,792	30,766	131,558
Chief Superintendent		97,350	0	0	97,350	29,389	126,739
Chief Superintendent		95,757	0	0	95,757	29,548	125,305
Chief Superintendent - Seconded to Police Superintendents' Association from 12/03/24 to 15/03/24	3	989	0	0	989	302	1,291

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 25 Officers' Remuneration Continued

25.1.1 Notes

2024/25

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The costs of the Chief Superintendents seconded to the Metropolitan Police have been met by the Metropolitan Police.
3. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association.
4. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association

2023/24

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The costs of the Chief Superintendent seconded to the Metropolitan Police have been met by the Metropolitan Police.
3. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association.

25.2 Group Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2023/24 and 2024/25. They relate to staff employed by the Group. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 – £20,000	0	2	11	11	11	13	45	72
£20,001 - £40,000	0	1	1	2	1	3	34	92
£40,001 - £60,000	0	0	1	0	1	0	52	0
£60,001 - £80,000	0	2	0	2	0	4	0	268
£120,001 - £140,000	0	1	0	0	0	1	0	120
£140,001- £160,000	0	0	1	0	1	0	160	0
Total included in bandings and in CIES	0	6	14	15	14	21	291	552
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							0	(72)
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement							4	47
Exit Costs charged to the Comprehensive Income and Expenditure Statement							295	527

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Note 25 Officers' Remuneration Continued

25.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers' remuneration.

2023/24		2024/25
Number of employees	Remuneration Band	Number of employees
601	£50,000 - £54,999	724
375	£55,000 - £59,999	445
290	£60,000 - £64,999	328
76	£65,000 - £69,999	193
27	£70,000 - £74,999	59
31	£75,000 - £79,999	31
7	£80,000 - £84,999	17
7	£85,000 - £89,999	15
11	£90,000 - £94,999	7
2	£95,000 - £99,999	6
1	£100,000 - £104,999	1
1	£105,000 - £109,999	0
0	£110,000 - £114,999	1
1	£180,000 - £184,999	0
1,430	Total	1,827

25.3.1 Notes

- The above table does not include staff and officers paid below £50,000 who make up approximately 74% of the workforce.
- Pay scales for police officers are set nationally.
- There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award during 2024/25

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Note 26 Grant Income

The Police and Crime Commissioner Group credited the following grants and contributions to the Comprehensive Income and Expenditure Statement.

2023/24 Restated* £'000		2024/25 £'000
	Credited to Taxation and Non-Specific Grant Income	
(202,611)	Police Grant	(214,687)
(15,461)	Council Tax Support Grants	(15,461)
(453)	Recognised Capital Grant and Contributions	(688)
(218,525)	Total	(230,836)
	Credited to Services	
(4,526)	Commissioning	(4,729)
(11,457)	Projects	(16,501)
(8,218)	Other Local Grants	(10,294)
(3,732)	Pension Support Grant	(11,777)
(2,577)	Digital Apprenticeship Levy	(2,226)
(7,754)	Pay Support Grant	(3,844)
(38,264)	Total	(49,371)
	Credited to Other Operating Income and Expenditure	
(52,573)	Pensions Top Up Grant	(52,185)
(309,362)	Total Grant Income	(332,391)

*The Digital Apprenticeship Levy is now shown separately. In 2023/24 it was included within the Pay Support Grant.

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations

27.1 Related Party Transactions

The Police and Crime Commissioner is required to disclose material transactions with related parties, including the Chief Constable, central government, other local authorities, members, senior officers and their close families.

27.1.1 Central Government

The United Kingdom Government has effective control over the general operations of the Police and Crime Commissioner. It is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. council tax bills). Grants received from government departments are set out in the Grant Income Note. Outstanding balances are set out in the Debtors and Creditors Notes.

27.1.2 Independent Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all members explaining the need for disclosure. Independent Officers' interests are also publicly reported on the Police and Crime Commissioner's website. As at the date of publication there were no related party transactions reported.

27.1.3 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure.

The Assistant Chief Officer (People) is a non-executive director on the College of Policing Board. The Board position is reserved for a member of police staff and no remuneration is received.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

The Assistant Chief Constable for Local Policing and Partnerships is the Chair for the Board of Trustees of Surf Live Saving GB. This organisation is a national surf lifesaving charity which Devon and Cornwall Police have a contract with. The contract is for the development and delivery of a water safety training package. The Assistant Chief Constable has not been involved in the issue of contract.

27.2 Commissioning and Partnerships

There are a number of partnerships in which the Police and Crime Commissioner participates. These are arrangements where the Police and Crime Commissioner carries out activities relevant to its own functions jointly with others. For a number of the partnerships a formal partnership agreement is in place. The Police and Crime Commissioner accounts only for its share of the jointly controlled assets, liabilities and expenses that it incurs in relation to partnership activities. The main commissioning and partnership working is shown in the table below.

2023/24			2024/25		
Expenditure £'000	Income £'000	Notes	Expenditure £'000	Income £'000	
		OPCC Commissioning and Partnerships			
501	0	1 Youth Justice Services	526	0	
847	(218)	2 Sexual Assault Referral Centres	910	(227)	
5,568	(3,730)	3 Victim Services and Restorative Justice	5,495	(3,784)	
583	(502)	4 Other Local Grants and Expenditure	1,849	(1,599)	
1,019	0	5 PCC's Impact Scheme	937	(32)	
253	0	6 PCC's Community Grant Scheme	258	0	
899	(359)	7 Serious Violence Prevention	1,286	(682)	
3	0	Transfer to/(from) Reserves	0	0	
9,673	(4,809)	Outturn Total	11,261	(6,324)	
(3)	0	Reverse Transfer to/(from) Reserves	0	0	
1	0	Accumulated Absence	2	0	
(3)	0	Pension Costs & Employer contributions	(7)	0	
9,668	(4,809)	CIES Total	11,256	(6,324)	
4,859		Net Expenditure Total	4,932		
		Other Partnerships			
5,109	(5,109)	8 Vision Zero South West	7,065	(7,065)	

Full details of the Police and Crime Commissioner's future plans and intentions with regard to commissioning and partnerships can be found in the Commissioning Intentions Plan and the Police and Crime Plan on the Office of the Police and Crime Commissioner website.

The funding mechanisms for partnerships are complex, and the table above shows expenditure that has passed through the Police and Crime Commissioners accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2025.

27.2.1 Youth Justice Services

The Youth Justice Services are funded by a combination of government grants, and contributions from the Police and Crime Commissioner, Local Authorities, the NHS and the National Probation Service. The initiative provides programmes for young people with the intention of preventing re-offending.

27.2.2 Sexual Assault Referral Centres

The Sexual Assault Referral Centres (SARCS) are funded by a combination of government grants, partnership grants and contributions from the Police and Crime Commissioner. The centres are set up in safe locations, where victims of

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

sexual assault can receive medical care and counselling. Referral centres bring together all agencies and departments in one place, which helps both the victims and those investigating the crimes.

27.2.3 Victim Services and Restorative Justice

The Ministry of Justice provide an annual Victim Services Grant to deliver services that help victims of crime. Funding is provided to a network of 40+ organisations who provide practical and emotional support to victims of crime, no matter whether or not they report the crime to police.

27.2.4 Other Local Grants and Expenditure

Other expenditure and grants are provided to a range of services/organisations who support delivery of the Police and Crime Plan.

27.2.5 PCC's Impact Scheme

The PCC's Impact Scheme supports the Police and Crime Commissioner by identifying and funding services, projects and approaches which help to deliver the Police and Crime Plan for its duration. It is a scheme which mirrors the strategic intentions of the Police and Crime Plan. Seeking longer term impact in local areas by offering a degree of sustainability, durability, and a shared commitment to achieving impact through commissioning.

27.2.6 PCC's Community Grant Scheme

The PCC's Community Grant scheme supports shorter term funding that directly impacts communities. These grants can be used to support the setup of a pilot project which helps evidence proof of concept and community impact or fund a one-off purchase such as CCTV or seed funding for a safer town or a community watch scheme. The scheme is not aimed at longer term funding.

27.2.7 Serious Violence Prevention

The Serious Violence Prevention Programme is a 4 year programme which is in its final year. It is a joint commitment by the Police and Crime Commissioner and the Chief Constable to take an inter-generational approach to preventing and tackling violence most evident across the region and in our communities. The overarching objective of the programme is to break the cycle of violence in under 25's. Funding is provided for partnership and police led projects and interventions which include in-school support, targeted youth work, community outreach, parental support to understand adolescents, peer to peer support, plus building trusted relationships with professionals through mentoring and whole family support.

27.2.8 Vision Zero South West

The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, NHS, Councils and Fire and Rescue organisations from across the Force area), and governance is provided by a Partnership Governance Board.

27.3 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. The activities undertaken involve the use of the assets and resources of the joint operators. The table below shows the regional activities.

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Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

2023/24		2024/25	
Expenditure £'000	Notes	Expenditure £'000	
			Joint Operation
9,024	1	10,116	South West Regional Forensics Services
559	2	621	South West Police Procurement Services
5,260	3	6,069	South West Regional Organised Crime Unit (ROCU)
599	4	688	South West Regional Programme
15,442		17,494	

27.3.1 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Devon and Cornwall Police, Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The cost totalled £27,967k which was spent on operational costs and was split on a percentage basis, with Devon and Cornwall contributing 36.17%, Avon and Somerset contributing 34.75%, Wiltshire contributing 13.75% and Dorset contributing 15.33%. The Force cost for the year was £10,116k.

27.3.2 South West Police Procurement Services

South West Police Procurement Services is a partnership with Devon and Cornwall Police, Wiltshire Police, Gloucestershire Police, Dorset Police and Avon and Somerset Police. Staff are employed by Devon and Cornwall and based across the region. The Force cost for the year was £621k. Most of the £1,945k total cost is split on a percentage basis with Devon and Cornwall contributing 31.90%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82%, Dorset contributing 13.52% and Avon and Somerset contributing 30.64%.

27.3.3 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Devon and Cornwall Police, Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £6,069k. The total cost of £19,024k is split on a percentage basis with Devon and Cornwall contributing 31.90%, Dorset contributing 13.52%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82% and Avon and Somerset contributing 30.64%.

27.3.4 South West Regional Programme

The South West Regional Programme is a partnership with Devon and Cornwall Police, Dorset Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects along with now including the South West Disaster Victim Identification and Casualty Bureau Co-ordination. Costs are shared with the Forces that are involved in each project. The cost totalled £2,077k of which £1,094k was split on the following percentage basis, with Devon and Cornwall contributing 31.90%, Avon and Somerset contributing 30.64%, Wiltshire contributing 12.12%, Dorset contributing 13.52% and Gloucestershire contributing 11.82%. The remaining costs related to the Quality Standards team and SWPC Regional Project Team totalling £677k and £306k with Devon and Cornwall contributing 34.81% and 33.82% respectively. The Force cost for the year was £688k.

27.4 Other Public Bodies

Precept Income

Most of the revenue to pay for the costs of policing comes from government grants co-ordinated nationally. District councils, borough councils and unitary authorities collect the balance by charging their council tax payers a police precept. The amounts collected (adjusted for surpluses or shortfalls collected for previous years) are shown below.

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Note 27 Related Party Transactions, Commissioning, Partnerships and Collaborations Continued

2023/24		2024/25
£'000	Billing Authority	£'000
16,503	East Devon	17,244
10,145	Exeter	10,908
7,826	Mid Devon	8,255
9,337	North Devon	9,930
19,810	Plymouth	20,980
10,764	South Hams	11,183
13,149	Teignbridge	14,212
12,351	Torbay	13,164
6,573	Torridge	7,024
5,828	West Devon	6,017
53,707	Cornwall	57,111
315	Isles of Scilly	341
166,308		176,369
62	Adjusted for accruals	(832)
166,370		175,537

Pension Administration

The Police and Crime Commissioner purchases the Police Staff pension administration services from Devon County Council. Transactions within the pension fund are shown in the Defined Benefit Pension Schemes Note. Outstanding balances with other public bodies are shown in the Debtors and Creditors Notes.

Note 28 Contingent Liabilities

28.1 Financial Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a financial guarantee for the Police ICT Company amounting to £124k.

28.2 Pension Guarantee

The Police and Crime Commissioner has along with all other Police and Crime Commissioner's provided a pension guarantee of £21k for the APCC pension fund which is currently held by Merseyside Local Government Pension Scheme.

28.3 Compensation Claims

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

28.4 Beckmann

The Police and Crime Commissioner Group has provided a Beckmann indemnity, to cover enhanced redundancy benefits of TUPE'd employees over a certain age. Initial calculations indicate a potential cost of £700k however the number of employees affected by this have not yet been confirmed and there is still uncertainty whether the liability will transpire.

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Note 28 Contingent Liabilities Continued

28.5 Bluelight Commercial Guarantee

The Police and Crime Commissioner has along with other Police and Crime Commissioner's provided a financial guarantee to Bluelight Commercial Limited amounting to £55k.

Note 29 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, vehicles and other equipment for the Force. The report below shows what was spent and how the spending was financed.

2023/24			2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
74,754	74,754	Opening Capital Financing Requirement	76,386	76,386
0	0	IFRS 16 Adjustment	11,729	11,729
74,754	74,754	Restated Opening Capital Financing Requirement	88,115	88,115
		Capital Investment:		
4,071	4,071	Land and buildings	3,439	3,439
4,893	4,893	Vehicles and Other Transport	4,664	4,664
7,719	8,355	Plant, Equipment and ICT	3,151	3,833
232	232	Revenue Expenditure Funded from Capital under Statute	454	454
636	0	Intra-Group Capital Investment	682	0
17,551	17,551		12,390	12,390
		Less Sources of Finance:		
(453)	(453)	Grants, Contributions and Donations	(72)	(72)
0	0	Capital Receipts	(37)	(37)
(12,378)	(13,014)	Reserves	(8,614)	(9,296)
0	0	Finance Lease: Minimum Revenue Provision	(71)	(71)
(2,452)	(2,452)	Borrowing: Minimum Revenue Provision	(2,673)	(2,673)
0	0	Finance Lease: Remeasurement	(2,181)	(2,181)
(636)	0	Intra-Group Less Sources of Finance	(682)	0
(15,919)	(15,919)		(14,330)	(14,330)
1,632	1,632	Increase/(Decrease) in Capital Financing Requirement	(1,940)	(1,940)
76,386	76,386	Closing Capital Financing Requirement	86,175	86,175
		Represented by:		
30,277	30,277	External Borrowing (cumulative) excluding accruals for interest due	30,277	30,277
45,908	45,908	Internal Borrowing	46,236	46,236
201	201	Finance Lease Liabilities	9,662	9,662
76,386	76,386		86,175	86,175
		Borrowing During the Year		
1,494	1,494	Internal Borrowing	328	328
138	138	Finance Lease	9,461	9,461
1,632	1,632		9,789	9,789

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Note 30 Office of the Police and Crime Commissioner Costs

2023/24		2024/25
£'000	Office of the Police and Crime Commissioner	£'000
14	Independent members and advisors costs	102
112	Police and Crime Commissioner including reimbursements	109
1,599	Statutory and other OPCC staff	1,908
1,418	Other costs	538
3	Support for collection of Council Tax	2
(8)	Income	(27)
(800)	Transfer to/(from) Reserves	(59)
2,338	Outturn Total	2,573
259	Pension costs	260
6	Accumulated absence	12
800	Reverse Transfer to/(from) Reserves	59
(279)	Employer Contributions	(310)
2	Depreciation	2
3,126	CIES Total	2,596

Disclosed below are the Police and Crime Commissioner's remuneration costs which are included within the above table.

2023/24		2024/25
£'000	Police and Crime Commissioner	£'000
89	Salary, Fees and Allowances	89
0	Benefits in Kind	0
89	Total excluding pension contributions	89
7	Employer's Pension	0
96	Total	89

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Note 31 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Police and Crime Commissioner Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Police and Crime Commissioner Group operated four pension schemes, three for police officers and one for police staff. From 1 April 2022, members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore, from this date, the Police and Crime Commissioner Group operated two pension schemes, one for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The police officer pension's disclosures below apply to the Group Accounts only, this is because all of the police officers are under the control of the Chief Constable and for this reason there are no charges to the Police and Crime Commissioner single entity accounts other than the intra-group transfers. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group 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 Group in the form of a central government top-up grant

A similar adjustment arising from the McCloud/Sargeant judgement has been made for the Local Government Pension Scheme.

31.1 Police Officer Schemes

31.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Group's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Group's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Group makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

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Note 31 Defined Benefit Pension Schemes Continued

31.1.2 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2024 £'000		31 March 2025 £'000
(2,600,259)	Opening balance at 1 April	(2,605,173)
(30,817)	Current service cost	(33,903)
(122,448)	Interest cost	(125,026)
(19,495)	Contributions from scheme participants	(20,898)
	Remeasurement gains and (losses):	
10,806	• Actuarial gains/(losses) arising from changes in demographic assumptions	(21,049)
43,776	• Actuarial gains/(losses) arising from changes in financial assumptions	352,352
(5,958)	• Experience gains/(losses) on defined benefit obligation	(206,277)
117,424	Benefits paid	127,399
1,798	Injury pension payments	1,999
(2,605,173)	Closing balance at 31 March	(2,530,576)

31.1.3 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police officer schemes in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

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Note 31 Defined Benefit Pension Schemes Continued

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
30,817	Current service cost	33,903
	Financing and Investment Income and Expenditure	
122,448	Net interest expense	125,026
153,265	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	158,929
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(10,806)	• Actuarial (gains)/losses arising on changes in demographic assumptions	21,049
(43,776)	• Actuarial (gains)/losses arising on changes in financial assumptions	(352,352)
5,958	• Experience (gains)/losses on defined benefit obligation	206,277
104,641	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	33,903
	Movement In Reserves Statement	
(153,265)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(158,929)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
47,154	Employers' contributions payable to scheme	56,315
52,573	Home Office Top Up Grant	52,185

31.1.4 Impact on the Police and Crime Commissioner's Cashflow

The liabilities show the underlying commitments that arise from the fact that the Police and Crime Commissioner has to pay retirement benefits over a long-term period. The total liability of £2.531bn has a substantial impact on the net worth of the Group as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Police and Crime Commissioner remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2026 is £59.145m.

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Note 31 Defined Benefit Pension Schemes Continued

31.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2024.

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2024 to 31 March 2027. The next combined actuarial valuation will be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2023/24	Mortality Assumptions:	2024/25
	Longevity at 65 for current pensioners:	
21.3	Men	21.2
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
22.5	Men	22.5
24.7	Women	24.8
	Financial Assumptions:	
3.25%	Rate of RPI Inflation	3.20%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

The estimated weighted average duration of the Police Officer schemes is 14 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	89,683	(86,442)
Rate of increase in salaries (increase or decrease by 0.1%)	2,967	(2,955)
Rate of increase in pensions (increase or decrease by 0.1%)	33,332	(32,559)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(34,518)	35,328

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Note 31 Defined Benefit Pension Schemes Continued

31.2 Police Staff Scheme

31.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Devon County Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Police and Crime Commissioner Group and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

31.2.2 Transactions relating to Retirement Benefits

The Group recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2023/24		Comprehensive Income and Expenditure Statement	2024/25	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
		Cost of Services		
		Service cost comprising:		
298	13,695	• Current service cost	287	13,095
0	0	• Past service cost	2	81
6	253	• Administration expenses	6	285
		Financing and Investment Income and Expenditure		
18	845	Net interest expense	(9)	(416)
322	14,793	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	286	13,045
		Other Post-Employment Benefits Charged to Comprehensive Income and Expenditure Statement		
		Remeasurement of the net defined benefit liability comprising:		
(589)	(27,027)	• Return on plan assets (excluding the amount included in the net interest expense)	140	6,373
(121)	(5,558)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(24)	(1,072)
(259)	(11,890)	• Actuarial (gains)/losses arising on changes in financial assumptions	(1,328)	(60,512)
(22)	0	Apportionment adjustment	(3)	0
30	1,388	Experience (gains)/losses on defined benefit obligation	(17)	(790)
605	27,745	Changes in effect of asset ceiling	1,285	58,562
(34)	(549)	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	339	15,606

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Note 31 Defined Benefit Pension Schemes Continued

2023/24			2024/25		
PCC £'000	PCC Group £'000	Movement in Reserves Statement	PCC £'000	PCC Group £'000	
(322)	(14,793)		(286)	(13,045)	
Funded Liabilities PCC £'000	PCC Group £'000	Funded Liabilities Actual amount charged against the General Fund Balance for pensions in the year:	Funded Liabilities PCC £'000	PCC Group £'000	
325	14,912	Employers' contributions payable to scheme	351	15,997	
Unfunded Liabilities PCC £'000	PCC Group £'000	Unfunded Liabilities Actual amount charged against the General Fund Balance for pensions in the year:	Unfunded Liabilities PCC £'000	PCC Group £'000	
3	152	Retirement benefits payable to pensioners	3	156	

31.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2024			31 March 2025		
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000	
(9,283)	(425,979)		(8,638)	(393,819)	
(605)	(27,745)	Changes in effect of asset ceiling	(1,924)	(87,716)	
9,687	444,305	Fair value of plan assets	10,372	472,663	
(201)	(9,419)	Net liability arising from defined benefit obligation	(190)	(8,872)	

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Note 31 Defined Benefit Pension Schemes Continued

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

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
(9,453)	(419,298)	Opening balance at 1 April	(9,283)	(425,979)	
(298)	(13,695)	Current service cost	(287)	(13,095)	
(433)	(19,870)	Interest cost	(462)	(21,041)	
(110)	(5,026)	Contributions from scheme participants	(119)	(5,444)	
		Remeasurement gains/(losses):			
121	5,558	• Actuarial gains/(losses) arising from changes in demographic assumptions	24	1,072	
259	11,890	• Actuarial gains/(losses) arising from changes in financial assumptions	1,328	60,512	
(30)	(1,388)	• Experience gains/(losses) on defined benefit obligation	17	790	
316	0	Apportionment adjustment	(61)	0	
0	0	Past service cost including gains/(losses) on curtailments	(2)	(81)	
345	15,850	Benefits paid	207	9,447	
(9,283)	(425,979)	Closing balance at 31 March	(8,638)	(393,819)	

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

The Police and Crime Commissioner's Group contribution to the Local Government Pension Scheme for the accounting period to 31 March 2026 is estimated to be £16.579m of which £0.363m is for the Police and Crime Commissioner. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025. These projections are based on the assumptions as at 31 March 2025.

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000		£'000	£'000	
8,889	394,266	Opening fair value of scheme assets	9,687	444,305	
415	19,025	Interest income	502	22,866	
		Remeasurement gains/(losses):			
589	27,027	• The return on plan assets, excluding the amount included in the net interest expense	(140)	(6,373)	
(293)	0	Apportionment adjustment	63	0	
(6)	(253)	Administration expenses	(6)	(285)	
328	15,064	Contributions from employer	354	16,153	
110	5,026	Contributions from employees into the scheme	119	5,444	
(345)	(15,850)	Benefits paid	(207)	(9,447)	
9,687	444,305	Closing fair value of scheme assets	10,372	472,663	

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Note 31 Defined Benefit Pension Schemes Continued

31.2.6 Local Government Pension Scheme assets comprised:

31 March 2024			31 March 2025	
PCC £'000	PCC Group £'000	Fair Value of Scheme assets	PCC £'000	PCC Group £'000
		Cash and cash equivalents		
136	6,241	UK Equities	230	10,495
5,180	237,562	Overseas Equities	5,236	238,689
2,201	100,963	Other Bonds	2,457	111,852
744	34,126	Property	862	39,297
981	45,009	Infrastructure	1,075	48,984
229	10,493	Target Return Portfolio	244	11,123
218	10,000	Cash	268	12,206
(2)	(89)	Alternative Assets	0	17
9,687	444,305	Total	10,372	472,663

31.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Long-term expected rate of return on assets in the scheme:	
4.95%	Equity investments	5.85%
4.95%	Bonds	5.85%
4.95%	Other	5.85%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.5	Men	21.4
22.7	Women	22.7
	Longevity at 65 for future pensioners:	
22.8	Men	22.7
24.1	Women	24.1
	Financial Assumptions:	
3.15%	Rate of RPI inflation	3.20%
3.85%	Rate of increase in salaries	3.95%
2.85%	Rate of increase in pensions	2.95%
4.95%	Rate for discounting scheme liabilities	5.85%

The past service liability duration has been estimated at 17 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 31 Defined Benefit Pension Schemes Continued

Due to changes in interest rates in recent years, there have been improvements in funding levels on the accounting basis which has resulted in some LGPS employers with an accounting surplus at the balance sheet date. This is the case for the Police and Crime Commissioner Group. When a surplus is calculated, the standard requires the net defined benefit asset to be measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. We have instructed Barnett Waddingham LLP, an independent firm of actuaries to carry out this calculation. They have established that the impact of the asset ceiling is £87.716m. Their calculation assumes that:

- The Employer does not have the right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement. For the period beyond the existing rates and adjustments certificate, their best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, in the absence of any other readily available figure.

The analysis shows that:

31 March 2024			31 March 2025		
PCC	PCC Group		PCC	PCC Group	
£'000	£'000	Net Pension Asset in the Statement of Financial Position	£'000	£'000	
9,283	425,979	Present value of the defined benefit obligation	8,638	393,819	
(32)	(1,475)	Present value of unfunded obligation	(29)	(1,303)	
9,251	424,504	Present value of funded obligation	8,609	392,516	
(9,687)	(444,305)	Fair value of fund assets	(10,372)	(472,663)	
(436)	(19,801)	Deficit/(Surplus)	(1,763)	(80,147)	
605	27,745	Impact of asset ceiling	1,924	87,716	
32	1,475	Present value of unfunded obligation	29	1,303	
201	9,419	Net defined benefit liability/(asset)	190	8,872	

The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £80,147k, the initial impact of the asset ceiling is £80,147k. The Police and Crime Commissioner Group is currently paying deficit contributions towards a funding deficit. Barnett Waddingham LLP have assessed this minimum funding requirement and calculated that it constitutes an onerous funding commitment of £7,596k to be recognised. In addition, there is an unfunded liability of £1,303k resulting in a final deficit to be recognised of £8,872k.

The Group has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 31 Defined Benefit Pension Schemes Continued

31.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
PCC		
Mortality age rating assumption (increase or decrease in 1 year)	262	(253)
Rate of increase in salaries (increase or decrease by 0.1%)	15	(15)
Rate of increase in pensions (increase or decrease by 0.1%)	132	(129)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(140)	143
PCC Group		
Mortality age rating assumption (increase or decrease in 1 year)	11,933	(11,534)
Rate of increase in salaries (increase or decrease by 0.1%)	699	(692)
Rate of increase in pensions (increase or decrease by 0.1%)	6,015	(5,859)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(6,368)	6,534

31.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

31.2.10 Impact on the Police and Crime Commissioner's Cash Flows

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Devon County Council publishes details of the Fund's performance. More detail can be found on their website <https://www.devonpensionfund.org.uk/>

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 31 Defined Benefit Pension Schemes Continued

31.2.11 Total Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Police and Crime Commissioner Group's obligation in respect of its Police Officer and Police Staff Pension Schemes is as follows.

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	(2,605,173)	Police Officers Pension Schemes	0	(2,530,576)
0	(2,605,173)	Present value of the defined benefit obligation	0	(2,530,576)
		Total Police Officer benefit obligation		
		Police Staff Pension Scheme		
(9,283)	(425,979)	Present value of the defined benefit obligation	(8,638)	(393,819)
(605)	(27,745)	Changes in effect of asset ceiling	(1,924)	(87,716)
9,687	444,305	Fair value of plan assets	10,372	472,663
(201)	(9,419)	Total Police Staff benefit obligation	(191)	(8,872)
(2,605,173)		Police Officer Pensions Liabilities - Intra-Group Creditor	(2,530,576)	
(9,218)		Police Staff Pensions Liabilities - Intra-Group Creditor	(8,682)	
(2,614,391)		Total Intra-Group Adjustment	(2,539,258)	

Note 32 Borrowing

The maturity analysis of borrowing is as follows:

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
0	0	Contractual Maturity	(2,000)	(2,000)
0	0	Less than one year*	(2,000)	(2,000)
(2,000)	(2,000)	Total Short Term Borrowing	(4,327)	(4,327)
(8,827)	(8,827)	More than one year less than five years	(7,000)	(7,000)
(19,450)	(19,450)	Between five and ten years	(16,950)	(16,950)
(30,277)	(30,277)	More than ten years	(28,277)	(28,277)
		Total Long Term Borrowing		
(30,277)	(30,277)	Total Borrowing for Capital Investment	(30,277)	(30,277)

* Included within the short term borrowing line on the balance sheet.

31 March 2024			31 March 2025	
PCC	PCC Group		PCC	PCC Group
£'000	£'000		£'000	£'000
(18,000)	(18,000)	Contractual Maturity	(20,500)	(20,500)
(18,000)	(18,000)	Less than one year	(20,500)	(20,500)
		Total Short Term Borrowing		
(18,000)	(18,000)	Total Borrowing for Cashflow Purposes	(20,500)	(20,500)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 32 Borrowing Continued

31 March 2024			31 March 2025	
PCC £'000	PCC Group £'000		PCC £'000	PCC Group £'000
(18,000)	(18,000)	Total Short Term Borrowing	(22,500)	(22,500)
(30,277)	(30,277)	Total Long Term Borrowing	(28,277)	(28,277)

Note 33 Investment Property

Investment properties are those that are used solely to earn rentals and/or capital appreciation. They are measured initially at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. Properties are not depreciated but are revalued annually according to market conditions at the year end. In 2024/25 there were three investment properties.

2023/24 £'000		2024/25 £'000
541	Balance at 31 March 2024	496
(45)	Revaluation recognised in the (Surplus)/Deficit on the Provision of Services	0
496	Balance at 31 March 2025	496

The following rental income has been accounted for in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24 £'000		2024/25 £'000
(36)	Rental income from investment property	(54)
3	Direct operating expenses arising from investment property	1
(33)	Net (gain)/loss at year end	(53)

Following the full valuation that took place as at 31 March 2024, one third of properties underwent a full valuation as at 31 March 2025, with desktop valuations being undertaken to value the remaining two thirds of properties. Next year another one third of properties will have a full valuation. Valuations are carried out in accordance with the methodologies and bases for estimation set out in the updated professional standards of the Royal Institution of Chartered Surveyors and the UK Valuation Practice Guidance Application which is in line with the CIPFA Code.

Level 2 valuation techniques have been used to determine the fair values of these properties. This process requires these properties to be measured using a market approach which takes into account transactional evidence for similar assets in active markets. Market conditions are such that comparable properties are actively purchased and sold and there is good level of observable inputs which are able to be verified and the source identified.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 34 Leases

In 2024/25, the Police and Crime Commissioner applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e. without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1 April 2024. Leases for items of low value and leases that expire on or before 31 March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024, discounted by the Police and Crime Commissioner incremental borrowing rate from PWLB at that date.
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024.
- all leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet as at 1 April 2024:

- £14,357k Property, plant and equipment – land and buildings and equipment (right-of-use assets)
- £755k Short term creditors
- £10,017k Long term creditors
- £957k Prepayments

The operating lease total commitment disclosed in the operating lease note to the 2023/24 financial statements was £5,394k. When these lease commitments are discounted to their present value using the incremental borrowing rate at 1 April 2024, the same term and monthly rental, the commitment amounts to £4,428k.

A full review of all lease arrangements was undertaken for 1 April 2024 with the estimable impact being disclosed in Note 2 of the 2023/24 financial statements. In order to establish the impact, a number of judgements were made on the option to extend, and all non-lease components were taken into account. As a result, the lease liability increased from £4,428k to £10,772k (£755k current creditors and £10,017k for non-current creditors) with peppercorn arrangements estimated at £108k giving a total of £10,880k as reported in the 2023/24 financial statements.

A further review has been undertaken during 2024/25. Rental payments have been updated to reflect actuals, the remaining lease term reflects updated judgements made and where non-lease components are easily identifiable, they have been excluded as per the CIPFA code. This review of the lease liabilities together with the 2024/25 repayments to suppliers has resulted in a reduction as at 31 March 2025. Consequently, the right of use asset has also been remeasured. The tables below provide more detail.

	2023/24	2024/25
	£'000	£'000
Comprehensive Income and Expenditure Statement		
Interest expense on lease liabilities	480	462
Expense relating to short-term leases	129	9
Expense relating to exempt leases of low-value items	3	12
Variable lease payments not included in the measure of lease liabilities	199	415
Income from subletting right-of-use assets	(152)	(191)
Balance at 31 March 2025	659	707

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Note 34 Leases Continued

	2023/24	2024/25
	£'000	£'000
Cashflow Statement		
Minimum lease payments	1,334	1,366
	1,334	1,366

	Land and Buildings		Equipment	Total
	Right of Use	Peppercorn	Right of Use	
	£'000	£'000	£'000	£'000
Balance at 1 April 2024	13,162	1,091	104	14,357
Additions/Remeasurement	(1,945)	325	0	(1,620)
Revaluations	13	65	0	78
Depreciation	(1,613)	(103)	(22)	(1,738)
Disposals	0	0	0	0
Balance at 31 March 2025	9,617	1,378	82	11,077

These balances have been incorporated into the Property, Plant and Equipment note.

Maturity analysis of lease liabilities	31 March 2024	31 March 2025
	£'000	£'000
Less than one year	1,411	1,342
One to five years	3,219	4,205
More than five years	764	7,144
Total liabilities	5,394	12,692



PCC
Office of the Police
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Devon and Cornwall

Pension Fund Accounting Statements

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2024 £'000		31 March 2025 £'000
	Contributions Receivable	
(44,978)	Employers (normal)	(53,601)
(19,495)	Employees (normal)	(20,898)
(378)	Ill Health capital charge	(715)
	Transfers In	
(491)	Individual transfers from other schemes	(49)
	Benefits payable	
99,883	Pensions	108,391
17,706	Commutations and lump sum retirement benefits	19,057
	Payment to and on account of leavers	
326	Individual transfers to other schemes	0
52,573	Net amount paid during the year	52,185
(52,573)	Transfer from Police Fund*	(52,185)
(0)	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
50,718	Received in year	50,651
1,855	Debtor	1,534
52,573		52,185

The Police Officer Pension Fund is unfunded and has no investment assets.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The employer paid a contribution equal to 35.3% of police officer pay for 2024/25. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2025.



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Glossary

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary

Accounting Period	The period of time covered by the accounts, usually a full year, which for the Office of the Police and Crime Commissioner runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body.
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Statement of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost that a Police and Crime Commissioner bears each year from entering into a financial liability. The Office of the Police and Crime Commissioner does not currently have any complex financial instruments where the contractual terms vary significantly from the real cost. For this reason the amortised cost of financial instruments is close to contractual cost.
Appropriation	Charges to the revenue account that build up funds and reserves in the Balance Sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The Police and Crime Commissioner's plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets e.g. land and buildings, which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received by the Office of the Police and Crime Commissioner that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets e.g. land, buildings. In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
Collection Fund	District and unitary councils pay all receipts from local taxpayers into a "collection fund". They then pay county, police, fire, district, unitary and parish council precepts from the fund.
CIES	Comprehensive Income and Expenditure Statement.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary Continued

Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed by the Police and Crime Commissioner for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.
Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due to the Police and Crime Commissioner but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the Police and Crime Commissioner's discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which the Police and Crime Commissioner is demonstrably committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
FVPL	Classification of a financial asset. FVPL stands for Fair Value through profit or loss.

Police and Crime Commissioner for Devon, Cornwall and the Isles of Scilly

Glossary Continued

International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Home Office Grant	A central government grant paid by the Home Office to Police and Crime Commissioner's in support of their day to day expenditure.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.
Medium Term Financial Strategy (MTFS)	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Minimum Revenue Provision	The minimum amount of the Police and Crime Commissioner's outstanding financing commitments that must be charged to the General Fund each year.
Non-Operational Assets	Fixed assets that are not used to deliver direct services. For example, police houses, or assets that are still being built or are no longer used and about to be sold.
OPCC	Officer of the Police and Crime Commissioner.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Commutation	Commutation is where part of the entitlement to a pension for life is exchanged for a lump sum payable on retirement. This requires a calculation of the current value of the entitlement given up. The calculation is done using actuarial advice. The advice is set out in tables containing 'factors'. The level of the factors depends on age and life expectancy.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (Unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Principal	The amount of a loan that was actually borrowed, before interest is added.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
PWLB	Public Works Loan Board
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.

Glossary Continued

Reserves	Amounts set aside to meet the cost of specific future expenditure. The Police and Crime Commissioner plans its reserves as part of a four year strategy.
Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets held by the Police and Crime Commissioner arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Specific Grants	Grants (usually from the Home Office) that can only be spent on named services and projects.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
Third Party Payments	Payments made to outside contractors and other bodies who provide specialist or support services to the Police and Crime Commissioner.
TUPE	Transfer of Undertakings Protection of Employment.

Chief Constable for Devon & Cornwall Police



Statement of Accounts for the year ended 31 March 2025

Unaudited



Devon & Cornwall
POLICE

Chief Constable for Devon and Cornwall

The statutory officers of the Office of the Chief Constable and contact details are as follows:



Chief Constable
James Vaughan
From 13/12/2024



Chief Financial Officer to the Chief Constable
David Wilkin
From 30/09/2024

Address: Police Headquarters
Middlemoor
Exeter
EX2 7HQ

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Chief Constable for Devon and Cornwall

Statement of Accounts 2024/25

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Devon & Cornwall
POLICE

Accompanying Reports

Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer

1.0 INTRODUCTION

- 1.1 Welcome to the Chief Constable's Statement of Accounts for 2024/25. The statement of accounts report the income and expenditure on service provision for the year and the value of the Chief Constable's assets and liabilities at the end of the financial year. This is done in accordance with proper accounting practices as defined in the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).
- 1.2 The Police and Crime Commissioner and the Chief Constable form an accounting group for reporting purposes. These accounts are the Chief Constable's single entity accounts. The single entity accounts for the Police and Crime Commissioner and the accounts for the Group are presented together in a separate [document](#). The Group accounts include the income and expenditure in this set of accounts, as well as the Police and Crime Commissioner's income and expenditure, a full Balance Sheet, details of reserves, and cashflow.
- 1.3 The aim of this narrative report is to provide an easily understandable explanation of the Chief Constable's financial performance in 2024/25 and its position at the end of the financial year.
- 1.4 The primary function of the Chief Constable is to provide an efficient and effective police service in Devon, Cornwall and the Isles of Scilly. The Force's mission is to prevent and detect harm; protect the vulnerable and reduce crime.
- 1.5 The Force purpose statement defines the reason we exist; it is our foundation. It weaves our values into our corporate DNA and illustrates how our service positively impacts the people we serve. The purpose will be delivered through the six objective areas underpinning it:
- Reducing the workload pressure across local policing to improve confidence and visibility
 - Improve our investigative quality, victim care and crime recording standards
 - Respond to contact from the public more quickly and effectively, with better triage, leading to enhanced service delivery
 - To develop a flexible and agile policing service to communities through an operationally competent workforce, without constraint or boundaries
 - Increase supervisory capacity and capability and develop a future proofed workforce plan which reflects projected demand and public need
 - Align our estate, fleet, and ICT objectives with public and organisational need



Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer Continued

2.0 RESOURCES AVAILABLE

- 2.1 The Police and Crime Commissioner for Devon and Cornwall allocates the majority of the available annual funding to the Chief Constable. In 2024/25, the allocation to the Chief Constable was £399.0m out of the total Police and Crime Commissioner funding of £406.5m.
- 2.2 The Chief Constable works with the Police and Crime Commissioner in agreeing a Medium Term Financial Strategy (MTFS), identifying budget requirement for the following year and for the subsequent three years.
- 2.3 The 2024/25 budget was set in the context of an increase of Police Grant funding of 1.9%, which included Devon and Cornwall's share of the uplift funds allocated nationally for the 20,000 additional officers; and the Police and Crime Commissioner's increase to the Council Tax precept of £12.94 (4.95%) for a band D property.
- 2.4 These increases resulted in a 2024/25 budget of £406.5m which was a funding increase of £22.1m from the 2023/24 budget of £384.4m. The table below shows how these additional funds were allocated:

Use of additional funding - 2024/25	£m	
Additional Funding: -		
Police Grant & Council Tax	22.1	
Specific Grant (Uplift & Pensions)	14.6	36.7
Use of Additional Funding: -		
Increases:		
Growth	1.4	
Regional Growth	1	2.4
Unavoidable Changes:		
Pay Inflation	20.5	
Other Pay Changes	10.7	
Inflation	1.2	
Non-Pay Costs	3.2	
Capital Funding	1.6	37.2
Change in use of reserves		2.9
Investment Interest		-0.1
Increased Income		-0.4
Savings		-5.3
		36.7

- 2.5 The 2024/25 budget also included funding and strategic investment for:
- Maintaining officer numbers at 3,610 by 31 March 2025
 - Public access to services and community visibility
 - Strengthen public protection through effective investigation
- 2.6 The 2024/25 budget also made a provision for a number of unavoidable costs such as pay inflation, increments and existing policy commitments.
- 2.7 Pay awards were budgeted at 3.0%, and inflation was applied on non-pay budgets only to areas subject to inflationary pressures. The Consumer Price Index (CPI) at November 2023 was 3.9%, a decrease of 6.7% when compared to 10.7% in November 2022; electricity and gas contracts are based on market prices and were expected to decrease, with other inflationary/contractual pressures assumed at 2%.

Narrative Report by David Wilkin, Chief Financial Officer Continued

3.0 2024/25 OUTCOMES

Uplift Officers

- 3.1 The government's three-year Uplift Programme was designed to deliver 20,000 additional police officers nationally by 31 March 2023; this was successfully achieved and provided Devon and Cornwall with 540 additional officers over the course of the programme taking the force to a total officer number of 3,614 FTE. This includes four officers within the Blue Light collaboration cohort.
- 3.2 The provisional finance settlement announced in December 2023 outlined the government's intention to maintain the increased officer levels, and the financial settlement for 2024/25 included a ringfenced grant of £9.983m to maintain the uplift headcount (3,655). Payment was subject to maintaining the increased headcount at 30 September 2024 and 31 March 2025.
- 3.3 Similar to previous financial year the government offered an incentive scheme to exceed headcount targets. The incentive scheme for 2024/25, allocated Devon and Cornwall a total of 24 officers over their target headcount. At 31 March 2025 the actual headcount was 3,686, which achieved 7 over the target.
- 3.4 The Force was able to achieve these additional posts partly as a result of the PCC's decision to fund officers in excess of the uplift target, funded through precept. This means that as these officers were already included within the budgeted FTE of 3,614 the additional headcount uplift does not take the establishment over the assumed position. The Force ended the year slightly below the budgeted position at 3,605, 9 FTE below the budgeted number.

Investment

- 3.5 The 2024/25 Medium Term Financial Strategy (MTFS) identified ongoing revenue investments of £1.385m. This supported:
 - The opening of a further four front offices across the Force by March 2025
 - Improving public confidence by reducing time taken to investigate complaints
 - Investments in NICHE support, coroners officers and Crime Standards unit

Savings

- 3.6 Savings of £1.591m were built into the 2024/25 budget to be achieved through courier contract re-tender, People Department, detention officers and Crime/Vulnerability. The majority of the savings have been achieved in 2024/25, with some minor adjustments needed to the 2025/26 savings plan to reflect unavoidable delays.

4.0 Actual Expenditure 2024/25

- 4.1 The Chief Constable spent £398.7m against the budget allocation of £399.0m, resulting in an underspend of £0.3m.
- 4.2 **Expenditure and Funding Analysis** shows how council tax and funding for the year has been used in providing services compared with resources consumed in accordance with generally accepted accounting practices.

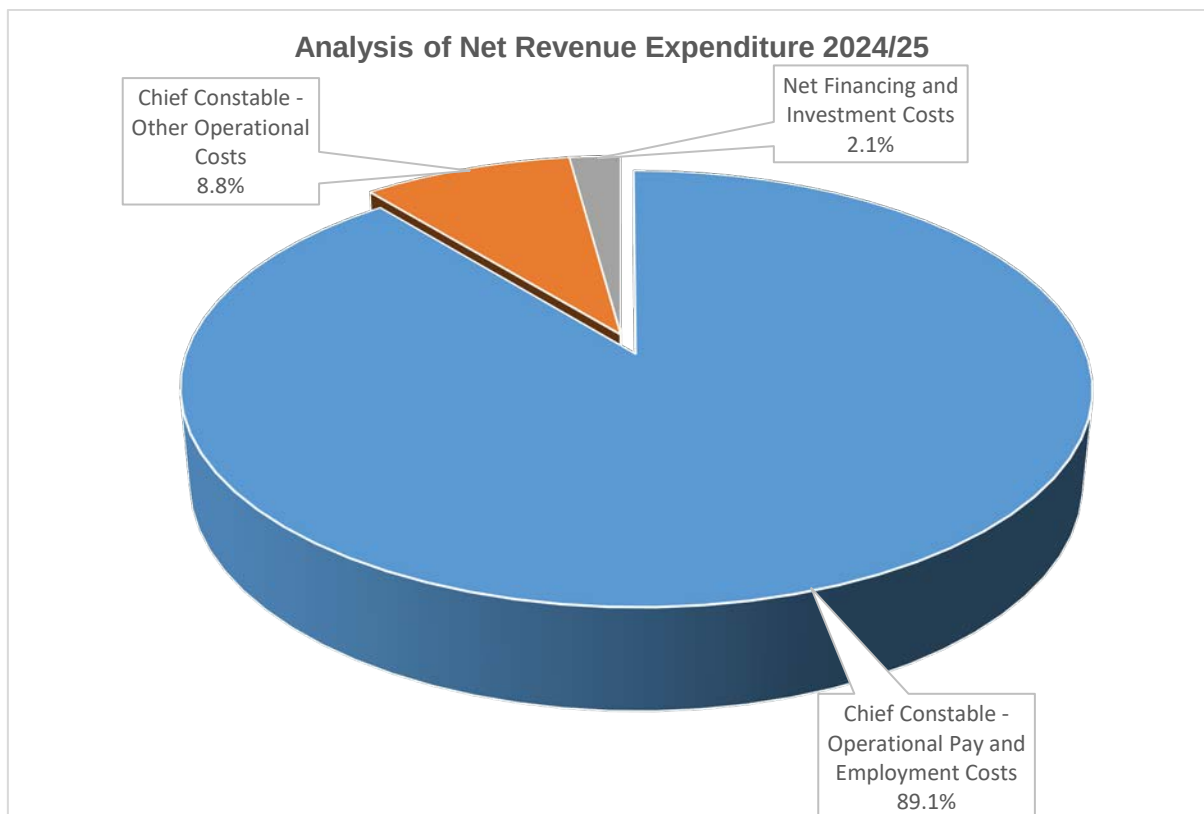
Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer Continued

The table below shows how the expenditure and funding analysis note and outturn relate to each other:

Reconciliation	2024/25
	£'000
Expenditure and Funding Analysis	
Net Cost of Services	399,206
Financing and Investment Income	(189)
Budget Allocation	399,017
Outturn	
Chief Constable	398,747
Underspend transferred to General Balances	270
Budget Allocation	399,017

4.3 The chart below shows a breakdown of total net revenue expenditure for 2024/25 by category of spend.



4.4 Although the budget for 2024/25 was set within the context of high inflation, with CPI reducing from 2.8% to 2.6% during the year. The pay award of 4.75% award was significantly above the budgeted level of 3%, with the cost of living, resourcing and supply chains still under extreme pressure. This level of inflation was higher than originally estimated when setting the budget. These pressures not only had a cash effect on the Force, but also affected the ability to deliver projects within timescales and on budget.

4.5 There were a number of over and underspends during the year; the most significant of which are detailed below:

- Police Officer overtime costs across all areas of the business continued to place pressure on the organisation, with costs exceeding budget by over £3m.

Narrative Report by David Wilkin, Chief Financial Officer Continued

- Reductions in Police Officer Pay are caused by a higher than budgeted level of leavers, lower than budgeted numbers in the pension scheme and unbudgeted income from the region and external projects.
- Staff Pay costs are offset by Improvement reserve funding for an agreed one-off investment in temporary agency staff and forfeitures income. Once applied the staff/ agency costs are underspent, mainly linked to vacancies.
- Pressures within non pay budgets include increased expenditure on the policing of dangerous dogs, legal costs, tasers, equipment purchases, hotel accommodation, Police National Computer (PNC) charges, additional Police Now recruitment, NPAS, vehicle repairs/parts and mileage claims.
- The Estates department saw reductions in planned maintenance costs and additional income over budget.
- ICT underspends were caused by the legal dispute between the Competitions and Markets Authority (CMA) and the supplier of police radio services concluding. The Court of Appeal has refused the supplier of police radio services permission to appeal the CMA findings that it was making supernormal profits from providing communications network services to the UK emergency services.
- Income increased due to interest rates resulting in higher than anticipated returns on investments and additional funds from grants, specifically the reimbursement of costs provided to support the modern slavery programme.

4.6 The availability of one-off surplus during 2021/22 enabled the force to support several investments totalling £2.1m, it took some time to make traction on a number of these projects and the residual balance had been ringfenced within the Budget Management Reserve. The majority of these investments were completed in prior years, with remaining commitments of £383.4k falling in 2024/25. The spend of £274k in 2024/25 has resulted in an underspend of £110k. It is considered all spending should now be complete.

4.7 After taking into account carry-forward requests of £0.282m the £0.262m underspend reduces to a small residual overspend of £0.020m, which was charged to General Balances.

5.0 CAPITAL PROGRAMME

5.1 The table below shows the Chief Constable's capital expenditure, and funding, during 2024/25. The majority of the assets relating to policing, most significantly buildings, are owned by the Police and Crime Commissioner. However certain items of equipment and ICT are considered to be under the ownership and control of the Chief Constable. Capital expenditure in this respect consists of an ongoing programme of rationalisation, replacement and enhancement of assets, all with an expected life of more than one year, and with a value in excess of £20k.

	£'000
<u>Capital Investment</u>	
Equipment and ICT	682
<u>Funded by</u>	
Delegation from the Police and Crime Commissioner	(682)

ICT and capital equipment across the Force area is replaced when necessary to ensure that officers and staff have the most appropriate access to technology and equipment to support them in their roles. The majority of ICT assets are reflected on the Police and Crime Commissioner's Balance Sheet. The capital purchases that fall under the Chief Constable are primarily equipment, including mobile data handsets, body worn video, and operational equipment.

Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer Continued

6.0 WORKFORCE RESOURCES

6.1 Workforce costs make up 86% of the annual expenditure of Devon and Cornwall Police.

6.2 Police Officers

31/03/24 (FTE)		31/03/25 (FTE)
3,614	Police Officers - Budgeted	3,610
3,615	Police Officers - Actual	3,605
1	(Under)/Over	(5)

Police Officer numbers were maintained during the year in line with national uplift targets which were achieved at both 30th September and 31st March.

6.3 PCSO's

31/03/24 (FTE)		31/03/25 (FTE)
150	PCSO's - Budgeted	150
149	PCSO's - Actual	141
(1)	(Under)/Over	(9)

Recruitment campaigns during 2024/25 were undertaken which has meant the year end position of 141 FTE has been achieved, which is 9 FTE below budget.

6.4 Police Staff

The analysis of police staff numbers is made complex by the use of temporary and agency staff. In addition, the financial arrangements for the Alliance with Dorset Police mean some staff employed by one Force will be charged to another. For the purposes of this report, the numbers below reflect the FTE of police staff charged against Devon and Cornwall's Chief Constable accounts.

31/03/24 (FTE)		31/03/25 (FTE)
2,287	Police Staff - Actual	2,195

There was a net decrease in FTE during the year as a result of changes made within the MTFS, short term temporary funded posts, use of agency staff and posts funded by third parties.

7.0 PERFORMANCE

External Indicators

7.1 The principal independent financial indicators available to the Chief Constable and the Police and Crime Commissioner are as follows:

7.2 HMICFRS PEEL Report – His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) review each Force to examine their Efficiency, Effectiveness and Legitimacy. The most recent review was July 2024 The inspection looked at how well the Force performed in nine areas of policing, and gave graded judgements in eight of the nine, as follows:

Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer Continued

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Preventing crime	Police powers and public treatment	Managing offenders	Investigating crime
		Protecting vulnerable people	Leadership and force management	Responding to the public
		Developing a positive workplace		

Following the gradings from the previous report HMICFRS have kept the Force in the enhanced “engage” process, which provides additional scrutiny and support on behalf of the public. The Force were notified of this in October 2022. Since then, the Force has been working closely with HMICFRS through the Police Performance and Oversight Group (PPOG) to improve areas, regularly receiving positive feedback about progress made. One grade “Responding to the public” was discharged in September 2024.

- 7.3 Auditor’s Annual Report – External auditors provided a commentary on the arrangements in place to secure economy, efficiency and effectiveness in the use of resources for both the Police and Crime Commissioner and the Chief Constable for the year ending 31 March 2025. The Value for Money opinion comments that the significant weakness identified in 2022/23 remains but acknowledges that for 2024/25 the Force continues its robust response to the HMICFRS findings and the “engage” process, resulting in an improving direction of travel.
- 7.4 The HMICFRS Value for Money Profile 2024 – this does not provide an opinion but states key financial and performance information of Devon and Cornwall Police in comparison to other Forces. The report did not indicate any significant outliers within Devon and Cornwall Police’s information.

Force Demand

- 7.5 The total number of calls for service received are detailed in the table below.

No. of Contacts	2023/24	2024/25	% Change	Notes
Calls:-				
999	328,928	298,001	-9.4%	
101	444,078	443,489	-0.1%	This is the Integrated Voice Response system (IVR) figures as all 101 calls are processed through IVR.
Other incoming call lines	44,315	41,077	-7.3%	This includes; Bluelight, Alarms, vulnerable victims, X-Directory, FIM, Firearms, Press.
Interactions:-				
Emails	95,958	93,956	-2.1%	
Texts	501	363	-27.5%	
Webchats	5,435	0	-100.0%	
Total	919,215	876,886	-4.6%	

The data shows a 4.6% reduction across all categories. Webchats were disabled in summer 2023.

8.0 FUTURE FINANCIAL OUTLOOK

- 8.1 The Chief Constable and the Police and Crime Commissioner formally update and approve the MTFS annually during the budget setting process.

Narrative Report by David Wilkin, Chief Financial Officer Continued

- 8.2 Grant funding for 2025/26 was provided by the new government as a one-year settlement ahead of a comprehensive spending review due to report in June 2025. Excluding food and energy prices inflation rose by 2.3% in the year to November 2024. Electricity and Gas contracts are based on market energy prices and are expected to decrease in 2025/26. The full year effect of the 2024/25 pay award must be accounted for in future years.
- 8.3 The government has permitted a maximum council tax increase of £14 for 2025/26 within its overall funding announcement, but even with this additional funding a gap remains.
- 8.4 2025/26 was only a one year funding settlement, the Force has considered a longer term, strategic approach to the workforce to protect and enhance service delivery and, critically, to maintain and enhance public confidence in policing; whilst enabling a balanced budget to be achieved.
- 8.5 The 2025/26 budget supports a structured financial approach to facilitate additional and sustainable resources to:
- Maintaining police officer numbers at 3,610
 - Support the neighbourhood policing guarantee (13,000 more staff nationally)
 - Provide additional investment to support complaint handling
 - Modernisation of ICT systems
- 8.6 Planning for beyond 2025/26 remains very challenging. There are a number of things which will impact on this planning, including:
- Future pay awards for officers and staff
 - Inflationary pressures, albeit at a lower level than in recent years
 - Staff turnover and, in particular, police officer leavers
 - CSR for 2026/27, how many years will this cover
 - Future council tax referendum principles
 - Impact of council tax premiums for second homes
 - Review of the police funding formula
 - Centrally driven ICT programmes such as the replacement of Airwave and the Police National Computer

9.0 GOVERNANCE ARRANGEMENTS

- 9.1 The Annual Governance Statement is published alongside this document. The joint Annual Governance Statement describes the internal control environment for the Police and Crime Commissioner and the Chief Constable. It also sets out the joint arrangements for managing risk for the Police and Crime Commissioner and the Chief Constable.

THE STATEMENT OF ACCOUNTS

A brief explanation of the purpose of each of the four primary statements is provided below:

Movement in Reserves Statement - shows the changes in the Chief Constable's financial resources over the year.

Summary Movement in Reserves	Movement 2023/24 £'000	Change £'000	Movement 2024/25 £'000
Surplus or (Deficit) on the Provision of Services	(63,610)	(58,908)	(122,518)
Remeasurement of the net defined benefit (liability) asset	63,610	58,908	122,518
Total Usable Reserves	0	0	0

The significant change relates to the accounting adjustments for pensions. The accounting adjustments applied have been prepared in accordance with generally accepted accounting practices. They are reversed out of the Chief Constable movement in reserves statement via an intra-group adjustment and shown in the Police and Crime Commissioner accounts.

Chief Constable for Devon and Cornwall

Narrative Report by David Wilkin, Chief Financial Officer Continued

Comprehensive Income and Expenditure Statement - this statement shows the accounting cost in the year of providing services in accordance with accounting standards. This amount is different to the amount funded by taxation due to the accounting treatment of certain costs such as depreciation and pensions.

Summary Comprehensive Income and Expenditure Statement	Gross Expenditure 2024/25 £'000	Gross Income 2024/25 £'000	Net Expenditure 2024/25 £'000
Cost of Services	451,828	(68,299)	383,529
Pensions Top-Up Grant		(52,185)	(52,185)
Pensions Interest	145,605	(20,986)	124,619
Intra-Group Adjustments	(474,915)	141,470	(333,445)
(Surplus)/Deficit on Provision of Services	122,518	0	122,518
Remeasurement of the Pensions Net Defined Benefit Liability (Asset)	(122,518)	0	(122,518)
Total Comprehensive Income and Expenditure	0	0	0

The statement highlights that the expenditure is dominated by the net cost of providing services which is mainly the costs of policing. The other most significant cost is the pensions interest cost and remeasurement of the pension fund. These costs are calculated in accordance with generally accepted accounting practices and reflects the cost of the pensions at the time employees earn their retirement benefits even though the benefits will not actually be payable until employees retire.

Balance Sheet as at 31 March 2025 - shows how the resources available to the Chief Constable are held in the form of assets and liabilities.

Summary Balance Sheet	Balance as at 31/03/2024 £'000	Balance as at 31/03/2025 £'000	Movement £'000
Long Term Assets	2,616,225	2,541,194	(75,031)
Current Assets	76,583	68,997	(7,586)
Current Liabilities	(76,583)	(68,997)	7,586
Long Term Liabilities	(2,616,225)	(2,541,194)	75,031
Net Assets	0	0	0

Cash Flow Statement - shows how the movement in resources has been reflected in cash flows.

Summary Cash Flow Statement	Cash Flows 2023/24 £'000	Cash Flows 2024/25 £'000
Net (Surplus) or Deficit on the Provision of Services	63,610	122,518
(Increase)/Decrease in pensions liability	(63,610)	(122,518)
Net Cash (Inflows)/Outflows from Operating Activities	0	0

The notes to the financial statements include the accounting policies and give further information on the entries within the main statements as well as supplementary information. These are further supplemented by a glossary of terms.

David Wilkin BSc CPFA
Chief Financial Officer to the Chief Constable
XX June 2025

Further Information: This publication provides a review of the financial performance of the Chief Constable for 2024/25. It may be read in conjunction with the [Police and Crime Commissioner/Group Accounts](#) and the [Police and Crime Plan](#)

Chief Constable for Devon and Cornwall

**Independent Auditor's Report to the
Chief Constable for Devon, Cornwall and the Isles of Scilly**

These Financial Statements have not yet been audited. The audited accounts will be presented to the Independent Audit Committee and published when available.

Chief Constable for Devon and Cornwall

Statement of Responsibilities

The Chief Constable's Responsibilities

The Chief Constable is required to:

- make arrangements for the proper administration of the financial affairs of Devon and Cornwall Police and to secure that one of his officers has the responsibility for the administration of those affairs. That officer is the Chief Financial Officer to the Chief Constable
- manage the affairs of Devon and Cornwall Police to secure economic, efficient and effective use of resources and to safeguard its assets
- approve the Statement of Accounts

Approval of the Accounts

I approve the Statement of Accounts.

James Vaughan
Chief Constable

The Chief Financial Officer's Responsibilities

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

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

- selected suitable accounting policies and applied them consistently
- made judgements and estimates that were reasonable and prudent
- complied with the Code of Practice
- kept proper accounting records which were up to date
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Chief Financial Officer's Certificate

I certify that this Statement of Accounts for the year ended 31 March 2025 gives a true and fair view of the financial position of the Chief Constable for Devon and Cornwall at the reporting date and of the income and expenditure for the year ended 31 March 2025.

David Wilkin
Chief Financial Officer to the Chief Constable
XX June 2025



Devon & Cornwall
POLICE

Financial Statements

Chief Constable for Devon and Cornwall

Movement in Reserves Statement

This statement only shows the pension related transactions from the start of the year to the end of the year for 2023/24 and 2024/25 as all reserves are managed by the Police and Crime Commissioner. The financial consequences of the operational activities undertaken by the Chief Constable is shown in the Comprehensive Income and Expenditure Statement.

Current Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2024		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(122,518)	0	0	0	(122,518)	0	(122,518)
Remeasurement of the net defined benefit (liability) asset		122,518	0	0	0	122,518	0	122,518
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2025		0	0	0	0	0	0	0

Comparative Year	Notes	General Fund Balance	Earmarked Reserves	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2023		0	0	0	0	0	0	0
Movement in Reserves								
Surplus or (Deficit) on the Provision of Services		(63,610)	0	0	0	(63,610)	0	(63,610)
Remeasurement of the net defined benefit (liability) asset		63,610	0	0	0	63,610	0	63,610
Total Comprehensive Income and Expenditure		0	0	0	0	0	0	0
Balance at 31 March 2024		0	0	0	0	0	0	0

Chief Constable for Devon and Cornwall

Comprehensive Income and Expenditure Statement

This statement reflects the Police and Crime Commissioner's financial resources consumed by the Chief Constable for 2023/24 and 2024/25. In practice all the respective costs are paid for by the Police and Crime Commissioner. This Statement includes intra-group transactions resulting in a nil balance for Total Comprehensive Income and Expenditure.

2023/24				2024/25			Notes
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure	
£'000	£'000	£'000		£'000	£'000	£'000	
430,781	(55,714)	375,067	Chief Constable	451,828	(68,299)	383,529	8
430,781	(55,714)	375,067	Cost of Services	451,828	(68,299)	383,529	
0	(52,573)	(52,573)	Pensions Top Up Grant	0	(52,185)	(52,185)	
(430,781)	108,287	(322,494)	Intra-Group Transaction	(451,828)	120,484	(331,344)	
0	0	0	Cost of Services Net of Pensions Top Up Grant	0	0	0	
			Financing and Investment Income and Expenditure				
141,885	(18,610)	123,275	Pensions Interest	145,605	(20,986)	124,619	19
(141,885)	18,610	(123,275)	Pensions Interest - Intra-Group Transaction	(145,605)	20,986	(124,619)	
63,610	0	63,610	Remeasurement of the Net Defined Benefit Liability (Asset) - Intra-Group Transaction	122,518	0	122,518	19
63,610	0	63,610	(Surplus)/Deficit on Provision of Services	122,518	0	122,518	
		(63,610)	Remeasurement of the Net Defined Benefit Liability (Asset)			(122,518)	
		0	Other Comprehensive Income and Expenditure			0	
		0	Total Comprehensive Income and Expenditure			0	

David Wilkin
Chief Financial Officer to the Chief Constable
XX June 2025

Chief Constable for Devon and Cornwall

Balance Sheet

The Chief Constable owns some long term assets and holds current assets and liabilities as well as long term liabilities which relate to employee benefits. The Chief Constable does not hold reserves. The intra-group transaction entries on the Balance Sheet represents the Police and Crime Commissioner's responsibility to provide funds to the Chief Constable over the long term.

31 March 2024		31 March 2025	Notes
£'000		£'000	
	Long Term Assets		
1,834	ICT and Equipment	1,936	9
2,614,391	Pensions Liabilities - Intra-Group Debtor	2,539,258	4
2,616,225	Total Long Term Assets	2,541,194	
	Current Assets		
32,435	Short Term Debtors	25,042	17
12,908	Accumulated Absences - Intra-Group Debtor	14,754	4
1,390	Provisions Intra-Group Debtor	586	4
29,850	Short Term Creditors - Intra-Group Debtor	28,615	4
76,583	Total Current Assets	68,997	
	Current Liabilities		
(32,435)	Short Term Debtors - Intra-Group Creditor	(25,042)	4
(12,908)	Accumulated Absences	(14,754)	11
(1,390)	Provisions	(586)	10
(29,850)	Short Term Creditors	(28,615)	18
(76,583)	Total Current Liabilities	(68,997)	
	Long Term Liabilities		
(2,614,391)	Pensions Liabilities	(2,539,258)	19
(1,834)	ICT and Equipment - Intra-Group Creditor	(1,936)	4
(2,616,225)	Total Long Term Liabilities	(2,541,194)	
0	Net Assets	0	

David Wilkin
Chief Financial Officer to the Chief Constable
XX June 2025

Chief Constable for Devon and Cornwall

Cash Flow Statement

The surplus or deficit on the provision of services represents the transfer of funds from the Police and Crime Commissioner to cover the actuarial gains/losses arising from the pension's valuation shown against the increase/decrease in pensions liability line.

2023/24		2024/25
£'000		£'000
63,610	Net Surplus or (Deficit) on the Provision of Services	122,518
	Adjustments to net (Surplus) or Deficit on the Provision of Services for non-cash movements	
(63,610)	Increase/(Decrease) in pensions liability	(122,518)
<u>0</u>	Net Cash (Inflows)/Outflows from Operating Activities	<u>0</u>
<u>0</u>	Cash and Cash Equivalents at the end of the reporting period	<u>0</u>



Devon & Cornwall
POLICE

Notes to the Financial Statements

Note 1 Accounting Policies

1. GENERAL PRINCIPLES

The statement of accounts summarises the Chief Constable's transactions for the 2024/25 financial year and its position at the year end of 31 March 2025. The Chief Constable is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015 in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under Section 12 of the Local Government Act 2003.

The accounting convention adopted in the statement of accounts is principally historical cost modified by the revaluation for certain categories of non-current assets and financial instruments. The financial statements have been prepared with due regard to the going concern principle.

2. ACCRUALS OF INCOME AND EXPENDITURE

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

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue in the Comprehensive Income and Expenditure Statement for the income that might not be collected

3. ACCOUNTING POLICY DEVELOPMENTS AND CHANGES

Changes in accounting policies are only made when required by proper accounting practices or if the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

4. PRIOR PERIOD ADJUSTMENTS, ESTIMATES AND ERRORS

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

5. EVENTS AFTER THE REPORTING PERIOD

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

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

Note 1 Accounting Policies Continued

Events taking place after the date of authorisation for issue of the audited accounts are not reflected in the statement of accounts.

6. CONTINGENT LIABILITIES

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

Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

7. JOINT OPERATIONS

The Chief Constable participates in a number of partnership activities. These arrangements involve the Chief Constable carrying out activities relevant to their own functions jointly with others. The Chief Constable accounts for only its share of the jointly controlled assets; and for the liabilities, expenses and income that the Chief Constable incurs with respect to their interest in the partnerships.

8. OVERHEADS AND SUPPORT SERVICES

The cost of overheads and support services are charged to each area that falls under the Chief Constable for accountability and financial performance.

9. EMPLOYEE BENEFITS

9.1 Benefits Payable during Employment

Short term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end that employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the surplus or deficit on the provision of services, but then reversed out through the Movement in Reserves Statement in the Police and Crime Commissioner accounts to the accumulated absences account so that holiday entitlements are charged to revenue in the financial year in which the holiday absence occurs.

9.2 Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Chief Constable to terminate an employee's employment before the normal retirement date. The amount is charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Chief Constable is demonstrably committed to the termination of the employment of an employee. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

In the Movement in Reserves Statement in the Police and Crime Commissioner accounts, 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.

Chief Constable for Devon and Cornwall

Note 1 Accounting Policies Continued

9.3 Post-Employment Benefits

Up until 31 March 2022, employees of the Chief Constable were members of four separate pension schemes:

- The Police Officer 1987 Scheme (PPS)
- The Police Officer 2006 Scheme (NPPS)
- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

From 1 April 2022, employees of the Chief Constable were members of two separate pension schemes:

- The Police Officer 2015 Scheme (CARE)
- The Local Government Pensions Scheme (CARE)

All schemes provide defined benefits to members (retirement lump sums and pensions), earned as employees who worked for the Chief Constable.

9.3.1 Police Officers' Pension Schemes

All Police Officers' Pension Schemes are accounted for as defined benefits schemes.

The liabilities of the Police Officers' Pension Schemes 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.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of all Police Schemes. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

9.3.2 The Local Government Pension Scheme

The Local Government Pension Scheme is accounted for as a defined benefits scheme.

The liabilities of the Local Government Pension Scheme 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. This liability is shown in the Chief Constable accounts and then offset via an intra-group adjustment.

An estimate of the employer's future cashflows is made using notional cashflows based on the estimated duration of the past service liability. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30 year point).

The assets of the Devon County Council pension fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:

•	quoted securities	-	current bid price
•	unquoted securities	-	professional estimate
•	unitised securities	-	current bid price
•	property	-	market value

Note 1 Accounting Policies Continued

9.3.3 Net Pensions Liability Analysed

The change in the net pension's liability for the Pension Schemes is analysed into the following components:

Service cost comprising:

- current service cost - the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked
- past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years - debited to the surplus or deficit on the provision of services in the Comprehensive Income and Expenditure Statement
- net interest on the net defined benefit liability (asset), i.e. net interest expense for the Chief Constable - the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the financing and investment income and expenditure 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 to the net defined benefit liability (asset) at the beginning of the period and taking into account any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments

Remeasurements comprising:

- The return on plan assets excludes the amounts included in net interest on the net defined benefit liability (asset) which is charged to the pensions reserve in the Police and Crime Commissioner accounts as other Comprehensive Income and Expenditure. This is only applicable to the Local Government Pension Scheme.
- Actuarial gains and losses are 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. These changes are charged to the pensions reserve in the Police and Crime Commissioner accounts as other Comprehensive Income and Expenditure.

Benefits paid (only applicable to the Police Officer Pension Schemes):

- cash paid to pensioners including injury pension payments

Contributions paid (only applicable to the Local Government Pension Scheme):

- cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

9.3.4 Police Officers' Injury Benefits

The Chief Constable makes payment under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officers' pension schemes. The figures are included within the unfunded pension calculation as the injury benefits may be financially significant with volatile actuarial gains and losses. These have been estimated by the independent actuary.

9.3.5 Impact on Reserves in the Police and Crime Commissioner accounts

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Police and Crime Commissioner Group to the pension fund in the year, not the amount calculated according to the relevant accounting standards. These provisions are shown in the Chief Constable accounts and then offset via an intra-group adjustment. This intra-group adjustment is taken into the Police and Crime Commissioner accounts and included within the Movement in Reserves Statement. This allows 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 fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the pensions reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Note 1 Accounting Policies Continued

9.4 Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

10. PROVISIONS

Provisions are made where an event has taken place on or before the Balance Sheet date that gives the Chief Constable a legal or constructive present 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 Chief Constable 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 the 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. Where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed (or reduced) and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that the reimbursement will be received if the Chief Constable settles the obligation.

A provision would be made for termination payments due to staff resulting from restructuring when the Chief Constable has raised a valid expectation to the staff affected that it will carry out restructuring by starting to implement a particular restructuring plan or announcing its main features to those affected by it. Each element of any Force restructuring plan will be treated separately, and provision made of the estimated termination payments as and when each element of the plan is announced.

11. PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLES

Assets that have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as property, plant and equipment. Assets that do not have physical substance and are held for use in the supply of services or for administrative purposes and that are expected to be used during more than one financial year are classified as intangible. Property, plant and equipment and intangible assets are accounted for in the Police and Crime Commissioner accounts with the exception of certain operational assets, which are set out in the Scheme of Consent. These operational assets are offset on the Balance Sheet by a long term liability representing the requirement that the Chief Constable pays for these assets over their operational life. The long term liability will be written down in line with the depreciation policy as set out in the note.

The expenditure within the Comprehensive Income and Expenditure Statement of the Chief Constable includes a charge for use of property, plant and equipment and intangible assets based on the fair value of the assets used by the Chief Constable to deliver a policing service. The accounting policies of the Group in relation to depreciation and amortisation are set out within the financial statements of the Police and Crime Commissioner.

11.1 Recognition

Expenditure on the acquisition, creation or enhancement is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Chief Constable for more than one year and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Note 1 Accounting Policies Continued

11.2 Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management

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

•	ICT	-	depreciated historical cost
•	Equipment	-	depreciated historical cost
•	Assets under construction	-	historical cost

11.3 Depreciation

Depreciation is provided for all ICT and equipment assets by the systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life and assets that are not yet available for use (i.e. asset under construction).

Depreciation is calculated on the following bases:

- Information and Communications Technology (ICT) – depreciation is charged monthly, using the straight-line allocation, from the first of the month of acquisition starting in the year of acquisition. The asset life of individual groups of assets has been assessed and each group is depreciated individually according to the asset life
- Equipment – these assets are given specific asset lives and are depreciated monthly, using the straight-line allocation

11.4 Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet, (whether ICT and equipment) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written off value of disposals is not charged against council tax as the cost of non-current assets is fully provided for under separate arrangements for capital financing as shown in the Police and Crime Commissioner Group accounts together with the amounts that are appropriated to the Capital Adjustment Account from the General Fund balance in the Movement in Reserves Statement.

11.5 Impairment

An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the Comprehensive Income and Expenditure Statement.

12. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from HMRC. VAT receivable is excluded from income.

13. EXCEPTIONAL ITEMS

When items of expenditure are outside the normal type of expenditure incurred by the Chief Constable they will be disclosed separately on the face of the Comprehensive Income and Expenditure Statement if they are material and separate disclosure would be made to aid the understanding of the Chief Constable's financial performance.

Note 1 Accounting Policies Continued

14. CHARGES TO REVENUE FOR NON-CURRENT ASSETS

The Comprehensive Income and Expenditure Statement is debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service

The Police and Crime Commissioner is not required to raise council tax to fund the depreciation and impairment losses that are charged against the Chief Constable's Comprehensive Income and Expenditure Statement. However, there is a requirement to make an annual contribution (minimum revenue provision) from revenue towards the reduction in the overall borrowing requirement (equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance). Depreciation and impairment losses are therefore replaced by the contribution in the General Fund balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two as shown in the Police and Crime Commissioner Group accounts.

15. COST AND INTRA-GROUP RECOGNITION

In practice, all income is received by the Police and Crime Commissioner and all expenditure is paid by the Police and Crime Commissioner from the Police Fund. No actual cash transactions or events take place between the two entities. From an accounting perspective, costs are recognised within the Chief Constable's accounts to reflect the financial resources consumed at the request of the Chief Constable. The income recognised in the Chief Constable's accounts is the income collected by the Police and Crime Commissioner on behalf of the Chief Constable.

Note 2 Accounting Standards Issued, Not Adopted

Appendix C of the CIPFA code requires Local Authorities to 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 by the Code for the relevant financial year. Standards that fall into this category that are relevant to the Chief Constable accounts are:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)
- Changes to the measurement of non-investment assets include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

All of these standards will be incorporated in the Code from 2025/26. However, CIPFA has indicated that the amendments to IAS 21 will not have a significant impact on the amounts anticipated to be reported in the financial statements. With reference to the changes in measurement, there has been a general requirement that assets are revalued sufficiently regularly so that their carrying amount at 31 March does not differ materially from their current value at that date. This will be replaced by an option to revalue assets every five years, subject to annual reviews for impairment and the updating of carrying amounts by the application of relevant indices. No adjustments to carrying amounts will be required at 1 April 2025. As indices for 2025/26 will not be available until after 31 March 2026, it is not possible to project what the impact of the indexation will be.

Note 3 Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out in Note 1, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. The critical judgements in the Statement of Accounts are:

- The Police and Crime Commissioner Group has had to make judgements about the allocation of expenditure between the Police and Crime Commissioner and the Chief Constable. The basis adopted was arrived at after considering the CIPFA Service Reporting Code of Practice and the Police Reform and Social Responsibility Act. Further detail is shown in Note 4
- Estimation of the pension element of the provision is on the basis of apportionment of the total actuarially assessed liability for future pensions benefits for the Group between the two corporate bodies on the basis of current cashflows

Note 4 The Chief Constable as an Accounting Entity

The Chief Constable is part of an accounting group along with the Police and Crime Commissioner (referred to as the Police and Crime Commissioner Group). The accounting recognition of the Group's assets, liabilities and reserves reflects the powers and responsibilities of the Police and Crime Commissioner and the Chief Constable as designated by the Police Reform and Social Responsibility Act 2011 and the Revised Home Office Financial Management Code of Practice for the Police Service, England and Wales 2018. This accounting treatment is also underpinned by the relationships as defined by local regulations, local agreement and practice.

The Police and Crime Commissioner receives all government funding and income, and the Chief Constable does not hold any cash or reserves. When the Police and Crime Commissioner's resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

A long term debtor has been established in the Chief Constable's Balance Sheet to reflect the continuing requirement on an elected policing body, as required under the Police Reform and Social Responsibility Act 2011, for the Police and Crime Commissioner to provide funds to the Chief Constable for the payment of assets and liabilities. Should the Police and Crime Commissioner be required to settle future liabilities, there is no long-term expectation that the Home Office will provide this funding. Similarly, the Chief Constable could not be expected to fund the liability as the Chief Constable (the current grant arrangements notwithstanding) has no assets, cash reserves, income receipts or other sources of funding. It is reasonable to expect that should the Police and Crime Commissioner Group be required to settle future liabilities (however unlikely this may be), then settlement would result in an outflow of resources from the Police and Crime Commissioner.

For accounting and regulatory purposes, the Police and Crime Commissioner and the Chief Constable are classed as Local Authorities and are covered by the CIPFA Code of Practice for Local Authority Accounting 2024/25.

The financial consequences of the activity under the control of the Chief Constable are shown in these accounts. As the Chief Constable does not hold reserves, the Comprehensive Income and Expenditure Statement shows the gross cost of policing which is offset by intra-group adjustments to reflect the payments and accruals made by the Police and Crime Commissioner at the request of the Chief Constable. The result of these adjustments is that the Chief Constable has a nil balance on his General Fund. The intra-group adjustments are mirrored in the Police and Crime Commissioner's Accounts. The intra-group transactions are summarised in the table below.

All of the assets and liabilities and reserves of the Police and Crime Commissioner Group with the following exceptions are recognised on the Police and Crime Commissioner's Balance Sheet. The exceptions are:

- Employment liabilities for officers and staff under the direction of the Chief Constable are recognised on the Chief Constable's Balance Sheet. The liability in the Chief Constable's Balance Sheet for these items is offset by a long term debtor reflecting the Police and Crime Commissioner's responsibility to provide funds from the Police Fund each year to enable the Chief Constable to administer the police pensions
- Certain categories of long term and current assets are shown on the Chief Constable's Balance Sheet. These assets are offset in the Balance Sheet by a long term and short term creditor respectively
- Certain categories of current liabilities are shown on the Chief Constable's Balance Sheet. These liabilities are offset in the Balance Sheet by a short term debtor

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Note 4 The Chief Constable as an Accounting Entity Continued

On the 1 April 2024, the Police and Crime Commissioner Group applied IFRS16 Leases. The main impact of this standard is to remove the traditional distinction between finance leases and operating leases. Guidance on whether a right of use relationship exists between the Police and Crime Commissioner and Chief Constable has yet to be issued and therefore the impact on the Chief Constable accounts is currently unknown. If it is determined that a relationship does exist, appropriate disclosures will be made.

Intra-Group Transactions	2023/24		2024/25	
Comprehensive Income and Expenditure Statements	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Cost of Services	(375,067)	375,067	(383,529)	383,529
Pensions Top Up Grant	52,573	(52,573)	52,185	(52,185)
Net Cost of Policing	(322,494)	322,494	(331,344)	331,344
Pensions Interest Cost - Intra-Group Transaction	(123,275)	123,275	(124,619)	124,619
Actuarial (Gains)/Losses on Pensions Funds - Intra-Group Transaction	63,610	(63,610)	122,518	(122,518)
Balance Sheet	Chief Constable £'000	Police and Crime Commissioner £'000	Chief Constable £'000	Police and Crime Commissioner £'000
Long Term Assets/Liabilities				
Pensions Liabilities	(2,614,391)	0	(2,539,258)	0
Pensions Liabilities - Intra-Group Debtor	2,614,391	0	2,539,258	0
Pensions Liabilities - Intra-Group Creditor	0	(2,614,391)	0	(2,539,258)
ICT and Equipment Assets	1,834	0	1,936	0
ICT and Equipment - Intra-Group Creditor	(1,834)	0	(1,936)	0
ICT and Equipment - Intra-Group Debtor	0	1,834	0	1,936
Current Assets/Liabilities				
Current Liabilities	(44,148)	0	(43,955)	0
Current Liabilities - Intra-Group Debtors	44,148	0	43,955	0
Current Liabilities - Intra-Group Creditors	0	(44,148)	0	(43,955)
Current Assets	32,435	0	25,042	0
Current Assets - Intra-Group Creditors	(32,435)	0	(25,042)	0
Current Assets - Intra-Group Debtors	0	32,435	0	25,042
Unusable Reserves				
Intra-Group Transactions	0	(2,624,270)	0	(2,556,235)

When the Balance Sheets for the two corporate bodies are consolidated into the Group Balance Sheet these intra-group transactions are eliminated.

Note 5 Events after the Reporting Period

The draft Statement of Accounts were authorised for issue on XX June 2025. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

Note 6 Assumptions Made about the Future and Other Major Sources of Estimation and Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Police and Crime Commissioner Group about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The item in the Chief Constable's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year is as follows:

6.1 Pensions Liability

Uncertainties

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 and pensions are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Pension fund assets (relevant in the case of the Local Government Pension Scheme) are measured at fair value which requires reference to the market conditions held at the measurement date. The market has been subject to volatility, however markets have continued trading and information was available to measure the fund assets at the measurement date. A firm of consulting actuaries is engaged to provide expert advice about the assumptions to be applied.

Valuation Assumption

The standard assumptions recommended by the actuaries have been considered and approved for use in the valuing of the pension liabilities. This year an accounting surplus has been calculated and therefore additional assumptions have been recommended in order to establish the net defined benefit value. These additional assumptions have also been approved. All assumptions are set out in the Defined Benefit Pension Schemes Note.

A remedy process to resolve the age discrimination of the pension changes resulting from the reform of public service pension schemes has been published by HM Treasury. The Treasury has confirmed that: legacy schemes are closed from 31 March 2022; a remedy has been introduced for the period 2015-2022 based on a deferred choice underpin basis; and eligibility criteria for members to access the remedy. From 1 April 2022, members accrue benefits in the career average revalued earnings (CARE) scheme. The estimated impact of McCloud/Sargeant has been factored into the IAS19 pension valuations estimates since 2018/19. These estimates have evolved as assumptions underpinning them have evolved.

Settlement and curtailment events are assumed to be material and are remeasured using current assumptions and the fair value of plan assets at the time of the event.

Effect if Actual Results Differ from Assumptions

The effects on the net pension's liability of changes in individual assumptions are shown in the Defined Benefit Pension Schemes Note.

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Note 7 Expenditure and Funding Analysis

The expenditure and funding analysis shows how annual expenditure is used by the Chief Constable. All costs are paid for by the Police and Crime Commissioner which is funded from government grants, council tax and other income. The Police and Crime Commissioner meets the Chief Constable's expenditure in full by an intra-group transaction. There is no net expenditure chargeable to the General Fund.

2024/25									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	399,206	5,536	404,742	(21,213)	383,529	6,018	(25,045)	(2,186)	(21,213)
Cost of Services	399,206	5,536	404,742	(21,213)	383,529	6,018	(25,045)	(2,186)	(21,213)
Pension Top Up Grant	0	0	0	(52,185)	(52,185)	0	(52,185)	0	(52,185)
Intra-Group Transaction	(399,206)	(5,536)	(404,742)	73,398	(331,344)	(6,018)	77,230	2,186	73,398
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	124,619	124,619	0	124,619	0	124,619
Pensions Interest - Intra-Group Transaction	0	0	0	(124,619)	(124,619)	0	(124,619)	0	(124,619)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	122,518	122,518	0	122,518	0	122,518
(Surplus)/Deficit on the Provision of Services	0	0	0	122,518	122,518	0	122,518	0	122,518

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Note 7 Expenditure and Funding Analysis Continued

2023/24									
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Outturn	Reserve Adjustments	Net Expenditure Chargeable to the General Fund	Intra-Group Adjustments	Net Expenditure in the CIES	Intra-Group Adjustments			
						Adjustments for Capital Purposes	Net Change for Pensions Adjustments	Other Differences	Total
						(Note 7.1)	(Note 7.2)	(Note 7.3)	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Chief Constable	378,186	12,625	390,811	(15,744)	375,067	9,420	(17,429)	(7,735)	(15,744)
Cost of Services	378,186	12,625	390,811	(15,744)	375,067	9,420	(17,429)	(7,735)	(15,744)
Pension Top Up Grant	0	0	0	(52,573)	(52,573)	0	(52,573)	0	(52,573)
Intra-Group Transaction	(378,186)	(12,625)	(390,811)	68,317	(322,494)	(9,420)	70,002	7,735	68,317
Cost of Services Net of Pensions Top Up Grant	0	0	0	0	0	0	0	0	0
Pensions Interest	0	0	0	123,275	123,275	0	123,275	0	123,275
Pensions Interest - Intra-Group Transaction	0	0	0	(123,275)	(123,275)	0	(123,275)	0	(123,275)
Actuarial (Gains)/Losses on Pension Funds - Intra-Group Transaction	0	0	0	63,610	63,610	0	63,610	0	63,610
(Surplus)/Deficit on the Provision of Services	0	0	0	63,610	63,610	0	63,610	0	63,610

Chief Constable for Devon and Cornwall

Note 7 Expenditure and Funding Analysis Continued

7.1 Adjustment for Capital Purposes

This column deducts the depreciation, minimum revenue provision, finance lease and revenue contributions from the cost of the Chief Constable's services and are then offset via an intra-group adjustment.

7.2 Net Change for Pensions' Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income:

- **For services** – this represents the removal of the employer pension contributions made by the Group on behalf of the Chief Constable as allowed by statute and the replacement with current service costs and past service costs
- **For financing and investment income and expenditure** – the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement

These contributions and charges are shown in the Chief Constable accounts and then offset via an intra-group adjustment.

7.3 Other Differences

Other differences between amounts debited/credited to the Comprehensive Income and Expenditure Statement and the amounts payable/receivable such as accumulated absences are recognised in the Chief Constable accounts and then offset via an intra-group adjustment.

7.4 Chief Constable Outturn

The Chief Constable reported outturn is the sum of the amount disclosed against the Chief Constable line plus interest payable and interest and investment income. In the Statement of Accounts, the interest payable and interest and investment income is under the control of the Police and Crime Commissioner and shown under the category financing and investment income and expenditure.

Note 8 Expenditure and Income Analysed by Nature

The Chief Constable's expenditure and income is analysed as follows:

2023/24	Expenditure/Income	2024/25
£'000		£'000
	Expenditure	
334,246	Employee benefit expenses	355,118
80,127	Other service expenses	83,073
16,408	Depreciation and impairment	13,637
430,781	Total Expenditure	451,828
	Income	
(21,975)	Fees, charges and other service income	(24,745)
(33,739)	Government grants and contributions	(43,554)
(52,573)	Pension top up grant	(52,185)
(108,287)	Total Income	(120,484)
322,494	Cost of Services including the Pension Top Up Grant and excluding the Intra-Group Transaction	331,344

All government funding and income is received by the Police and Crime Commissioner. When resources are consumed at the request of the Chief Constable all payments are made by the Police and Crime Commissioner from the Police Fund and no cash movements occur between the two bodies.

Chief Constable for Devon and Cornwall

Note 9 ICT and Equipment

This table sets out the ICT and Equipment held by the Chief Constable.

31 March 2024			Movements	31 March 2025		
Operational Assets ICT and Equipment £'000	Assets Under Construction ICT and Equipment £'000	Total £'000	Cost	Operational Assets ICT and Equipment £'000	Assets Under Construction ICT and Equipment £'000	Total £'000
8,179	0	8,179	Balance at 1 April	8,029	11	8,040
625	11	636	Additions	623	59	682
(775)	0	(775)	Disposals	(5,022)	0	(5,022)
0	0	0	Reclassification	70	(70)	0
8,029	11	8,040	Balance at 31 March	3,700	0	3,700
			Accumulated Depreciation			
(5,670)	0	(5,670)	Balance at 1 April	(6,206)	0	(6,206)
(1,311)	0	(1,311)	Depreciation Charge	(580)	0	(580)
775	0	775	Disposals	5,022	0	5,022
(6,206)	0	(6,206)	Balance at 31 March	(1,764)	0	(1,764)
			Net Book Value			
2,509	0	2,509	Balance at 31 March 2023	0	0	0
1,823	11	1,834	Balance at 31 March 2024	1,823	11	1,834
0	0	0	Balance at 31 March 2025	1,936	0	1,936

9.1 Recognition

Expenditure on an individual item or a project or programme of work is capitalised when the following de-minimis level is met:-

- ICT £20k
- Equipment £20k

9.2 Depreciation

A review of asset lives has taken place in 2024/25 and the useful life for some assets has been amended. The following useful lives and approaches to depreciation have been used to calculate depreciation charges:

9.2.1 Information and Communications Technology (ICT)

Classes of ICT assets are given specific asset lives. These are within the range 1-8 years. ICT assets are depreciated monthly over the forecast useful life of the asset.

9.2.2 Equipment

Equipment assets are given specific asset lives that are within the range 1-7 years. These assets are depreciated monthly over the forecast useful life of the asset.

Chief Constable for Devon and Cornwall

Note 9 ICT and Equipment Continued

9.3 Asset Transfers

There were no assets transferred from the Police and Crime Commissioner to the Chief Constable in 2024/25.

9.4 Componentisation

Component assets are recognised separately from the main asset that they are associated with when the value of the component is more than 20% and greater than £2.5m of the main asset value. No assets have met the criteria in 2024/25.

9.5 Derecognition

An annual review of assets classed as ICT and Equipment on the asset register has been undertaken which has resulted in derecognition of a number of assets that have reached the end of their useful lives or which have been disposed.

9.6 Impairment

No assets were identified as being impaired in 2024/25.

Note 10 Provisions

2024/25	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2024	(1,390)	0	(1,390)
Additional provisions made	(56)	0	(56)
Amounts used / reversed / change in reserve	860	0	860
Balance at 31 March 2025	(586)	0	(586)
2023/24	Remuneration £'000	Other £'000	Total £'000
Current Liabilities			
Balance at 1 April 2023	(461)	(22)	(483)
Additional provisions made	(1,160)	0	(1,160)
Amounts used / reversed / change in reserve	231	22	253
Balance at 31 March 2024	(1,390)	0	(1,390)

10.1 Remuneration Provision

10.1.1 Contractual pay claims

The current level of the provision is estimated to be sufficient to meet known claims. These payments are expected to be made in 2025/26.

10.1.2 Employment termination benefits

Judgements are applied in determining the level of the employment tribunal provision.

Chief Constable for Devon and Cornwall

Note 11 Accumulated Absences

The Chief Constable provides benefits to employees in the form of annual leave. In addition, staff who work hours in excess of their contract hours may be awarded time off in lieu. These are accumulating absences that may be carried forward for use in future periods. The obligation to make future payments is recognised in the Comprehensive Income and Expenditure Statement and is a liability on the Chief Constable's Balance Sheet as follows:

2023/24 £'000		2024/25 £'000
(11,645)	Balance at 1 April	(12,908)
11,645	Settlement or cancellation of accrual made at the end of the preceding year	12,908
(12,908)	Amounts accrued at the end of the current year	(14,754)
(1,263)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,846)
(12,908)	Balance at 31 March	(14,754)

Note 12 External Audit Costs

The Chief Constable has incurred the following costs in relation to the audit of the Statement of Accounts:

2023/24 £'000		2024/25 £'000
56	Standard fees payable to external auditors with regard to external audit services carried out by the appointed auditor for the year	63
5	Additional fees in relation to regulation changes and expert advice	0
61	As per the audit plan	63
0	Estimated fees payable to external auditors with regard to external audit services carried out by the appointed auditor for prior years	5
61	Total	68

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration

13.1 Remuneration

This note shows the officer remuneration costs for officers and staff employed by the Chief Constable above the rank of Superintendent and the staff equivalent.

2024/25	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
Chief Constable							
<u>Salary £150,000 plus per year</u>							
Chief Constable - William Kerr		211,766	0	0	211,766	0	211,766
Interim Chief Constable - James Vaughan from 13/12/24		59,263	8,901	0	68,164	0	68,164
Interim Chief Constable to 21/01/25 and Deputy Chief Constable from 22/01/25 - James Colwell		196,621	94	0	196,715	56,138	252,853
Temporary Deputy Chief Constable - David Thorne		169,770	0	0	169,770	56,138	225,908
<u>Salary £50,000 to £149,999 per year</u>					0		0
Assistant Chief Constable		136,838	0	10,740	147,578	47,016	194,594
Assistant Chief Constable to 30/06/24		40,737	0	0	40,737	11,437	52,174
Assistant Chief Constable		143,931	0	0	143,931	47,016	190,947
Assistant Chief Constable		143,931	0	0	143,931	47,016	190,947
Chief Superintendent to 02/06/24 and Assistant Chief Constable from 03/06/24		125,295	0	0	125,295	38,066	163,361
Chief Superintendent to 08/09/24 and from 03/03/25, Assistant Chief Constable from 09/09/24 to 02/03/25		113,805	0	0	113,805	37,610	151,415
Assistant Chief Officer - People		137,272	4,467	0	141,739	23,915	165,654
Director of Legal Services	1	137,272	4,467	0	141,739	23,915	165,654
Chief Financial Officer (Director of Finance and Resources) to 20/05/24		18,352	612	0	18,964	3,190	22,154
Chief Financial Officer (Director of Finance and Resources) from 30/09/24		70,243	58,832	8,000	137,075	12,255	149,330
Chief Superintendent - Seconded to Metropolitan Police from 01/09/24	2	58,107	0	0	58,107	20,512	78,619
Chief Superintendent from 03/06/24		82,159	0	0	82,159	28,677	110,836
Chief Superintendent		100,731	0	0	100,731	35,334	136,065
Chief Superintendent		109,572	0	0	109,572	37,610	147,182
Chief Superintendent		101,888	2,500	2,352	106,740	35,639	142,379
Chief Superintendent from 27/08/24		60,513	0	0	60,513	20,963	81,476
Chief Superintendent to 14/07/24, Assistant Chief Constable 15/07/24 to 03/11/24, Assistant Chief Constable - Seconded to British Transport Police from 04/11/24	3	115,943	0	0	115,943	38,066	154,009

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

2024/25		Salary, Fees and Allowances	0	Benefits in Kind	Total Remuneration excl Pension Contributions	Employers Pension Contributions	Total Remuneration incl Pension Contributions
	Note	£	£	£	£	£	£
<u>Chief Constable</u>							
<u>Salary £50,000 to £149,999 per year</u>							
Chief Superintendent		109,075	0	0	109,075	38,066	147,141
Chief Superintendent		110,684	0	0	110,684	38,066	148,750
Chief Superintendent - Seconded to Metropolitan Police	2	110,648	2,000	0	112,648	38,066	150,714
Chief Superintendent		110,024	0	0	110,024	37,919	147,943
Chief Superintendent		109,126	0	0	109,126	38,066	147,192
Chief Superintendent		109,317	0	0	109,317	37,919	147,236
Chief Superintendent - Seconded to Police Superintendents' Association from 16/04/24	4	98,053	2,849	0	100,903	34,194	135,096

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

2023/24	Note	Salary, Fees and Allowances £	Bonuses, Subsistence and Expenses and Allowances £	Benefits in Kind £	Total Remuneration excl Pension Contributions £	Employers Pension Contributions £	Total Remuneration incl Pension Contributions £
<u>Chief Constable</u>							
<u>Salary £150,000 plus per year</u>							
Chief Constable - William Kerr		197,176	736	0	197,912	0	197,912
Deputy Chief Constable to 25/07/23 and Interim Chief Constable from 26/07/23 - James Colwell		180,092	0	0	180,092	45,948	226,040
Assistant Chief Constable to 27/07/23 and Deputy Chief Constable from 28/07/23 - David Thorne		151,654	0	0	151,654	43,820	195,474
<u>Salary £50,000 to £149,999 per year</u>							
Assistant Chief Constable until 16/08/23		52,795	0	0	52,795	14,131	66,926
Assistant Chief Constable until 05/05/23		14,216	0	0	14,216	3,634	17,850
Assistant Chief Constable		129,715	0	10,300	140,015	39,081	179,096
Assistant Chief Constable		133,426	0	0	133,426	38,169	171,595
Chief Superintendent to 27/07/23 and Assistant Chief Constable from 28/07/23		127,227	0	0	127,227	36,034	163,261
Assistant Chief Constable		134,608	0	0	134,608	38,536	173,144
Assistant Chief Officer - People		130,065	4,467	0	134,532	22,636	157,168
Director of Legal Services	1	130,065	4,467	0	134,532	22,636	157,168
Chief Financial Officer (Director of Finance and Resources)		130,065	4,467	0	134,532	22,636	157,168
Chief Superintendent from 10/07/23		68,535	0	0	68,535	21,121	89,656
Chief Superintendent		97,105	0	0	97,105	29,389	126,494
Detective Chief Superintendent from 10/07/23		72,937	0	0	72,937	20,111	93,048
Chief Superintendent		100,774	0	41	100,815	30,766	131,581
Chief Superintendent		100,561	0	0	100,561	30,766	131,327
Chief Superintendent		101,578	0	0	101,578	30,766	132,344
Chief Superintendent - Seconded to Met until 18/01/24, back to Force 19/01/24	2	103,009	0	0	103,009	30,766	133,775
Chief Superintendent		98,265	2,500	0	100,765	29,548	130,313
Chief Superintendent		101,127	0	0	101,127	30,766	131,893
Chief Superintendent		100,792	0	0	100,792	30,766	131,558
Chief Superintendent		97,350	0	0	97,350	29,389	126,739
Chief Superintendent		95,757	0	0	95,757	29,548	125,305
Chief Superintendent - Seconded to Police Superintendents' Association from 12/03/24 to 15/03/24	3	989	0	0	989	302	1,291

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

13.1 Notes

2024/25

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The costs of the Chief Superintendents seconded to the Metropolitan Police have been met by the Metropolitan Police.
3. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association.
4. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association

2023/24

1. The Director of Legal Services provides a service to Devon and Cornwall Police and Dorset Police. The contract of employment is with Devon and Cornwall Police and for this reason the remuneration disclosure is made in the Statement of Accounts for Devon and Cornwall Police. Dorset Police meets a proportion of the costs of this post.
2. The costs of the Chief Superintendent seconded to the Metropolitan Police have been met by the Metropolitan Police.
3. The costs of the Chief Superintendent seconded to the Police Superintendents' Association have been met by the Police Superintendents' Association.

13.2 Termination Costs

The total termination costs (exit costs) shown in the table below are the payments made to individuals plus payments to recompense the pension fund for the strain calculated on an actuarial basis in 2023/24 and 2024/25. They relate to staff employed by the Chief Constable. The costs charged in the Comprehensive Income and Expenditure Statement include adjustments for the sharing of cost with Dorset Police. The adjustments are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £'000	2024/25 £'000
£0 – £20,000	0	2	8	9	8	11	20	56
£20,001 - £40,000	0	1	0	1	0	2	0	57
£40,001 - £60,000	0	0	0	0	0	0	0	0
£60,001 - £80,000	0	2	0	1	0	3	0	205
£120,001- £160,000	0	1	0	0	0	1	0	120
£160,001- £180,000	0	0	1	0	1	0	160	0
Total included in bandings and in CIES	0	6	9	11	9	17	180	438
Adjustments to reflect costs charged in Comprehensive Income and Expenditure Statement								
Redundancy cost recharged to Dorset Police as part of Strategic Alliance agreement							0	(72)
Redundancy cost recharged from Dorset Police as part of Strategic Alliance agreement							4	47
Exit Costs charged to the Comprehensive Income and Expenditure Statement							184	413

Chief Constable for Devon and Cornwall

Note 13 Officers' Remuneration Continued

13.3 Remuneration Bands

The figures presented below do not include the remuneration of the senior employees and relevant police officers as they have been disclosed separately but do include other police staff and police officers' remuneration.

2023/24		2024/25
Number of employees	Remuneration Band	Number of employees
600	£50,000 - £54,999	721
374	£55,000 - £59,999	445
289	£60,000 - £64,999	325
75	£65,000 - £69,999	191
27	£70,000 - £74,999	59
31	£75,000 - £79,999	30
7	£80,000 - £84,999	17
7	£85,000 - £89,999	15
11	£90,000 - £94,999	7
1	£95,000 - £99,999	5
1	£100,000 - £104,999	1
1	£105,000 - £109,999	0
0	£110,000 - £114,999	1
1	£180,000 - £184,999	0
1,425	Total	1,817

13.3.1 Notes

- The above table does not include staff and officers paid below £50,000 who make up approximately 73% of the workforce
- Pay scales for police officers are set nationally
- There has been an increase in the number of employees receiving above £50,000. This is mainly due to being in receipt of a pay award during 2024/25

Note 14 Related Party Transactions, Partnerships and Collaborations

14.1 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties, including the Police and Crime Commissioner, central government, other local authorities, members, senior officers and their close families. At present all transactions are managed through the Police and Crime Commissioner's Fund Account and are reported in the Group accounts. For this reason, the Chief Constable does not have any transactions with external bodies. Details of the related parties in terms of transactions undertaken at the request of the Chief Constable are as follows:

14.1.1 Officers

The Chief Executive of the Office of the Police and Crime Commissioner has written to all senior officers explaining the need for disclosure.

The Assistant Chief Officer (People) is a non-executive director on the College of Policing Board. The Board position is reserved for a member of police staff and no remuneration is received.

The Assistant Chief Constable for Local Policing and Partnerships is the Chair for the Board of Trustees of Surf Live Saving GB. This organisation is a national surf lifesaving charity which Devon and Cornwall Police have a contract with. The contract is for the development and delivery of a water safety training package. The Assistant Chief Constable was not involved in the negotiations of the contract.

Chief Constable for Devon and Cornwall

Note 14 Related Party Transactions, Partnerships and Collaborations Continued

14.2 Partnerships

14.2.1 Partnerships

The Peninsular Road Safety Partnership was replaced with the Vision Zero South West Road Safety Partnership with effect from 9 August 2021. The partnership is a collaborative arrangement between a number of local organisations (including Highways England, Councils and Fire and Rescue organisations from across the Force area), and governance is provided by a Partnership Governance Board.

2023/24		Partnerships	2024/25	
Expenditure £'000	Income £'000		Expenditure £'000	Income £'000
5,109	(5,109)		7,065	(7,065)
		Vision Zero South West		

The table above shows expenditure that has passed through the Chief Constables accounts. There are no significant jointly controlled assets or liabilities as at 31 March 2025.

14.3 Collaborations

The Police and Crime Commissioner's Group have signed up to a number of joint operations. This involves joint working with specified Police Forces as part of a collaborative agreement. The activities undertaken involve the use of the assets and resources of the joint operators. The table below shows the regional activities.

2023/24		Notes	Joint Operation	2024/25
Expenditure £'000				Expenditure £'000
9,024	1		South West Regional Forensics Services	10,116
559	2		South West Police Procurement Services	621
5,260	3		South West Regional Organised Crime Unit (ROCU)	6,069
599	4		South West Regional Programme	688
15,442				17,494

14.3.1 South West Regional Forensics Services

South West Regional Forensics Services is a partnership with Devon and Cornwall Police, Avon and Somerset Police, Wiltshire Police and Dorset Police. There are bases in all four Forces, with each Force employing a number of staff. The cost totalled £27,967k which was spent on operational costs and was split on a percentage basis, with Devon and Cornwall contributing 36.17%, Avon and Somerset contributing 34.75%, Wiltshire contributing 13.75% and Dorset contributing 15.33%. The Force cost for the year was £10,116k.

14.3.2 South West Police Procurement Services

South West Police Procurement Services is a partnership with Devon and Cornwall Police, Wiltshire Police, Gloucestershire Police, Dorset Police and Avon and Somerset Police. Staff are employed by Devon and Cornwall and based across the region. The Force cost for the year was £621k. Most of the £1,945k total cost is split on a percentage basis with Devon and Cornwall contributing 31.90%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82%, Dorset contributing 13.52% and Avon and Somerset contributing 30.64%.

14.3.3 South West Regional Organised Crime Unit (ROCU)

South West ROCU is a partnership with Devon and Cornwall Police, Dorset Police, Wiltshire Police, Gloucestershire Police and Avon and Somerset Police as the lead Force. Staff are employed by each partnering Police Force based within one of two hubs (North and South). The Force cost for the year was £6,069k. The total cost of £19,024k is split on a percentage basis with Devon and Cornwall contributing 31.90%, Dorset contributing 13.52%, Wiltshire contributing 12.12%, Gloucestershire contributing 11.82% and Avon and Somerset contributing 30.64%.

Chief Constable for Devon and Cornwall

Note 14 Related Party Transactions, Partnerships and Collaborations Continued

14.3.4 South West Regional Programme

The South West Regional Programme is a partnership with Devon and Cornwall Police, Dorset Police, Gloucestershire Police, Wiltshire Police with Avon and Somerset Police as the lead Force. The Programme consists of a range of teams that manage the implementation of collaboration business change projects along with now including the South West Disaster Victim Identification and Casualty Bureau Co-ordination. Costs are shared with the Forces that are involved in each project. The cost totalled £2,077k of which £1,094k was split on the following percentage basis, with Devon and Cornwall contributing 31.90%, Avon and Somerset contributing 30.64%, Wiltshire contributing 12.12%, Dorset contributing 13.52% and Gloucestershire contributing 11.82%. The remaining costs related to the Quality Standards team and SWPC Regional Project Team totalling £677k and £306k with Devon and Cornwall contributing 34.81% and 33.82% respectively. The Force cost for the year was £688k.

Note 15 Contingent Liabilities

15.1 Compensation Claims

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

15.2 Beckmann

The Chief Constable has provided a Beckmann indemnity, to cover enhanced redundancy benefits of TUPE'd employees over a certain age. Initial calculations indicate a potential cost of £700k however the number of employees affected by this have not yet been confirmed and there is still uncertainty whether the liability will transpire.

Note 16 Capital Expenditure and Financing

Within the four-year financial planning model, the Police and Crime Commissioner approves an annual capital programme to provide and maintain buildings, ICT and other equipment for the Force. Part of the capital programme relates to non-current assets under the ownership and control of the Chief Constable. The table below shows what was spent on assets held by the Chief Constable with the finance being provided by the Police and Crime Commissioner.

2023/24 £'000		2024/25 £'000
0	Opening Capital Financing Requirement	0
	Capital Investment:	
636	Equipment and ICT	682
636		682
	Less Sources of Finance:	
(636)	Delegation from the Police and Crime Commissioner - Intra Group Transaction	(682)
(636)		(682)
0	Increase/(Decrease) in Capital Financing Requirement	0
0	Closing Capital Financing Requirement	0

Chief Constable for Devon and Cornwall

Note 17 Debtors

31 March 2024		31 March 2025
£'000		£'000
11,947	Central Government Bodies	14,912
4,037	Other Local Authorities	2,677
0	National Health Service	6
16,451	Other Entities and Individuals	7,447
32,435	Total Debtors	25,042

Note 18 Creditors

31 March 2024		31 March 2025
£'000		£'000
(6,923)	Central Government Bodies	(7,178)
(5,677)	Other Local Authorities	(5,642)
0	National Health Service	(332)
(17,250)	Other Entities and Individuals	(15,463)
(29,850)	Total Creditors	(28,615)

Note 19 Defined Benefit Pension Schemes

As part of the terms and conditions of employment of its officers and staff, the Chief Constable makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments (for those benefits) and to disclose them at the time that employees earn their future entitlement. During 2021/22, the Chief Constable operated four pension schemes, three for police officers and one for police staff. From 1 April 2022, members of the police officer pension scheme will accrue benefits in the career average revalued earning (CARE) scheme. Therefore, from this date, the Chief Constable operated two pension schemes, one for police officers and one for police staff. All are defined benefits schemes, providing members with benefits based on their pensionable pay and length of service. The disclosures on pensions use specialist terminology. Definitions are provided in the glossary.

Following successful claims by individuals against the transitional arrangements for many public sector schemes, the Public Service Pensions and Judicial Offices Act was passed in March 2022. This puts in place legislative changes to provide a remedy for members that were in active service on or prior to 31 March 2012 and on or after 1 April 2015. The valuation provided reflects this legislation.

The impact of an increase in scheme liabilities arising from the McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. Funding arrangements are still under consideration by the Home Office. The Police Pension Fund Regulations 2007 require the Police and Crime Commissioner Group 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 Group in the form of a central government top-up grant.

A similar adjustment arising from the McCloud/Sargeant judgement has been made for the Local Government Pension Scheme.

The Chief Constable recognises the cost of retirement benefits for police officers and police staff. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long-term responsibility to provide funds to enable the Chief Constable to administer the police pensions.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.1 Police Officer Schemes

19.1.1 Participation in Pension Schemes

From 1 April 2015 both the 1987 and 2006 Police Officers' pension schemes were replaced by a new scheme with a future accrual based on the career average retained earnings (CARE) model for new entrants. Both final salary police schemes closed from April 2015, however, there is protection for those who were members of the scheme prior to April 2012, who will be entitled to the benefits which would have accrued in their legacy scheme up to April 2022, at the point of their retirement. The new scheme is open to all newly recruited officers.

The police officer pension schemes are unfunded defined benefit final salary schemes administered by the Chief Constable for Devon and Cornwall, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Pensions are financed from the Chief Constable's and employee's (police officers) contributions. Any deficit is met by the Home Office in the form of a top up grant. The Chief Constable's and the employee contributions are paid into a separate Police Officers' Pension Fund Account.

Police Pension Fund Regulations require Police and Crime Commissioners to transfer a sum not exceeding the amount that the Police Pensions Fund is in deficit at 31 March from the Police and Crime Commissioner's General Fund into the Police Pensions Fund. Subject to parliamentary scrutiny and approval, up to 100% of this cost is met by central government pension top-up-grant. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Police and Crime Commissioner, who then must repay the amount to central government. The Chief Constable makes payments under the Police Injury Benefits Regulations. These payments are accounted for in the same way as payments under the main police officer pension scheme. The independent actuary has estimated the costs and they are included within Police Officers scheme disclosure.

19.1.2 Reconciliation of present Value of the Scheme of Liabilities (Defined Benefit Obligation)

31 March 2024 £'000		31 March 2025 £'000
(2,600,259)	Opening balance at 1 April	(2,605,173)
(30,817)	Current service cost	(33,903)
(122,448)	Interest cost	(125,026)
(19,495)	Contributions from scheme participants	(20,898)
	Remeasurement gains and (losses):	
10,806	• Actuarial gains/(losses) arising from changes in demographic assumptions	(21,049)
43,776	• Actuarial gains/(losses) arising from changes in financial assumptions	352,352
(5,958)	• Experience gains/(losses) on defined benefit obligation	(206,277)
117,424	Benefits paid	127,399
1,798	Injury pension payments	1,999
(2,605,173)	Closing balance at 31 March	(2,530,576)

19.1.3 Transactions relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police officers in the reported cost of services when they are earned by police officers, rather than when the benefits are eventually paid as pensions. These costs are reflected in the intra-group transactions between the Chief Constable and the Police and Crime Commissioner. The impact of these transfers is that the pension liabilities on the Chief Constable's Balance Sheet are matched by intra-group debtors which reflect the Police and Crime Commissioner's long-term responsibility to provide funds to enable the Chief Constable to administer the police pensions.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
30,817	Current service cost	33,903
	Financing and Investment Income and Expenditure	
122,448	Net interest expense	125,026
153,265	Total Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Services	158,929
	Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(10,806)	• Actuarial (gains)/losses arising on changes in demographic assumptions	21,049
(43,776)	• Actuarial (gains)/losses arising on changes in financial assumptions	(352,352)
5,958	• Experience (gains)/losses on defined benefit obligation	206,277
104,641	Total Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement	33,903
	Intra-Group Adjustment	
(153,265)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(158,929)
	Actual amounts charged against the General Fund Balance for pensions in the year:	
47,154	Employers' contributions payable to scheme	56,315
52,573	Home Office Top Up Grant	52,185

19.1.4 Impact on the Cashflows held by the Police and Crime Commissioner

The liabilities show the underlying commitments that arise from the fact that the Chief Constable has to pay retirement benefits over a long-term period. The total liability of £2.531bn has a substantial impact on the net worth as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position remains healthy, as:

- scheme deficits are met by the Home Office
- finance is only required to be raised to cover police pensions when the pensions are actually paid, not when they are earned

The total employer contributions expected to be made to the Police Pension Fund Account in the year to 31 March 2026 is £59.145m.

19.1.5 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The Police Officer Pension Scheme liabilities have been estimated for accounting purposes by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full valuation of the scheme as at 31 March 2024.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

Employer contributions are set every four years as a result of the combined actuarial valuation of the Scheme required by the Home Office on behalf of the Home Secretary. The last combined actuarial valuation was completed at 31 March 2020 and set contributions for the period from 1 April 2024 to 31 March 2027. The next combined actuarial valuation is to be carried out as at 31 March 2024.

The significant assumptions used by the actuary have been:

2023/24	Mortality Assumptions:	2024/25
	Longevity at 65 for current pensioners:	
21.3	Men	21.2
23.4	Women	23.4
	Longevity at 65 for future pensioners:	
22.5	Men	22.5
24.7	Women	24.8
	Financial Assumptions:	
3.25%	Rate of RPI inflation	3.20%
3.90%	Rate of increase in salaries	3.90%
2.90%	Rate of increase in pensions	2.90%
4.90%	Rate for discounting scheme liabilities	5.80%

The estimated weighted average duration of the Police Officer schemes is 14 years, and it is this duration that has been used to derive the assumptions. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Impact on the Defined Benefit Obligation in the Scheme	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	89,683	(86,442)
Rate of increase in salaries (increase or decrease by 0.1%)	2,967	(2,955)
Rate of increase in pensions (increase or decrease by 0.1%)	33,332	(32,559)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(34,518)	35,328

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.2 Police Staff Scheme

19.2.1 Participation in Pension Schemes

Police Staff are part of the Local Government Pension Scheme administered by Devon County Council. This is a funded defined benefit career average retained earnings scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities over time with investment assets. In addition to the above scheme there are arrangements for the award of discretionary post-employment benefits upon early retirement – this is an unfunded defined benefit arrangement under which liabilities are recognised when awards are made. As these benefits are unfunded, cash has to be generated to meet actual pension payments as they fall due.

19.2.2 Transactions Relating to Retirement Benefits

The Chief Constable recognises the cost of retirement benefits for police staff in the reported cost of services when they are earned by police staff, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment /retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement in the Police and Crime Commissioner's accounts. The following transactions have been made for the police staff scheme in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

2023/24 £'000	Comprehensive Income and Expenditure Statement	2024/25 £'000
	Cost of Services	
	Service cost comprising:	
13,397	• Current service cost	12,808
0	• Past service cost	79
247	• Administration expenses	279
	Financing and Investment Income and Expenditure	
827	Net interest expense	(407)
14,471	Total Post Employment Benefits charged to the Surplus or Deficit on the Provision of Services	12,759
	Other Post Employment Benefits Charged to Comprehensive Income and Expenditure Statement	
	Remeasurement of the net defined benefit liability comprising:	
(26,438)	• Return on plan assets (excluding the amount included in the net interest expense)	6,233
(5,437)	• Actuarial (gains)/losses arising on changes in demographic assumptions	(1,048)
(11,631)	• Actuarial (gains)/losses arising on changes in financial assumptions	(59,184)
22	Apportionment adjustment	3
1,358	Experience (gains)/losses on defined benefit obligation	(773)
27,140	Changes in effect of asset ceiling	57,277
(515)	Total Post Employment Benefit charged to the Comprehensive Income and Expenditure Statement	15,267

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

2023/24 £'000	Intra-Group Adjustment	2024/25 £'000
(14,471)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the code	(12,759)
	Funded Liabilities	
	Actual amount charged against the General Fund Balance for pensions in the year:	
£'000		£'000
14,587	Employers' contributions payable to scheme	15,646
	Unfunded Liabilities	
	Actual amount charged against the General Fund Balance for pensions in the year:	
£'000		£'000
149	Retirement benefits payable to pensioners	153

19.2.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

31 March 2024 £'000		31 March 2025 £'000
(416,696)	Present value of the defined benefit obligation	(385,181)
(27,140)	Changes in effect of asset ceiling	(85,792)
434,618	Fair value of plan assets	462,291
(9,218)	Net liability arising from defined benefit obligation	(8,682)

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

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

31 March 2024		31 March 2025
£'000		£'000
(409,845)	Opening balance at 1 April	(416,696)
(13,397)	Current service cost	(12,808)
(19,437)	Interest cost	(20,579)
(4,916)	Contributions from scheme participants	(5,325)
	Remeasurement gains/(losses):	
5,437	• Actuarial gains/(losses) arising from changes in demographic assumptions	1,048
11,631	• Actuarial gains/(losses) arising from changes in financial assumptions	59,184
(1,358)	• Experience gains/(losses) on defined benefit obligation	773
(316)	Apportionment adjustment	61
0	Past service cost including gains/(losses) on curtailments	(79)
15,505	Benefits paid	9,240
(416,696)	Closing balance at 31 March	(385,181)

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

The Chief Constable's contribution to the Local Government Pension Scheme for the accounting period to 31 March 2026 is estimated to be £16.215m. This estimation excludes the capitalised cost of any early retirements or augmentations which may occur after 31 March 2025. These projections are based on the assumptions as at 31 March 2025.

31 March 2024		31 March 2025
£'000		£'000
385,377	Opening fair value of scheme assets	434,618
18,610	Interest income	22,364
	Remeasurement gains/(losses):	
26,438	• The return on plan assets, excluding the amount included in the net interest expense	(6,233)
293	Apportionment Adjustment	(63)
(247)	Administration expenses	(279)
14,736	Contributions from employer	15,799
4,916	Contributions from employees into the scheme	5,325
(15,505)	Benefits paid	(9,240)
434,618	Closing fair value of scheme assets	462,291

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.2.6 Local Government Pension Scheme assets comprised:

31 March 2024 £'000	Fair Value of Scheme assets	31 March 2025 £'000
	Cash and cash equivalents	
6,105	UK Equities	10,265
232,382	Overseas Equities	233,453
98,762	Other Bonds	109,395
33,382	Property	38,435
44,028	Infrastructure	47,909
10,264	Target Return Portfolio	10,879
9,782	Cash	11,938
(87)	Alternative Assets	17
434,618	Total	462,291

19.2.7 Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates and salary levels.

The liabilities have been estimated by Barnett Waddingham LLP, an independent firm of actuaries, estimates being based on the latest full triennial valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuary have been:

2023/24		2024/25
	Long-term expected rate of return on assets in the scheme:	
4.95%	Equity investments	5.85%
4.95%	Bonds	5.85%
4.95%	Other	5.85%
	Mortality assumptions:	
	Longevity at 65 for current pensioners:	
21.5	Men	21.4
22.7	Women	22.7
	Longevity at 65 for future pensioners:	
22.8	Men	22.7
24.1	Women	24.1
	Financial Assumptions:	
3.15%	Rate of RPI inflation	3.20%
3.85%	Rate of increase in salaries	3.95%
2.85%	Rate of increase in pensions	2.95%
4.95%	Rate for discounting scheme liabilities	5.85%

The past service liability duration has been estimated at 17 years. This duration has been calculated based on the membership data provided for the most recent full valuation of the liabilities at 31 March 2022. The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analysis below has been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, 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 methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in 2023/24.

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

Due to changes in interest rates in recent years, there have been improvements in funding levels on the accounting basis which has resulted in some LGPS employers with an accounting surplus at the balance sheet date. This is the case for the Chief Constable. When a surplus is calculated, the standard requires the net defined benefit asset to be measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. We have instructed Barnett Waddingham LLP, an independent firm of actuaries to carry out this calculation. They have established that the impact of the asset ceiling is £85.792m. The calculation assumes that:

- The Employer does not have the right to a refund of surplus at the level required by the accounting standard. Any surplus recognised is based on the economic benefit from a reduction in contributions.
- The Employer is a scheduled body and assumed to participate indefinitely.
- The requirement for the employer to make contributions to the Fund is considered to be a minimum funding requirement. For the period beyond the existing rates and adjustments certificate, their best estimate is that the existing rates remain in force. This is based on the fund actuary's methodology which is designed to provide a stable contribution rate, in the absence of any other readily available figure.

The analysis shows that:

31 March 2024 £'000	Net Pension Asset in the Statement of Financial Position	31 March 2025 £'000
416,696	Present value of the defined benefit obligation	385,181
(1,443)	Present value of unfunded obligation	(1,274)
415,253	Present value of funded obligation	383,907
(434,618)	Fair value of fund assets	(462,291)
(19,365)	Deficit/(Surplus)	(78,384)
27,140	Impact of asset ceiling	85,792
1,443	Present value of unfunded obligation	1,274
9,218	Net defined benefit liability/(asset)	8,682

The potential economic benefit from the reduction in future contributions has been calculated to be nil. Since this is less than the unadjusted net asset of £78.384m, the initial impact of the asset ceiling is £78.384m. The Chief Constable is currently paying deficit contributions towards a funding deficit. Barnett Waddingham LLP have assessed this minimum funding requirement and calculated that it constitutes an onerous funding commitment of £7.403m to be recognised. In addition, there is an unfunded liability of £1.274m resulting in a final deficit to be recognised of £8.862m.

The Chief Constable has elected not to restate the fair value of scheme assets for previous periods as permitted by IAS19.

19.2.8 Impact on the Defined Benefit Obligation in the Scheme

	Increase in Assumption £'000	Decrease in Assumption £'000
Mortality age rating assumption (increase or decrease in 1 year)	11,671	(11,281)
Rate of increase in salaries (increase or decrease by 0.1%)	684	(677)
Rate of increase in pensions (increase or decrease by 0.1%)	5,883	(5,730)
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	(6,228)	6,391

Chief Constable for Devon and Cornwall

Note 19 Defined Benefit Pension Schemes Continued

19.2.9 Other Assumptions

It is assumed that:

- Members will exchange pension to get 50% of the maximum available cash on retirement. For every £1 of pension that members commute, they will receive a cash payment of £12 as set out in the Regulations;
- Members will retire at one retirement age for all tranches of benefit, which will be the pension weighted average tranche retirement age; and
- The proportion of the membership that had taken up the 50:50 option at the previous valuation date will remain the same.

19.2.10 Impact on the Cashflows held by the Police and Crime Commissioner

The objectives of the scheme, as administered by Devon County Council, are to keep employer's contributions at as constant a rate as possible. A strategy has been agreed with the scheme's actuary to achieve a funding level of 100% over the next 17 years. Contributions are set every three years as a result of the actuarial valuation of the Fund required by the Regulations. The next actuarial valuation will be carried out as at 31 March 2025 and will set contributions for the period from 1 April 2026 to 31 March 2029.

Devon County Council publishes details of the Fund's performance. More detail can be found on their website <https://www.devonpensionfund.org.uk/>

19.2.11 Total Pensions Assets and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of its Police Officer and Police Staff Pension Schemes is as follows.

31 March 2024 £'000		31 March 2025 £'000
(2,605,173)	Police Officers Pension Schemes	
	Present value of the defined benefit obligation	(2,530,576)
(2,605,173)	Total Police Officer benefit obligation	(2,530,576)
	Police Staff Pension Scheme	
(416,696)	Present value of the defined benefit obligation	(385,181)
(27,140)	Changes in effect of asset ceiling	(85,792)
434,618	Fair value of plan assets	462,291
(9,218)	Total Police Staff benefit obligation	(8,682)
(2,614,391)	Net liability arising from defined benefit obligation	(2,539,258)
(2,605,173)	Police Officer Pensions Liabilities - Intra-Group Creditor	(2,530,576)
(9,218)	Police Staff Pensions Liabilities - Intra-Group Creditor	(8,682)
(2,614,391)	Impact on the Chief Constable Balance Sheet	(2,539,258)



Devon & Cornwall
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Pension Fund Accounting Statements

Chief Constable for Devon and Cornwall

Police Officers' Pension Fund Statement (PFS)

The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. During the year all payments and receipts are made to and from the Police and Crime Commissioner Group Police Fund. The statement shows income and expenditure for the Police Pension Scheme, this expenditure is not consolidated into the Police and Crime Commissioner Group Accounts.

31 March 2024 £'000		31 March 2025 £'000
	Contributions Receivable	
(44,978)	Employers (normal)	(53,601)
(19,495)	Employees (normal)	(20,898)
(378)	Ill Health capital charge	(715)
	Transfers In	
(491)	Individual transfers from other schemes	(49)
	Benefits payable	
99,883	Pensions	108,391
17,706	Commutations and lump sum retirement benefits	19,057
	Payment to and on account of leavers	
326	Individual transfers to other schemes	0
52,573	Net amount paid during the year	52,185
(52,573)	Transfer from Police Fund*	(52,185)
0	Net amount payable / receivable for the year	0
*Additional contribution funded from the Police Fund is met by a top up grant from the Home Office		
50,718	Received in year	50,651
1,855	Debtor	1,534
52,573		52,185

The Police Officer Pension Fund is unfunded and has no investment assets.

The Police Officer Pension Fund which is administered by the Chief Constable has been set up for the specific purpose of administering the collection of contributions, the payment of pensions and the refund to central government for the balance outstanding for each year. The fund does not hold any investment assets nor does it reflect the liabilities to pay present and future pensioners.

The main benefits payable are police officer pensions, lump sums that represent the commutation of pensions and other lump sum payments. The employer paid a contribution equal to 35.3% of police officer pay for 2024/25. As this contribution was insufficient to meet the net costs of benefits after employees' contributions, the account was balanced to nil at the year end by the Home Office top up grant.

The above accounting statement complies with the accounting policies where applicable.

Further information can be found in the Defined Benefits Pension Schemes Note.

This Financial Statement does not take account of liabilities to pay pensions and other benefits after the 31 March 2025.



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Glossary

Chief Constable for Devon and Cornwall

Glossary

Accounting Period	The period of time covered by the accounts runs from 1 April to 31 March.
Accrual	Amounts included in the final accounts to cover income and expenditure relating to the accounting period but neither paid nor received by 31 March. (For example, goods delivered in March but not invoiced by suppliers until April.)
Actuarial Gains and Losses	Changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions.
Actuarial Valuation	An independent report on the financial status of a Pension Fund, which shows the estimated cost today of providing benefits in the future.
Agency Services	Services provided by one body (the agent) on behalf of, and generally with payment from, the responsible body
Amortised Cost	This method applies to both financial assets and liabilities. It is a method of determining the Balance Sheet carrying amount and periodic charges or credits to the Income and Expenditure Account of a financial instrument from the expected cash flows. This approach sees through the contractual terms (for example discounts and premiums) to measure the real cost from entering into a financial liability.
Appropriation	Charges to the revenue account that build up funds and reserves in the balance sheet.
Asset	Physical assets such as equipment and financial assets such as cash and amounts owed by debtors.
Bid Price	A valuation of financial assets based on the highest price a buyer is willing to offer.
Budget	The plan for providing resources to meet its service obligations. The Office of the Police and Crime Commissioner sets an annual budget within a four year financial strategy.
Capital Expenditure	The cost of buying or building significant assets (e.g. land and buildings) which have a long-term value to the Office of the Police and Crime Commissioner. (<i>Also referred to as capital spending or capital payments</i>).
Capital Grants	Grants received that can only be used to pay for capital projects.
Capital Receipts	Income from the sale of capital assets (land, buildings, etc.). In the public sector, there are generally strict rules on what the receipts can be spent on.
Carrying Amount	This is the amount of a financial asset or liability that should be recorded in the Balance Sheet for a given date based upon the correct measurement approach for the financial asset or liability.
Cash Flow Statement	This statement summarises the inflows and outflows of cash.
CIPFA	The Chartered Institute of Public Finance and Accountancy, the professional body that sets accounting standards for the public sector.
CIES	Comprehensive Income and Expenditure Statement.
Contingent Liability	A possible cost of past events where the amount to be paid is not certain, or when the payment may not actually be made. (For example, where a court case is still undecided.)
Council Tax	A tax based on the value of property, which is administered by District and Unitary authorities.
Creditors	Amounts owed for work done, goods received or services received, but for which payment has not been made by the end of the accounting period.

Chief Constable for Devon and Cornwall

Glossary Continued

Current Assets and Liabilities	Current assets are items that can be readily converted into cash. Current liabilities are items that are due immediately or in the short-term.
Current Service Cost	The increase in the benefits earned by employees in the current period based on their pay and length of service. This is charged to the net cost of services.
Curtailments	Curtailments arise as a result of the early payment of accrued pensions on retirement on the grounds of efficiency or redundancy or where the Employer has allowed employees to retire on unreduced benefits before they would otherwise have been able to do so.
Debtors	Amounts due but unpaid by the end of the accounting period.
Deferred Charges	Costs built up when preparing for a capital project that does not eventually create or buy a fixed asset. Deferred charges are written out of the accounts in the year they are incurred.
Defined Benefit Scheme	A pension scheme which defines the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme.
Depreciation	The accounting principle that spreads the cost of a fixed asset over its useful working life.
Discretionary Benefits	Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under discretionary powers.
Earmarked Reserves	These reserves represent monies set aside to be used for a specific purpose.
Exit Costs	These are costs of packages for which have been committed to. The cost of the package includes the termination benefits, all relevant redundancy costs including compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex gratia payments and other departure costs.
Expected Return on Assets	The average rate of return expected over the remaining life of the pension scheme from the actual investments held by the scheme. Fees charged by investment managers are taken out. The net income is credited to net operating expenditure.
Experience Gains and Losses (IAS 19 Pensions disclosure)	This shows the impact of actual experience differing from the accounting assumptions, such as pension increases differing from those assumed and unexpected membership movements.
Fair Value	This is defined as the amount for which an asset could be exchanged or a liability settled, assuming that the transaction was negotiated between parties knowledgeable about the market in which they are dealing and willing to buy/sell at an appropriate price, with no other motive in their negotiations other than to secure a fair price. In most cases, this amount will be the transaction price, e.g. the amount of a loan made.
Fixed Assets	Something of practical use that can be measured in cash terms, e.g. land and buildings, or computer and radio equipment.
FTE	Full Time Equivalent.
FVPL	Classification of Financial asset. FVPL stands for, Fair Value through profit or loss.
Impairment	A loss in the value of a fixed asset, caused by physical damage (such as a major fire) or a significant reduction in market value.
Intangible Asset	An identifiable asset that has no physical substance can be measured reliably and is used for a period of more than one year.
Interest Cost	The expected increase during the period in the present value of the scheme liabilities because members of the scheme are one year closer to retirement. This is charged to net operating expenditure.

Chief Constable for Devon and Cornwall

Glossary Continued

International Financial Reporting Standards (IFRS)	Accounting standards issued by the International Accounting Standards Board and from which the CIPFA code of Practice on Local Authority Accounting is derived.
Medium Term Financial Strategy (MTFS)	Often referred to as MTFS, it is the financial plan and management of funding, spending and savings over a four year period.
Minimum Revenue Provision	The minimum amount that must be charged to the General Fund each year.
OPCC	Officer of the Police and Crime Commissioner.
Past Service Cost	The increase in the benefits earned by employees from their service in previous years arising because of improved retirement benefits. These costs are paid directly by the employer and are charged to the net cost of services.
Pension Scheme (Defined Benefit)	A pension scheme that pays benefits to members based on the rules of the scheme and not on the value of the pension fund. Benefits are usually based on pay and length of service.
Pension Scheme (Funded)	Each year both employers and members pay standard contributions that are invested in a separate pension fund. Benefits to contributors and their dependants are paid out of investments held in the fund.
Pension Scheme (Unfunded)	Members pay a standard contribution each year. The employer then pays the cash difference between members' annual contributions and the annual cost of benefits to contributors and their dependants.
PCC	Police and Crime Commissioner.
PCSO	Police Community Support Officer.
PFS	Police Officers' Pension Fund Statement.
Precept	A levy collected by District and Unitary Councils from council taxpayers on behalf of the Police and Crime Commissioner.
Present value (or Net Present Value)	The amount of money that must be put aside today to pay for a cost in the future, allowing for inflation and interest rates.
Provisions	Amounts set aside to meet costs that are likely to be incurred, but where the actual amount and timing are uncertain.
Related Parties	Individuals or other bodies who have significant control and influence over the financial and operating policies of an entity.
Reserves	Amounts set aside to meet the cost of specific future expenditure.
Revaluation Reserve	The Reserve records the accumulated gains on the fixed assets arising from increases in value. It is debited with the part of the depreciation charge for the asset relating to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.
Running Costs	Costs from the use of premises, transport and equipment, and other general expenditure needed to provide a service.
Termination Benefits	These are payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date; or an employee's decision to accept voluntary redundancy in exchange for those benefits excluding any voluntary early retirements.
TUPE	Transfer of Undertakings Protection of Employment.

Going Concern Report 2024/25

1. Executive Summary

Public sector organisations have always been assumed to be a “going concern” because they are financed by taxation. However, austerity over the last decade has started to throw doubt on that assumption because a number of large local authorities have taken urgent measures to stop non-essential spending following the preparation of Section 114 reports. Other local authorities have apparently also considered whether a Section 114 report should be issued. An unprecedented number of councils were granted exceptional financial support as part of the 2025/26 budget setting process.

These developments have caused external auditors to request that their auditees undertake an assessment into whether the organisation is a going concern, rather than make an assumption. This report aims to demonstrate that the PCC Group is a going concern.

2. Background

The Statement of Accounts for Dorset Police and the Group, including the Office of the Police and Crime Commissioner for Dorset (OPCC), are required to be prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). The Code has been prepared under International Financial Reporting Standards, which have been adopted as the basis for public sector accounting in the UK. The Code is prepared and published by the Chartered Institute of Public Finance and Accountancy (CIPFA).

In accordance with the Code, the Statement of Accounts are prepared on the basis that Dorset Police and the OPCC are going concerns. This assumes that the two organisations will have the resources to continue to deliver their respective functions and services for the foreseeable future.

The assumption that public sector organisations would continue to deliver their functions and services was always considered to be a reasonable assumption because they are financed from taxation and the first call on their income is to settle their debts and obligations. However, a decade of austerity has resulted in some local authorities struggling to deliver their services because of a lack of resources. When it appears to a Section 151 Officer that the organisation does not have sufficient resources to meet its proposed expenditure in a financial year the Section 151 Officer must make a report under Section 114(3) of the Local Government Finance Act 1988. Several Local Authorities have now issued Section 114 reports with others reportedly considering them. At this time, none have been issued by policing.

In auditing the Statement of Accounts, external auditors are placing greater emphasis on considering an organisation’s ability to operate as a going concern. They are now looking for a clear demonstration that an organisation has actively considered whether it has the resources to continue to deliver its services and functions for the foreseeable future.

The main factors which underpin an assessment of “going concern” are:

- The current financial position;
- The projected financial position;
- The strength of the Balance Sheet;
- Cash flow;
- Corporate governance arrangements
- The external regulatory and control environment.

Each of these is considered in the sections below

3. The Current Financial Position

In 2024/25 the Chief Constable's spend was below the budget by £0.83mn equivalent to 0.49% of the budget. Carry forwards totalling £0.294mn and other requests of £0.319mn were approved and transferred to earmarked reserves with the remaining £0.22mn going into General Balances.

The PCC spend was in line with the budget after contributions to and from earmarked reserves of £0.301mn for the PCC. These transfers represent 0.18% of the total annual budget of £171.875mn.

Earmarked reserves increased from £3.8mn at 31 March 2024 to £5.3m at 31 March 2025, as a result of the use of the contributions outlined above and the setting aside of unused revenue contributions to capital schemes.

The General Fund balance increased to £6.096mn as a result of the budget underspend and the budgeted contribution from the collection fund surplus. The balance represents 3.55% of the 2024/25 net revenue budget, which is within the target range of 3% - 5%. The level of the balances and reserves is risk assessed as part of the annual accounts preparation and again when the budget is finalised. Overall, reserves increased from £9.5mn at 31 March 2024 to £11.4mn at 31 March 2025.

A balanced budget was set for the 2025/26 financial year, although it does include substantial savings of £6.5mn to be delivered. Following the implementation of the Mutually Agreed Resignation Scheme (MARS) in 2024/25 and a number of other savings almost two thirds of these savings are already delivered. The monitoring of savings delivery remains a high priority for Resource Control Board to ensure the budget remains on budget at the year end.

Early reviews of the budget position in the first 2 months of the financial year have identified some emerging risks such as pay awards, turnover factor and ill health retirements. These will be actively managed on a monthly basis through Resource Control Board in order to remain within the budget for the year.

4. The Projected Financial Position

The Group Medium Term Financial Plan (MTFP) was refreshed as part of the budget preparation for 2025/26, which is common practice for the Group. Over the five years covered by the MTFP the net revenue expenditure of the Group is

Official

expected to increase from £171.9mn in 2024/25 to £199.8mn in 2028/29, an increase of over 16% as a result of the increases in pay award and inflation.

Over the same period funding is also expected to increase but by a smaller amount; around 12.5%. This is based entirely on our own assumptions for funding levels and council tax referendum limits as the Comprehensive Spending Review only covered up until 2024/25. The new Comprehensive Spending Review is due to be announced on 11 June 2025.

This results in a central case gap of around £3.1mn for 2026/27, rising to a cumulative gap of £4.6mn in 2027/28 and £6.6mn in 2028/29. Clearly, following the level of savings that have been required in the last 3 years these savings would be a significant challenge. However, they are based on a large number of assumptions, any number of which could alter the position considerably.

Whilst the central case shows a gap of £6.6mn by 2028/29, the alternative scenarios range from a best case of a surplus of £3.3mn to the worst case of a £12.6mn deficit by the end of the MTFP. This is a significant range as a result of the large number of assumptions that are required to be made.

Policing has only ever received annual funding settlements therefore the above MTFP is reliant on a number of assumptions around funding. A move to multi-year settlements would significantly improve the ability to produce financial plans with greater certainty.

One of the significant pressures on the budget is as a result of the Group's approach to financing capital expenditure. The financing strategy recognises that Dorset has exhausted its capital reserves and capital receipts and so needs to rely on borrowing and revenue contributions. The aim over the next few years is to increase the use of revenue contributions to fund short-life non-current assets such as vehicles, equipment and ICT. Longer life non-current assets such as property and plant could be funded from borrowing with borrowing only being used to fund assets with a life of more than 10 years. The current capital programme still includes an element of borrowing each year but complies with the aspiration of not borrowing for shorter life assets.

The PCC Group agreed a capital programme over the next four years up to and including 2028/29 which totals £40.0mn. It is envisaged that borrowing of up to £20.7mn will be required for the full programme with revenue costs rising as a result.

There are a number of potential changes over the next few years for which the financial impact on the Group is unknown:

- Anticipated changes to the formula by which the Home Office funding is allocated to forces. Whilst work was underway on the options available for the new formula, the whole process was paused following the election and no detail is available on when, or if, this will be restarted;
- The future cost of pension schemes remains unclear. The Government's response to the McCloud/Sergeant cases will increase the cost of the pension schemes but the extent to which the increases are funded by the Government is unknown;

Official

- The impact of large national ICT projects such as the ESN and the extent to which they are funded by the Government;
- Economic impacts following the pandemic and other global events, including inflation and future pay awards;

Throughout the years of austerity the Group has developed a track record of responding to reductions in its funding. Consequently, there is a high level of confidence that the Group will respond appropriately to any changes to funding which may occur as a result of the above issues.

Work on revising the MTFP will continue as part of the preparation of the 2026/27 budget. Current indications are that the overall impact of the assumptions made regarding the 2025/26 budget when the MTFP was developed is proving to be in line with expectations however this will be updated once the police officer pay award is announced. Resource Control Board continues to focus on delivering the savings built into the 2025/26 budget and more. Targets will be updated as new information is received and the emerging budget monitoring position is known. It is important to try and get ahead of the need to deliver savings to avoid dipping further into reserves whilst changes are implemented.

5. The Balance Sheet at 31 March 2025

The Balance Sheet of the Group shows its net worth after the assessment of its pension liabilities. These pension liabilities are calculated in accordance with the accounting requirements; however, these are different to the approach taken to value the assets and liabilities of the funds when valuations are undertaken, which set the various contribution rates. These liabilities will never be required to be paid at the value included as they would transfer to new providers of our statutory service. A more realistic assessment of the net worth of the Group is given by the value of the usable reserves. At 31 March 2025 these totalled £14.2mn.

At 31 March 2025 the short term debts outstanding amounted to £16.4mn of which £10.4mn related to central government, other police forces and local authorities leaving £6.0mn related to the private sector. The Resource Control Board regularly receives reports on the aged debts owed to the Group and ensures that recovery action is being taken where appropriate.

At 31 March 2025 the short term creditors totalled £19.8mn of which £9.0mn related to other parts of the public sector, including central government.

6. Cash Flow

The Treasurer manages the cash flows of the Group in accordance with the approved Treasury Management Strategy. At 31 March 2025 the PCC held cash and cash equivalent balances of £21.1mn, meaning all of the available resources could be turned into cash at short notice. Changes to the Prudential Code mean that the Group resources need to be kept liquid and used to minimise external debt rather than investing for the longer term.

The Group had external borrowing of £33.5mn at the 31 March 2025, excluding PFI schemes. £18.0mn was short term borrowing and £14.5mn was long term loans

with the Public Works Loans Board. £1mn relates to a previous long term loan and finance leases.

7. Corporate Governance

The Annual Governance Statement is reviewed on an annual basis taking account of external and internal audit reviews. The Governance Statement summarises the nature of corporate governance in the organisation and identifies any significant weaknesses in the Code of Corporate Governance and its implementation. The Governance Statement is reviewed by the Independent Audit Committee.

The Annual Governance Statement for 2024/25 does not identify any significant weaknesses in the Corporate Governance Framework or its application.

8. The External Regulatory and Control Environment

Dorset Police and the OPCC are required to operate within a highly legislated and controlled environment and their relationship is governed by legislation supplemented by Codes of Practice issued by the Home Office. They are subject to inspection by His Majesty's Inspectorate of Constabulary and Fire and Rescue Services to ensure services are of a high standard. The Home Office also monitors the efficiencies achieved by police forces via annual returns.

The Group is subject to an audit regime controlled by the National Audit Office in terms of the standards of audit, set out in the Audit Code of Practice. The external auditors are appointed independently, by Public Sector Audit Appointments and the standards of their work are reviewed by the Financial Reporting Council. The contents of the financial statements are governed by the Code of Practice on Local Authority Accounting. Failure to comply with its provisions would be a breach of the Local Government Finance Act 1988.

The Chief Finance Officer has to provide assurance that the annual budget is robust and based on reasonable assumptions. Similarly, the Treasurer has to provide the same assurance to the PCC and the Police and Crime Panel.

Like all public sector organisations the Group has to operate its systems and processes with adequate internal controls, which are subject to internal audit review, with the results reported to an Independent Audit Committee. Furthermore, the Group takes part in national data matching exercises designed to identify and investigate potential fraud.

Group Resilience Review

June 2025

- Complimenting the going concern report, we have undertaken a resilience review to look at the financial sustainability of the group going forward
- We have utilised the CIPFA Financial resilience self-assessment toolkit and the CIPFA Financial Management Code to create an overall assessment of the current position, using our professional judgements

Julie Strange, Treasurer

Neal Butterworth, Director of Resources



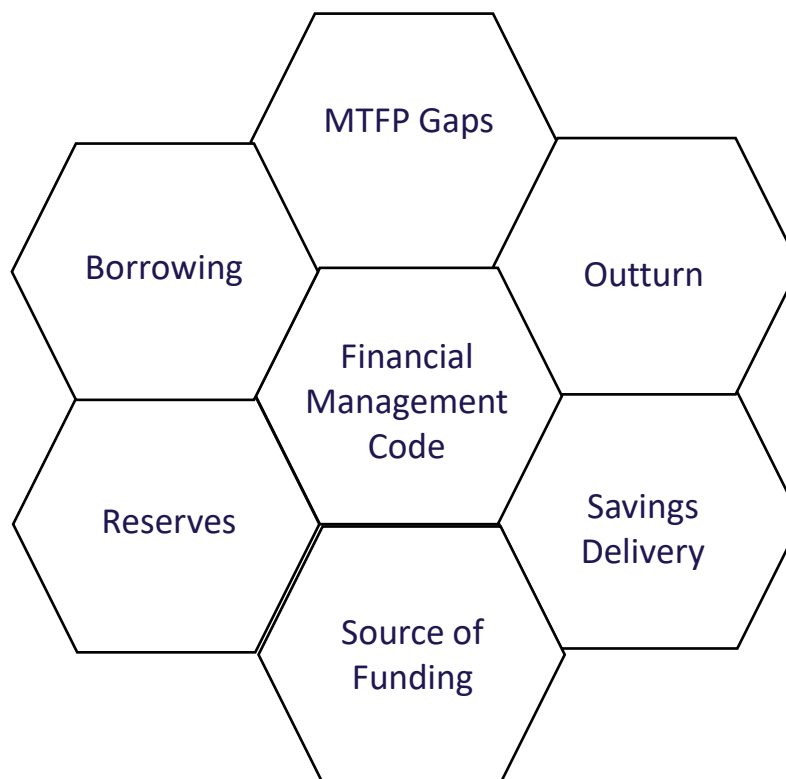
Financial Resilience Review

The toolkit identifies 6 key indicators of financial resilience:

- Funding gap as a % of NRE
- Outturn performance relative to NRE
- Savings delivered as a % of planned savings
- Useable reserves as a % of NRE
- Council Tax as a % of total funding
- Cost of total borrowing as a % of NRE

In addition, a key learning point from many of the s114 notices issued by local authorities has been the need to 'do the basics well'.

This led CIPFA to develop the Financial Management Code to set out the minimum required standards and compliance will also strengthen resilience



Each indicator has been calculated over a number of years both looking back, and where appropriate, projecting forward.

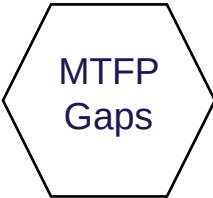
Each indicator has then been rated Red, Amber or Green and assessed for direction of travel.

This then enables us to understand our current position and for key areas for focus to be identified in order to maintain resilience or enhance it moving forward

It is important to remember that these are our professional judgements, rather than a scientific scale being applied



MTFP Gaps



The Funding gap as a percentage of NRE over the Medium Term Financial Plan period

Forces should have a clear estimate of their funding gap over the medium term along with a robust savings plan to meet the gap.

	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
NRE	157,450	162,874	171,875	182,681	185,023	189,375	193,275
Estimated Funding Gap	2,400	7,371	4,515	6,546	3,066	4,642	6,557
Gap as a % of NRE	1.5%	4.5%	2.6%	3.6%	1.7%	2.5%	3.4%

Assessment : Amber
Direction of travel : Stable

The Force has a well developed MTFP process covering 4 years, including the current financial year

There are gaps forecast in each of the future years. Although they are relatively stable, following significant savings delivered in recent years, these become more challenging. The MTFP is based on a significant number of assumptions

There are not yet robust plans in place to address the gaps

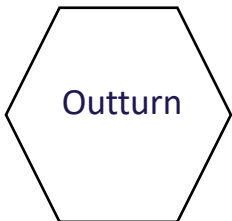
The table above is based on the central case forecast as at February 2025.

Green years represent final budget setting positions, yellow years represent forecasts. The green funding gaps are those addressed each year, the yellow gaps are cumulative.



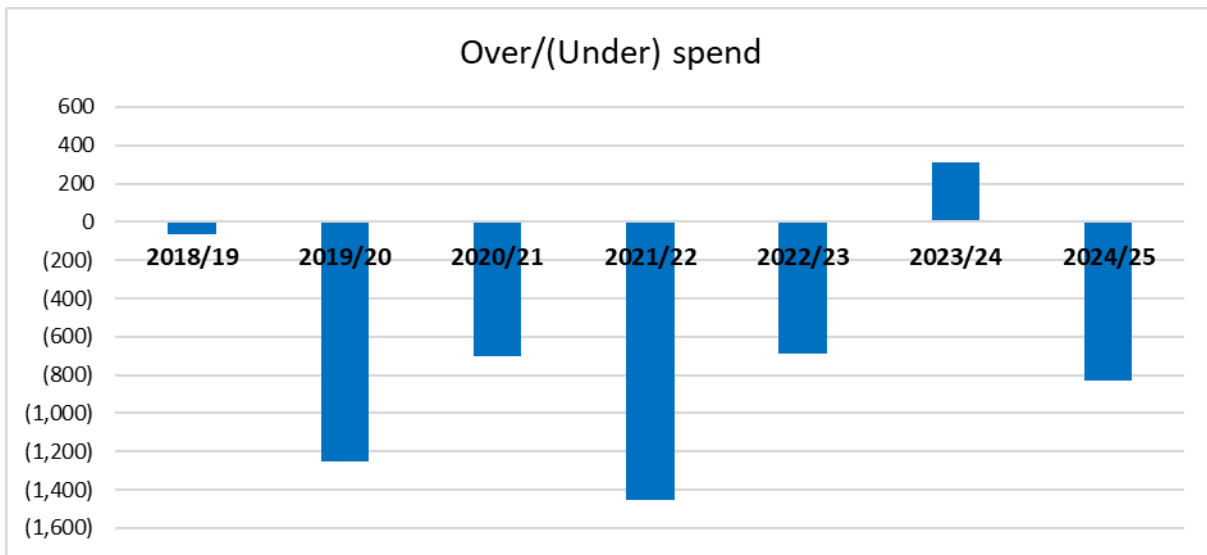


Outturn Performance



Over/underspend relative to net expenditure

Actual expenditure should be as close as possible to the levels planned. Inability to accurately forecast and plan expenditure risks creating unforeseen financial pressures and compromises the ability to set a balanced budget



Assessment : Green

Direction of travel : Improving

The Force returned to an underspend in 2024/25 following the overspend in 2023/24. This was as a result of significant actions taken during the year, including the introduction of the resignation scheme, MARS, in order to address the significant overspend forecast early in the year.

Whilst the underspend is welcome there are still ongoing pressures and risks which mean remaining within the budget in 2025/26 is still a challenge.



Savings Delivery

Savings
Delivery

Savings delivered as a percentage of planned savings

The ability to not only identify areas where specific savings can be made but to also make those savings is a key aspect of ensuring ongoing financial sustainability against a backdrop of increasing financial pressures

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
MTFP Savings planned	850	650	500	1,100	2,400	7,371	4,515	6,546	3,066	4,642	6,557
MTFP Savings delivered	650	650	500	1,100	2,400	6,299	4,054	4,150	0	0	0
% of savings achieved	76.47%	100.00%	100.00%	100.00%	100.00%	85.46%	89.79%	63.40%	0.00%	0.00%	0.00%

Assessment : Amber
Direction of travel : Stable

Whilst the Force has a good track record of delivering savings, the value of savings required has increased in recent years making further savings each year more challenging. The savings delivered in 2024/25 includes the part year MARS savings.

With the full year impact of MARS and other savings being realised in 25/26, good progress has already been made however it remains important to continue to monitor closely in order to deliver the required savings in year.

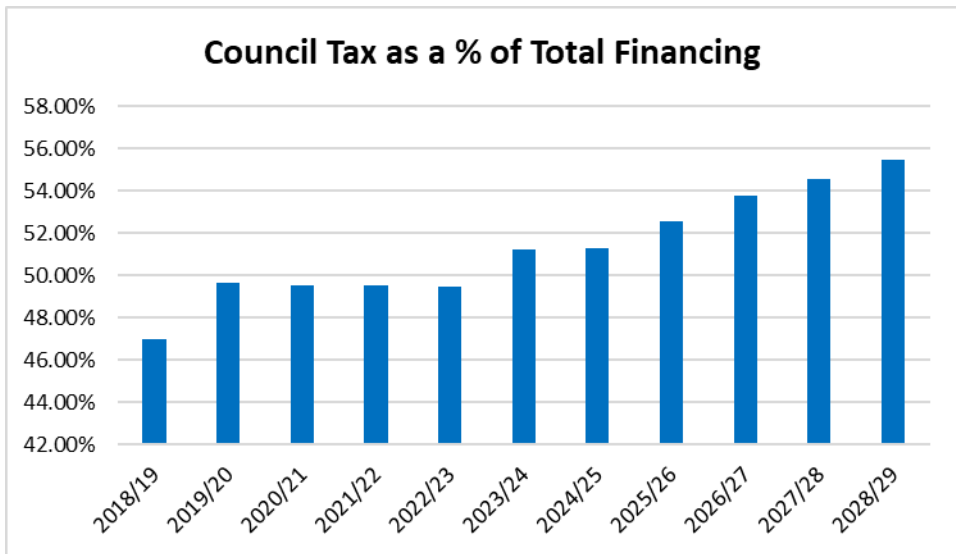


Source of Funding

Source
of
Funding

Council Tax as a percentage of total funding

In principle, the higher the percentage of council tax funding, the greater the ability and flexibility to increase financing provision.



Assessment : Not scored (neither good nor bad)
Direction of travel : Stable

The Force had the second highest percentage of funding from council tax in England at 51.2% in 2024/25 and is forecast to increase to 55.5% by 2028/29. In theory this gives greater local control and reduces the impact of changes at the national government level. However, this increases the risks around changes in PCC with potential different approaches to council tax and the impact of referendum principles.

This indicator is less able to be influenced locally but is important for understanding potential impacts on financial resilience



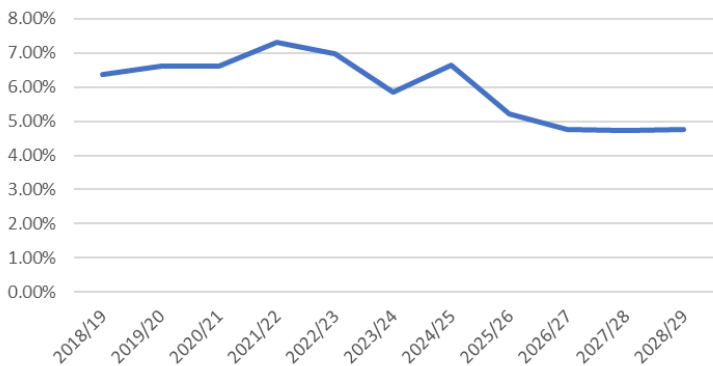
Reserves

Reserves

Useable revenue reserves as a percentage of net revenue expenditure

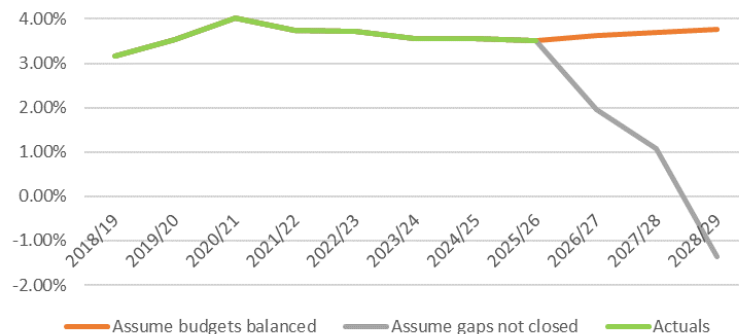
Reserves allow financial uncertainty to be managed. Healthy levels of useable reserves are an important safety net to support financial sustainability.

Total Reserves as a % of NRE



The Forecasts in the graphs are taken from the Reserves Strategy, adjusted for the 24/25 outturn, which assumes future spend is in line with balanced budgets, i.e. no carry forwards, and other earmarked reserves are spent on planned uses.

General Reserves as a % of NRE



Assessment : Amber

Direction of travel : Stable

The forecast shows total reserves reducing to 4.76% of NRE by 2028/29 due to the planned use of earmarked reserves.

General reserves are forecast to increase to nearly 3.8% with a £300,000 contribution each year and assuming budgets are balanced each year. This is between the 3% and 5% range advised by the Home Office.

However, if future gaps are not addressed the Force will exhaust general reserves in 2028/29. An overspend in 2025/26 would bring this forward.



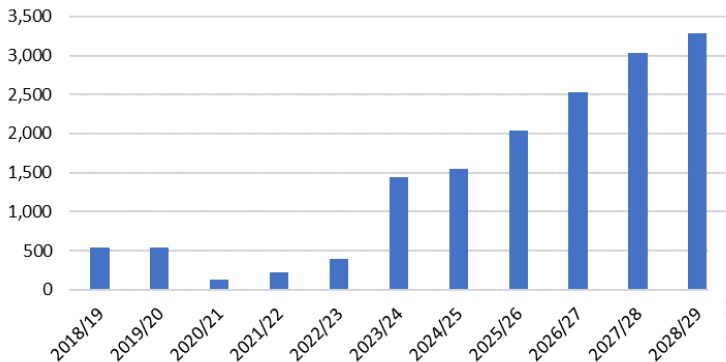
Borrowing



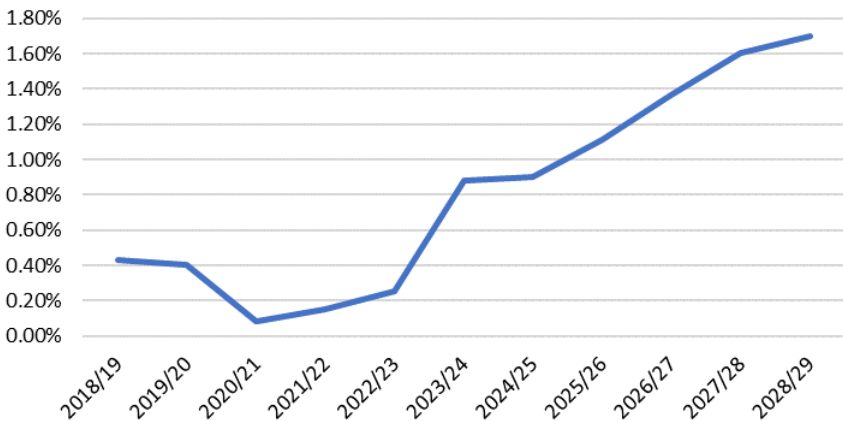
Cost of total borrowing as a percentage of Net Revenue Expenditure

Borrowing can be a valuable source of funding, however, the cost of repaying borrowing and interest costs, is ultimately funded from ongoing revenue budgets and can create a long term commitment.

Cost of Borrowing



Cost of Borrowing as a % of NRE



Assessment : Amber
Direction of travel : Reducing

The cost of borrowing (excluding PFI) is projected to increase to £3.3m by 2028/29 or 1.7% of NRE. These costs are fixed and will continue to increase as the requirement to borrow currently continues beyond the MTFP.

Whilst this is not a problem currently it is an indicator to monitor as we move forward. Reducing our reliance on borrowing would increase financial resilience



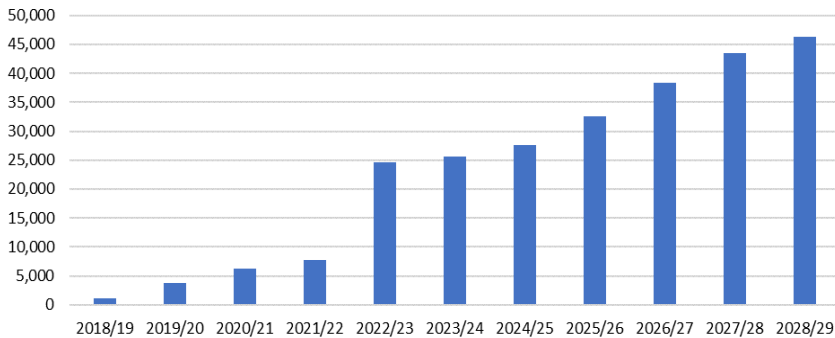
Borrowing

Borrowing

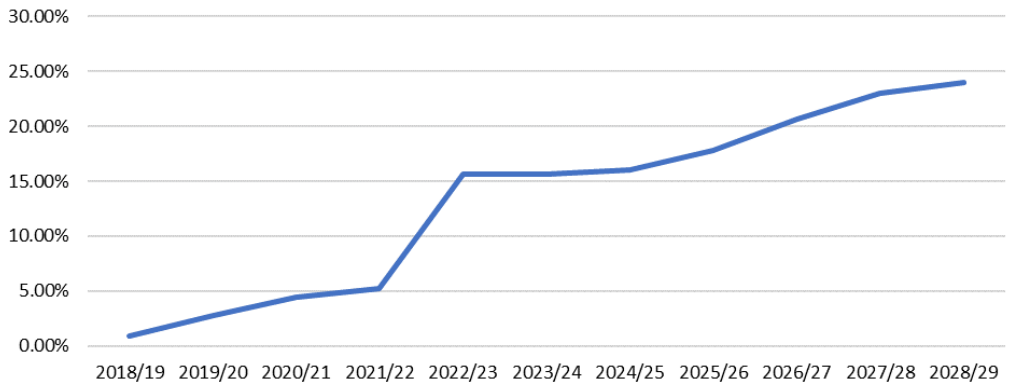
Total debt as a percentage of Net Revenue Expenditure

Borrowing can be a valuable source of funding, however, the cost of repaying borrowing and interest costs, is ultimately funded from ongoing revenue budgets and can create a long term commitment.

Level of Debt



Level of Debt as a % of NRE



Assessment : Amber

Direction of travel : Reducing

The Force is forecast to have over £46m of debt by 2028/29 (excluding PFI). Whilst this level of borrowing is a large number it is proportionate to the NRE, forecast to be almost 24% of NRE by 2028/29.

This is based on the best available information for capital requirements going forward but there are likely to be additional needs emerging.

Although the level of debt currently is manageable, continuing to borrow around £5 - £6m per year to fund capital will mean this becomes unsustainable over time.

Financial Management Code

Financial Management Code

The Financial Management Code was developed by CIPFA to set out the principles that should be applied in managing our finances and the specific standards that, as a minimum, we should seek to achieve.

Section 114 notices issued by councils in recent years have highlighted things have gone wrong when the basics have not been in place or not delivered consistently

Assessment: Green
Direction of Travel: Stable

Dorset Police is now fully compliant with the code

We are also fully compliant with the Prudential Code, including the Treasury Management Code, and the CIPFA Statement on the role of the S151 Officer in Policing

An area for improvement could be improved clarity on the expected benefits of all change programmes, with improved post implementation reviews to ensure they are realised

Principles of good Financial Management

Leadership	Accountability	Transparency
Professional Standards	Assurance	Sustainability



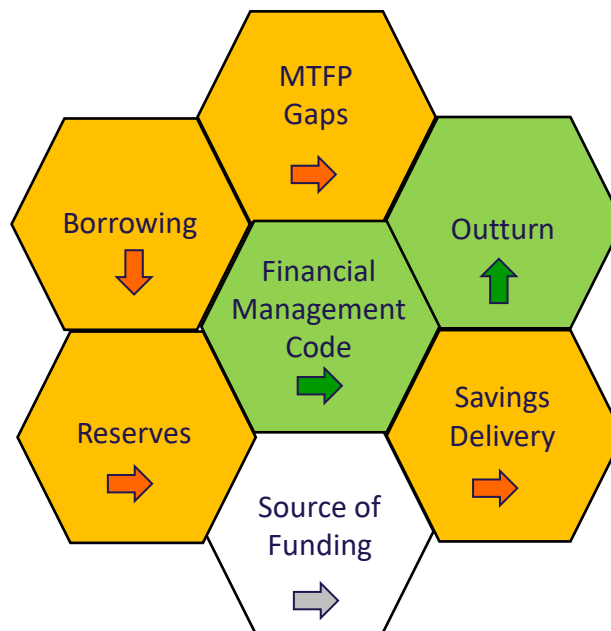
Financial Resilience Review 2025

Summary Assessment

Overall, the Group assessment of resilience has stabilised since last year, primarily as a result of underspend in 2024/25 and the updated Financial Strategy to increase contributions to reserves.

Whilst this change in direction is welcome it will only result in increased resilience if the planned savings and contributions to reserves are delivered.

The biggest area of concern is the level of borrowing required to support the capital programme on an ongoing basis.



Focus areas to increase resilience

- Deliver 25/26 outturn on budget
- Develop Robust savings plans for MTFP
- Improve the sustainability of the Capital Programme
- Increase General Reserves

These will need to be balanced against affordability and service delivery

This review compares the group against itself over time and judgements have been made on that basis. It does not compare ourselves against other forces at this time



Financial Resilience Over Time

	2023	2024	2025
MTFP Gaps	 	 	 
Outturn	 	 	 
Savings Delivery	 	 	 
Reserves	 	 	 
Borrowing	 	 	 
Financial Management Code	 	 	 



AGENDA NO:

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18 June 2025

FOIA OPEN

TITLE OF REPORT: Dorset Going Concern Assessment 2024/25

REPORT BY: Julie Strange, Chief Finance Officer (OPCC) and Neal Butterworth, Chief Finance Officer (Dorset Police)

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	
External Audit	
Financial reporting	X
Other matter (please specify here)	
Appendices (please specify the number)	2

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	X
Consider the Report	
Note the report	
Other (please specify here)	

1. GOING CONCERN ASSESSMENT

- 1.1 Each year, the Treasurer and Chief Finance Officer undertake a review of the Dorset PCC Group to consider if the Group still represents a 'Going Concern'; the basis on which the Statement of Accounts have been produced.
- 1.2 This review has become increasingly important in recent years with the number of reports under Section 114 of the Local Government Finance Act 1988 which have

been issued by Local Authorities, as well as those reporting they are close to issuing a Section 114 report.

- 1.3 The report of this year's assessment, supporting the 2024/25 accounts, is attached to this report as Appendix 1 and was considered by the Joint Leadership Board on 9 June 2025. The assessment concluded that the Dorset PCC Group represents a 'Going Concern' and was approved by the Board.

2. FINANCIAL RESILIENCE ASSESSMENT

- 2.1 In addition to the issue of Going Concern, the Joint Leadership Board also considered a Financial Resilience Assessment for the Group. This compliments the Going Concern report but uses the Medium Term Financial Plan (MTFP) and other Finance Strategies to look forward and how resilient the Group might be against future financial shocks or challenges.
- 2.2 The assessment was undertaken using the toolkit produced as part of the CIPFA Achieving Financial Excellence in Policing (AFEP) programme, which identified 6 key indicators as well as compliance with the CIPFA Financial Management Code. These indicators were then given a RAG rating and assessed for direction of travel. The ratings were very much based on a professional judgement rather than a scientific basis but assesses how the organisation is moving over time.
- 2.3 Overall the assessment shows an improving level of resilience following the underspend in 2024/25 and the resulting contribution to reserves. In addition there are additional planned contributions to reserves in future years which should further increase the level of general balances. There are still no red assessed areas currently, and all areas are rated as stable or improving with the exception of borrowing which will continue to increase steadily over the course of the MTFP. This is no where near worrying levels of debt but is something to be mindful of as we go forward. The sustainability of capital funding within Policing was a key feature within the submissions to the Home Office by NPCC and APCC as part of the Spending Review process therefore this issue is not unique to Dorset.
- 2.4 Whilst there are still a significant number of assumptions that underpin the current Medium Term Financial Plan, the review has reiterated the need to continue to work hard to deliver the savings required in both the current year and in preparation for future years. This was supported by the Joint Leadership Board. The assessment is attached as Appendix 2.

18 June 2025



AGENDA NO:

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18 June 2025

FOIA OPEN

TITLE OF REPORT: GOING CONCERN REPORT AND RESILIENCE REVIEW – DEVON AND CORNWALL

REPORT BY: Nicola Allen, Chief Financial Officer to the OPCC

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	Yes
Internal Audit	-
External Audit	Yes
Financial reporting	-
Other matter (please specify here)	-
Appendices (please specify the number)	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	Ye
Consider the Report	-
Note the report	-
Other (please specify here)	-

1.0 INTRODUCTION

- 1.1 The purpose of this report is to present the assessment by the section 151 officers of Devon and Cornwall PCC Group (OPCC and Force) as a “going concern” for the purposes of producing the 2024/25 Statement of Accounts.
- 1.2 Ordinarily this assessment would have been presented to the Resources Board for Devon and Cornwall prior to be being presented to the Independent Audit Committee (IAC).

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However, due to other pressures the meeting for June was cancelled and therefore this assessment will be taken to the next meeting with any comments from this committee.

2.0 RECOMMENDATION

- 2.1 That the Independent Audit Committee consider and review this report and make any comments for consideration by Commissioner and Chief Constable.

3.0 BACKGROUND

- 3.1 The Statement of Accounts for the Office and of the Police and Crime Commissioner (OPCC) and Devon and Cornwall Police are required to be prepared in accordance with the code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code). The Code has been prepared under International Financial Reporting Standards (IFRS), which have adopted as the basis for public sector accounting in the UK. The code is prepared and published by the chartered Institute of Public finance and Accountancy (CIPFA).
- 3.2 In accordance with the Code, the Statement of Accounts are prepared on the basis that the OPCC and Devon and Cornwall are going concerns. This assumes the two organisations will have the resources to continue to deliver their respective functions and services for the foreseeable future.
- 3.3 The assumption that public sector organisations would continue to deliver their functions and services was always considered to be a reasonable assumption because they are financed by taxation and grant. However, since austerity we have seen some local authorities struggle to deliver services because of a lack of finance. When the section 151 officer is of the opinion that the organisations does not have sufficient resources to meet its proposed expenditure the section 151 officer must make a report under Section 114(3) of the Local Government Act 1988. Due to the rising number these reports for local authorities' external auditors are placing a great emphasis on considering the organisations ability to operate as a going concern.
- 3.4 This report aims to show clear demonstration that we can continue to deliver it services and functions for the foreseeable future. The main factors that underpin an assessment of "going concern" are:
- The current financial position.
 - The projected financial position.
 - The strength of the balance sheet.
 - Cash flow.
 - Corporate governance arrangements.
 - The external regulatory and control environment.

4.0 THE CURRENT FINANCIAL POSITION

- 4.1 For the year ended 31 March 2025 the Police and Crime Commissioner Group spent £406.256m against a budget allocation of £406.518m, resulting in an underspend of £0.262m. The outturn of £406.538m is the net position after £0.282m of the underspend was approved to be carried forward into 2025/26 making the net overspend £20k, which will be charged to general balances. This is a variance to the budget of 0.06%.

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- 4.2 The approved net revenue budget for 2024/25 was £406.518m, of which £399.017m was under the direct control of the Chief Constable and £7.501m was under the direct control of the Police and Crime Commissioner.
- 4.3 The overall reserves reduced by £5.48m. This was a reduction in earmarked reserves of £6.67m, an increase in the capital reserve of £0.05m and an increase in the general reserve of £1.14m. The reduction in earmarked reserves was lower than anticipated due mainly to slippage in the capital programme.
- 4.4 The increase in the general fund balance now represents 4.52% of the net revenue budget which is well within the range of 3% to 5% outlined in the Reserves Strategy.
- 4.5 The level of overtime spend continues to be a challenge and will be monitored carefully during 2025/26.

5.0 THE PROJECTED FINANCIAL POSITION

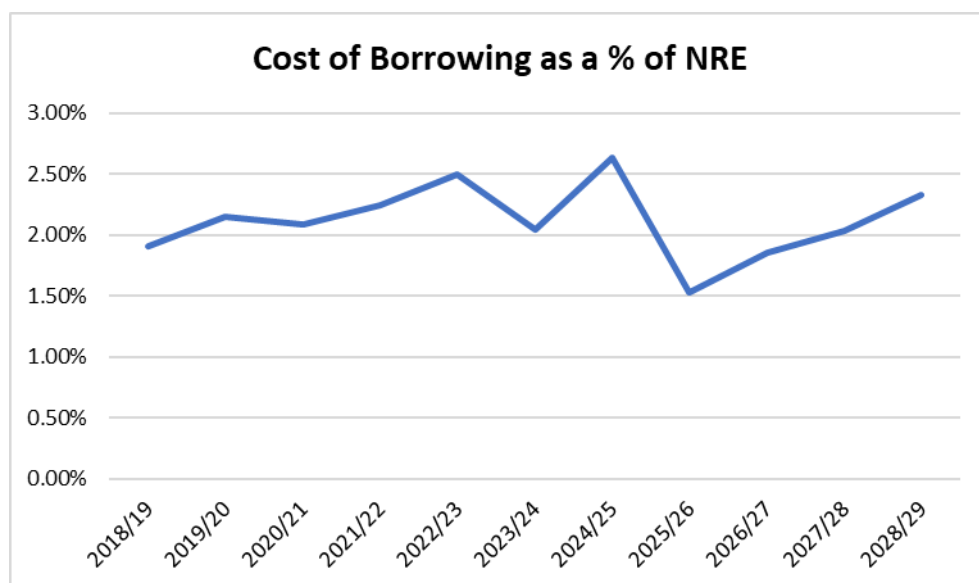
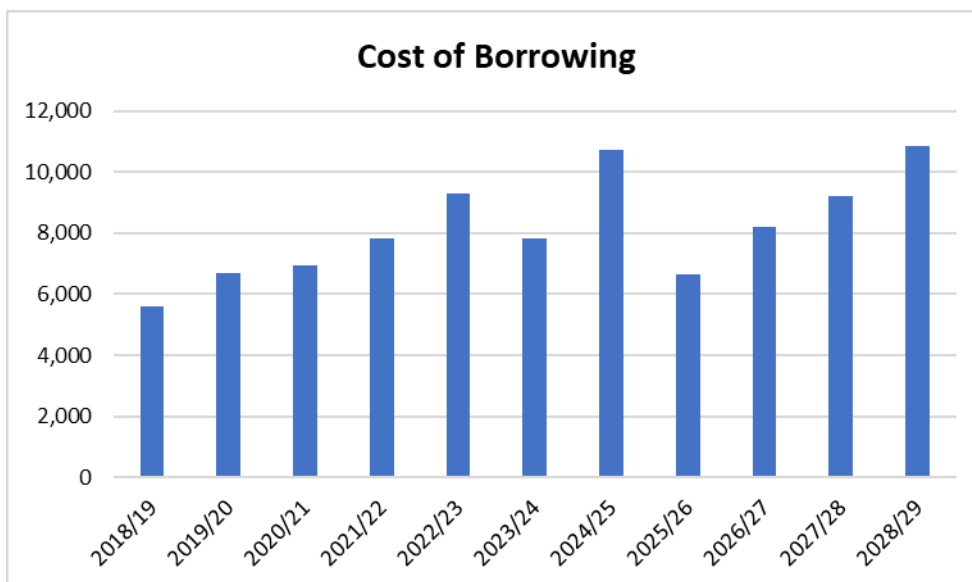
- 5.1 The current Medium Term Financial Strategy (MTFS), which was completed as part of the recent budget process, covers 2025/26 to 2028/29 and shows a balanced position. The net revenue budget is set to rise from £432.9m to £466.4m and increase of 7.5%. This position does include a level of savings required. These savings are either agreed or agreed in principle. The table below shows the level of savings required over the life of the MTFS. Devon and Cornwall have a high level of success in the achievement of savings and therefore there is a high level of confidence that the required amounts will be achieved.
- 5.2 The savings for 2025/26 are predominately delivered. Devon and Cornwall along with Dorset are currently undertaking a Priority Based Budget exercise which will look at 12 business areas to drive out savings and efficiencies. This will cover the savings requirement for 2026/27 and beyond. This exercise has been undertaken in other police areas and been very successful. The level of savings required compared to the NRE is also shown in the table.

	2025/26	2026/27	2027/28	2028/29
	£'000	£'000	£'000	£'000
MTFP Savings planned	5,845	7,250	2,025	1,024
% of NRE	1.35%	1.64%	0.45%	0.22%

- 5.3 Assumptions in the MTFS are outlined in the MTFS booklet available on the website and are prudent. We await the results of the impending Spending Review but due to the economic climate the assumptions around grant increases have been set at 0.5% each year.
- 5.4 It continues to be the strategy to increase the revenue contributions to capital (RCCO) to fund short life assets. The MTFS will see this allocation rise from £6.5m to £8.1m in 2028/29. A capital programme across the life of the MTFS has been set at £113m. This includes

Appendix 1

borrowing of £68m. The costs of this borrowing have been included in the MTFS with the table below showing the impact.



5.5 There are still some potential changes that may occur over the life of the MTFS and are yet unknown:

- The impact of any changes to the funding formula. It is unclear when this will be implemented and also what the results of the review are. This work has been paused by the Home Office, but it is anticipated that it will be revisited when time is available.
- Inflationary increases. The main risk in this area is the pay award. With 85% of the overall budget staffing costs this is the single biggest risk to the assumptions. The assumptions have been set at 2% per annum in line with the governments assumptions around the overall inflation rate. However, a inflationary contingency has been set aside as mitigation.

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- Changes to the pension scheme because of revaluations or the McCloud/Sergeant cases.
- The reform/devolution agenda for both policing and local government. Devon and Cornwall are not included in the first phase and will therefore be monitoring the impact of the first phase.

6.0 THE STRENGTH OF THE BALANCE SHEET

6.1 The group balance sheet shows a net liability of £2,321m. This includes an adjustment for the pension liabilities which are calculated in accordance with the accounting requirements. This calculation is different when setting the contributions rates for the overall funds. These liabilities will never be required to be paid at the value included in the balance sheet as they would transfer to any new provider of the service. A more realistic assessment of the value of the Group is given by the value of the useable reserves which totals £43.3m as at 31 March 2025.

7.0 CASHFLOW

7.1 The cashflow is managed by the Treasurer of the Group in line with the Treasury Management Strategy. The outturn report on the Treasury Management activity for the year is on the agenda for the committee to review.

8.0 CORPORATE GOVERNANCE ARRANGEMENTS

8.1 The corporate governance arrangements are covered in the Annual Governance Statement (AGS) attached to the Statement of Accounts. The AGS is reviewed annually by the Commissioner and the Chief Constable. It is also reviewed by the Independent Audit Committee.

8.2 The AGS summaries the governance arrangements and frameworks in the organisation. The AGS for 2024/25 does not identify any significant weaknesses.

9.0 THE EXTERNAL REGULATORY AND CONTROL ENVIRONMENT

9.1 The PCC and the Force operate in a highly governed and legislated environment. All aspects of the functions are governed by legislation and supplemented by Codes of Practice issued by the Home Office. There is also a rigorous inspection regime with His Majesty's Inspectorate of constabulary and Fire and Rescue Services to ensure a high standard. There is also a great deal of data collection by the Home Office to supplement these inspections.

9.2 The section 151 officer for the group also must provide assurance that the annual budget is robust and based on reasonable assumptions. This assurance is provided to the PCC and the Police and Crime Panel. This is in parallel to the section 151 officer to the Chief Constable providing assurance on the adequacy of the force budget.

9.3 The external audit is governed by the National Audit Office and their standard of audit set out in the audit code of practice. This is complemented by a series of internal audits which look

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at the adequacy of internal controls. Both external and internal audits are also reported to the Independent Audit Committee for comment and review.

Nicola Allen
Treasurer – Devon, Cornwall and the Isles of Scilly OPCC



Devon & Cornwall Police and Police and Crime Commissioner Resources Board

Meeting to be held on Wednesday 9th April 2024

HMICFRS Value for Money (VfM) Dashboards

1 Introduction

- 1.1 Each year the HMICFRS produces information relating to performance and spending of all police forces as an interactive Value for Money (VfM) Dashboard, available on the HMICFRS website. The latest update, based on 2024/25 budget information, was finalised and published at the end of January 2025.
- 1.2 The VfM Dashboard compare each Force with all forces nationally. It allows for comparison with other specific forces, which are set to default to show each forces Most Similar Group of Forces (MSG), but is fully customisable to allow comparisons with other forces.
- 1.3 A link to the HMICFRS website is provided [here](#), and board members are encouraged to access the site and explore the information available.
- 1.4 This report sets out key tables for Devon and Cornwall information using extracts from the HMICFRS website, and considers future and current use of the information.
- 1.5 This year's profiles have been revised, HMICFRS are looking to develop a new set of profiles for the 2025 data, with the intention of linking more closely to PEEL Inspections.

2 Use of VfM Dashboards

- 2.1 These latest VfM Dashboards will also be reported to the Independent Audit Committee (IAC) on the 18th June 2025. These reports focus on cost outliers, and provide the high-level summary view of workforce and crime levels provided by the Dashboards.
- 2.2 The Dashboards have provided a good analysis of expenditure by functional area, compared with other forces, and a view of the key financial outliers. Differences in structures between forces will inevitably lead to some variances, in particular where certain functions and services are centralised in some forces, devolved in others. However, the information has been refined over many years, and presents increasingly comparable information, increasing its usefulness in considering differences.



- 2.3 The VfM Dashboards are currently used primarily to inform business cases and saving plans, providing a useful reference point for investment and areas of focus for efficiencies. However, they will be used in informing the annual Force Management Statements (FMS), and future budgets and Medium-Term Financial Strategies. The 2025/26 budget process considered outliers from the VfM information, aligned to the latest FMS and alongside the Police and Crime Plans to prioritise spending plans, and identify areas to explore efficiencies.
- 2.4 The timing of the dashboard updates will be key to this, as it is now an interactive update depending upon data being submitted from each Force. The information was finalised in January 2025 for the 2024/25 budget information, which was too late to inform the 2025/26 budget. The underlying information relating to the 2025/26 budget is due to be submitted by forces by the end of July this year. The current timeline would mean a continued reliance on the previous year's budget data, which is likely to prove insufficiently current to be used to inform the 2026/27 budget.
- 2.5 The lack of up to date workforce and crime data in this year's will also make those meaningful comparisons less impactful.

3 Key Information

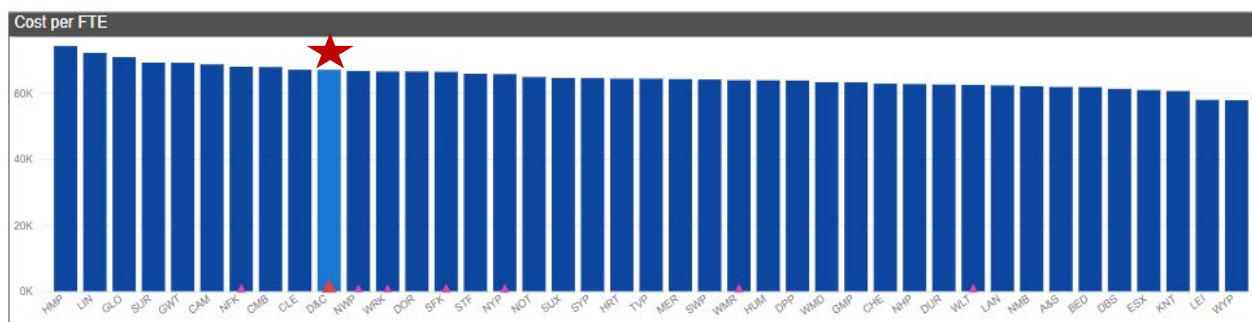
- 3.1 The VfM Dashboards interactive dashboard is a much-shortened report containing 13 pages, with the ability to 'drill down' on any area of interest within each page. As such, the volume of information is significant, and cannot be fully reproduced within this report.
- 3.2 Key pages within the 2024 Dashboards are:

Force Overview	
Resourcing Overview	
Financial resilience	
Crime Outcome Efficiency	
Telephony	
Sickness Leave	
Officers in support roles	
Investigate by objective: spend	Investigate by objective: staff
Home office funding : National summary	



This shows that Devon and Cornwall has the 20th highest percentage of funding from precept in England, however it is the lowest when compared to it's MSG.

4.4 Cost per Officer FTE :-



This shows that Devon and Cornwall has the 10th highest police officer cost per FTE at £66.9k per officer, 2nd out of 8 when compared to MSG Force's.

- 4.5 The schedule of cost outliers has not been included as part of the latest dataset, which has provided useful analysis in past years at a more granular functional level.
- 4.6 Data relating to crimes, telephony and sickness has not been updated since 2023/24.

5 Conclusion

- 5.1 The value for money Dashboards provide a level of reassurance that Devon and Cornwall Police are providing overall good value for money.
- 5.2 However the current dataset does not provide as much granular insight as previous versions.
- 5.3 The Force will now continue to consider ways to use the data to inform decision making, business planning and Medium-Term Financial Planning.

Author

Name: Robin Wheeler

Role: Alliance Head of Finance

MEETING: RESOURCE CONTROL BOARD DATE: 24th March 2025		AGENDA ITEM NUMBER: 16 App B
TITLE OF PAPER: HMICFRS VFM PROFILES		
PREPARED BY: Robin Wheeler, Alliance Head of Finance CONTACT INFORMATION: Teams or via email Robin.Wheeler@devonandcornwall.pnn.police.uk		
OTHER BOARDS WHICH HAVE CONSIDERED THIS PAPER? Will go to IAC 18th June 2025		
FOR DECISION	FOR INFORMATION	APPENDICES ATTACHED
No	Yes	None

1. INTRODUCTION

- 1.1 Each year the HMICFRS produces information relating to performance and spending of all police forces as an interactive Value for Money (VfM) Dashboard, available on the HMICFRS website. The latest update, based on 2024/25 budget information, was finalised and published at the end of January 2025.
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- 1.4 This report sets out key tables for Dorset for information using extracts from the HMICFRS website, and considers future and current use of the information.
- 1.5 This year's profiles have been revised, HMICFRS are looking to develop a new set of profiles for the 2025 data, with the intention of linking more closely to PEEL Inspections.

2. USE OF VALUE FOR MONEY DASHBOARDS

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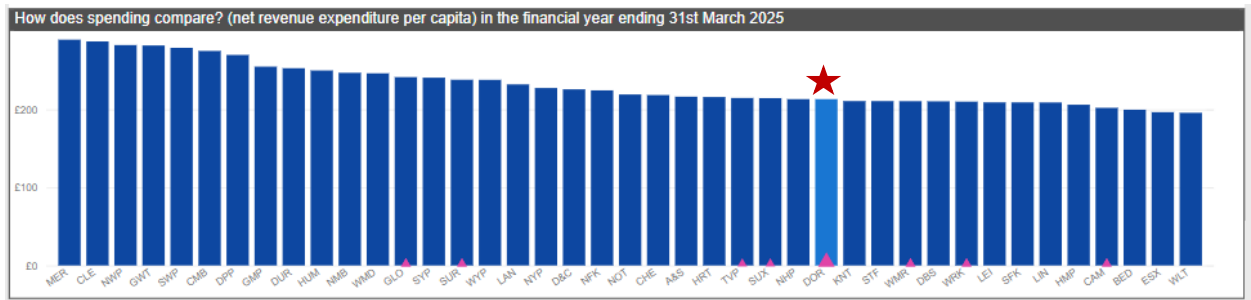
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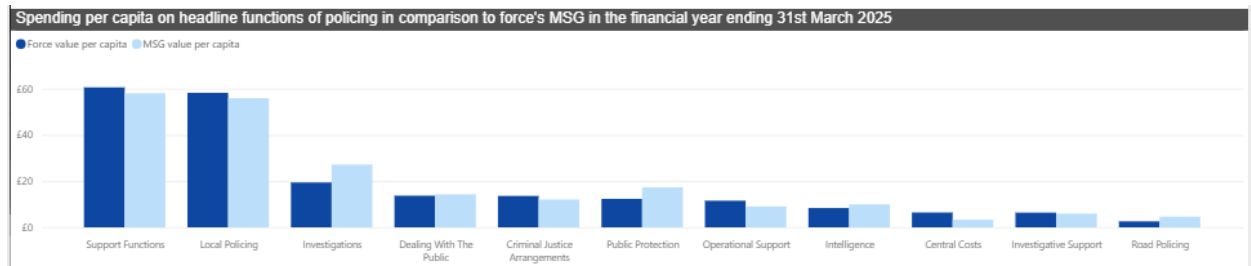
3.3 The following charts are taken directly from the HMICFRS Value for Money Dashboards on the website. The tables below are provided as a flavour of the information available, and the most up to date and relevant have been selected.

4. DORSET POLICE

4.1 The table below compares net revenue expenditure per population, across all forces (excluding Met and City of London), and shows Dorset (£213.21) placed 28th out of 41, the same position as last year.

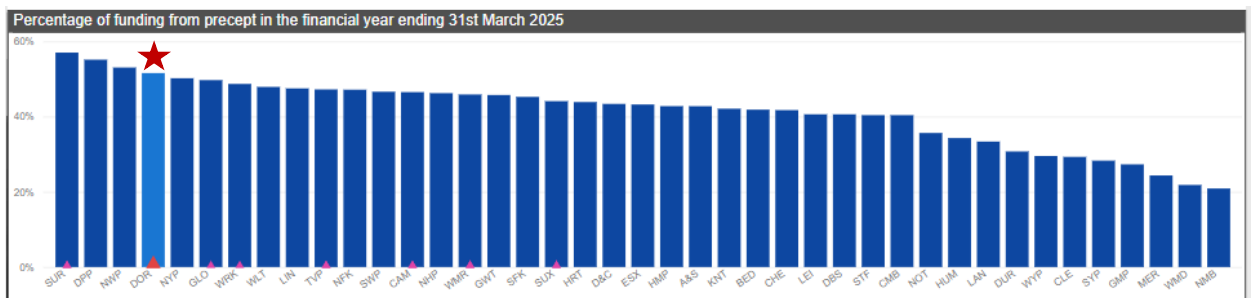


4.2 Analysis of spending per capita by department compared to MSG Force's:-



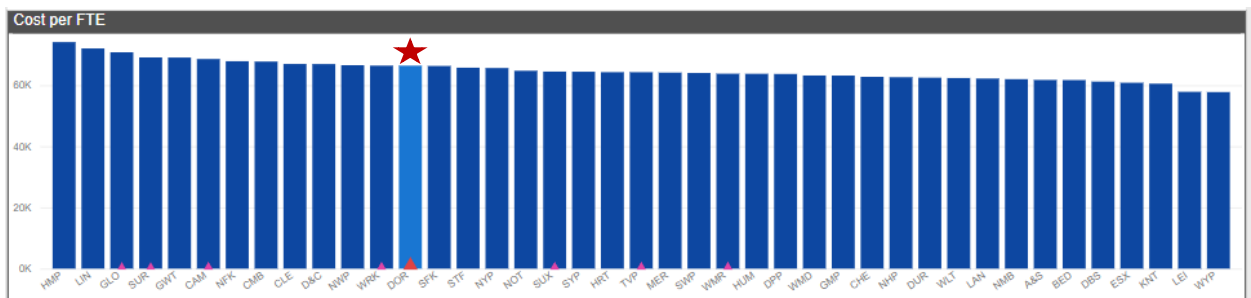
Higher : support services, local policing, criminal justice, operational support, central costs and investigative support
Lower : investigations, dealing with the public, public protection, intelligence and roads policing

4.3 Percentage of funding from precept :-



This shows that Dorset have the second highest percentage of funding from precept in England, re-emphasising the position around the funding formula not adequately covering policing costs in comparison to other Force's.

4.4 Cost per Officer FTE :-



This shows that Dorset has the 13th highest police officer cost per FTE at £66.4k per officer, 5th out of 8 when compared to MSG Force's.

- 4.5 The schedule of cost outliers has not been included as part of the latest dataset, which has provided useful analysis in past years at a more granular functional level.
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- 5.2 However the current dataset does not provide as much granular insight as previous versions.
- 5.3 Dorset will now continue to consider ways to use the data to inform decision making, business planning and Medium-Term Financial Planning

(Protective Marking - Restricted)
(FOI Classification – Open)



AGENDA NO: 16

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18/6/25

FOIA OPEN

TITLE OF REPORT: HMICFRS Value for Money Dashboard 2024

REPORT BY: Robin Wheeler, Alliance Head of Finance

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	
External Audit	
Financial reporting: Overview of the latest available Value for Money Dashboard 2024 information relating to Dorset Police and Devon & Cornwall Police	X
Other matter (please specify here)	
Appendices (please specify the number)	2

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	X
Other (please specify here)	

(Please ensure that all acronyms are written in full the first time they are used.)



AGENDA NO: **17**

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18 JUNE 2025

FOIA CLOSED

TITLE OF REPORT: ANNUAL REPORT ON INSURANCE ARRANGEMENTS

REPORT BY: ROBIN WHEELER, HEAD OF FINANCE

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	x
Internal Audit	
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices <i>(please specify the number)</i>	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	
Note the report	x
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 The Independent Audit Committee are required to seek assurance on the effectiveness of risk management arrangements. Risk financing through insurance is the last 'backstop' of risk management in Devon & Cornwall and Dorset Police. This paper provides a summary of the total cost of the insurance risk, over past insurance years.

2. INSURANCE DATA

- 2.1 The insurance premiums over the last 10 years are shown below. Please note that 2020-21 was the first year of the current long-term agreement for insurance, following a retender of the insurance programme. We are now in the last year of that long term agreement.

Policy Year	Total Premium inc of IPT
2025-26	£2,698,968
2024-25	£1,918,819
2023-24	£1,751,140
2022-23	£1,471,494
2021-22	£1,300,267
2020-21	£1,207,786
2019-20	£1,406,357
2018-19	£1,360,815
2017-18	£1,316,015
2016-17	£1,264,638

- 2.2 The premium figures shown above include the Insurance Premium Tax (IPT) at 12%. Unlike VAT this is not recoverable by the Force.
- 2.3 Last year the Force motor insurers applied a 15% increase to the renewal costs. This year the new tender resulted in an 81% increase to all renewals to reflect the current levels of motor claims inflation within the blue-light service area across the market. It should also be noted that the number of insurers willing to take on the blue light motor insurance has significantly reduced.
- 2.4 Members may recall that last year liability insurance, saw a 10% increase for both employers' liability (EL) insurance and public liability (PL) insurance. This year there has been a 22% increase in rates for EL and 15% increase for PL insurance.
- 2.5 Insurance underwriting is a specialist area of work to determine the insurance premium however, the following key factors will contribute to that calculation depending on the class of insurance:
- The number of assets such as buildings, vehicles, craft
 - The replacement value of those assets
 - The number of staff and officers
 - The value of the payroll
 - Our claims history
 - Trends in the wider insurance market
- 2.6 The above values will vary from year to year, together with the number and severity of insurance claims experienced each year. In determining the

insurance premium at renewal, a 10-year history of claims is provided to the insurer.

- 2.7 Appendix A show the classes of insurance, their excess levels and the financial value of retained insurance claims together with financial recoveries over the last nine insurance years.
- 2.8 Most insurance claims fall into the following classes of insurance: Public liability, Employer's liability and Motor, although there have been some historic claims relating to property, marine and drones as well.
- 2.9 We do seek to recover monies owed to the Force; this mostly relates to motor insurance. The number and value of recoveries vary each year depending upon the value and nature of incidents that have taken place.

3. TOTAL COST OF INSURABLE RISK

- 3.1 The total cost of financial risk to Devon and Cornwall and Dorset combined is summarised in the table below.
- 3.2 The total cost of risk has been calculated using the premium spend across all main classes of insurance, together with the additional money paid by the Force when settling claims, less any financial recoveries made.
- 3.3 The total cost of risk picture will continue to mature over the years as open claims are settled and more recoveries made.

3.4 Total cost of Risk Summary table

Policy Year	Premium including IPT	Money Paid to Date	Financial Recoveries	Total Cost of Risk
2024-25	£1,920,030	£147,794	£31,471	£2,036,353
2023-24	£1,774,443	£637,502	£69,871	£2,342,073
2022-23	£1,463,951	£844,388	£109,890	£2,205,992
2021-22	£1,300,967	£1,017,625	£195,843	£2,122,047
2020-21	£1,207,786	£1,484,907	£152,600	£2,540,094
2019-20	£1,406,357	£1,110,385	147,526	£2,369,217
2018-19	£1,360,815	£969,583	£157,815	£2,172,582
2017-18	£1,316,015	£2,150,925	£119,185	£3,347,755
2016-17	£1,264,638	£1,126,821	£65,923	£2,325,536

4. REDUCING THE TOTAL COST OF INSURANCE RISK

- 4.1 The most effective way a Force can reduce the total cost of insurance risk is with claims analysis to identify common claim themes to enable the proactive

targeting of preventive measures together with maximising opportunities to recover money back to the Force.

- 4.2 The most common preventative measure are the consistent use of health and safety risk assessments, policy, system controls, training and exploiting opportunities for organisational learning.
- 4.3 The Driving Support Team work with police drivers and managers to reduce the risks faced when driving at work, offering guidance and practical support on driving and force procedures. This includes the use of 'Driver metrics' assessment and coaching, driver training and ongoing monitoring. The early indications are that the team are yielding positive benefits to driver and public safety.
- 4.4 Lessons learned from litigated claims are also fed back to the force by legal services, so any necessary changes to policy, practice and procedure can be made.
- 4.5 The Force insurers have agreed that liability and litigated motor claims can be managed in house by the Legal Services department, but only to a set financial limit, beyond which there are notification requirements back to the insurers. In addition, there are strict criteria of the types of events that require immediate notification to insurers, even before a formal claim has been received. Failure to notify the insurers can result in their refusal to provide cover when a claim is made.

5.0 **INSURANCE GOING FORWARD**

- 5.1 The tender for the appointment of the Force insurance broker will be due for a renewal in 2027.
- 5.2 The annual insurance renewal for 2026-27 will begin in the autumn working with our Brokers and other Forces in the Region to go to the market.
- 5.3 Motor Insurance premiums have increased significantly for our sector. In response it is now essential to undertake a co-ordinated regional effort to consolidate data from across the region. By aligning and presenting a comprehensive regional profile, we aim to strengthen our negotiating position and secure more competitive insurance quotes in future renewal cycles. Work is has already begun on this.

Report Author: Jo George (Acting Head of Audit & Insurance)
Sponsor: Robin Wheeler (Head of Finance)

AGENDA NO: 20B**INDEPENDENT AUDIT COMMITTEE****DATE OF MEETING: 18 June 2025****FOIA OPEN****TITLE OF REPORT: DEVON AND CORNWALL 2024/25 TREASURY MANAGEMENT
OUTTURN REPORT****REPORT BY: Nicola Allen, Chief Financial Officer to the OPCC****PURPOSE OF THE REPORT:**

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	Yes
Internal Audit	-
External Audit	-
Financial reporting	Yes
Other matter (<i>please specify here</i>)	-
Appendices (<i>please specify the number</i>)	4

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	Yes
Consider the Report	-
Note the report	-
Other (<i>please specify here</i>)	-

1.0 INTRODUCTION

- 1.1 The Treasury Management Strategy for 2024/25 is underpinned by the adoption of the Chartered Institute of Public Finance and Accountancy's Treasury Management in the Public Services: Code of Practice (the CIPFA Code), which includes the requirement for determining a treasury strategy on the likely financing and investment activity for the forthcoming financial year.
- 1.2 The Code also recommends a report on treasury management activities at least twice a year; a mid-year, and a year-end (outturn) report, and both are reported to the Independent

Audit Committee. This report sets out the performance of the treasury management function for the period from 1 April 2024 to 31 March 2025.

1.3 Treasury management is defined as:

“The management of the Commissioner’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks”.

1.4 Operational treasury management activity is undertaken by the Alliance finance function, supported by the treasury advisors Arlingclose Limited, under the direction of the Chief Financial Officer (Treasurer), and in accordance with the strategy and practices approved by the Commissioner.

2.0 External Context

2.1 **Economic background:** Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.

After revising its interest rate forecast in November following the Budget, the council’s treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.

2.2 A fuller explanation of the external context, as provided by the treasury advisors, Arlingclose Limited, is provided in Appendix 4.

3.0 Investment Activity

3.1 On the 31 March 2025 the short-term investments and treasury cash equivalents total balance was £23.980m. When taking into account the non-treasury cash and cash equivalents such as the pension account, imprest, accrued interest and seized funds, the balance reported in the statement of accounts was £20.499m. Year to date cash and cash equivalent balances ranged between £1.315m and £60.998m. The period-end investment position and the year-to-date change is shown at Appendix 1 Table 2.

3.2 Both the CIPFA Code and government guidance require funds to be invested prudently with regard to security and liquidity of investments before seeking the highest rate of return, or yield. The objective when investing money is to strike an appropriate balance between risk and return, minimising the risk of incurring losses from defaults and the risk of receiving unsuitably low investment income.

3.3 Investments are reviewed quarterly and benchmarked against other similar organisations by Arlingclose Limited. The outturn benchmarking is provided at Appendix 1 Table 3. The internal investment return on the Devon and Cornwall balances was lower (4.47%) than the

average return (4.55%) achieved by 121 Local Authorities however higher than the average return achieved by 10 Police and Fire Authorities (4.05%).

- 3.4 You will also see that 97% of the funds are held in money market funds which have reasonable diversification. This investment approach was in line with Arlingclose's advice during the year.

4.0 Borrowing Activity

- 4.1 The underlying need to borrow for capital purposes is measured by the Capital Financing Requirement (CFR), while usable reserves and working capital are the underlying resources available for investment.
- 4.1 On the 31 March 2025 the underlying need to borrow for capital purposes (CFR) was £86.175m compared to the estimate of £98.455m. The closing CFR balance includes the mandatory implementation of IFRS16. The impact of this standard is to remove the traditional distinction between finance leases and operating leases. Finance leases have effectively been accounted for as acquisitions (with the asset on the Balance Sheet, together with a liability to pay for the asset acquired). In contrast, operating leases have been treated as 'pay as you go' arrangements, with rentals expensed in the year they are paid. Lessor accounting under IFRS 16 is effectively unchanged. The benefit of this standard is to provide a more faithful representation of a lessee's assets and liabilities and, together with enhanced disclosures, will provide greater transparency of a lessee's financial leverage and capital employed.
- 4.2 At the point that the Treasury Management Strategy was developed an estimate of the impact of this standard was included in the strategy. This impact was disclosed in the "Accounting Standards Issued, Not Yet Adopted" note in the 2023/24 accounts. During 2024/25, a further review of the lease arrangements took place. The resulting figures have been incorporated within the actual figures shown in the tables below. It should be noted that the increase has not had an impact on the revenue outturn. It is an accounting change to bring leases previously accounted for as operating leases onto the balance sheet for transparency purposes.
- 4.3 **Short Term Borrowing:** On the 31 March 2025, short-term borrowing of £20.5m (£18.0m as at 31 March 2024) was held to cover fluctuations in cashflow. The requirement to borrow was mainly due to internal funds being used to support the capital programme during the year; the pattern of cash inflows; estimated large supplier runs at year end; and committed spend early April.

- 4.4 **Long Term Borrowing:** No new long term external borrowing had been arranged within the period 1 April 2024 to 31 March 2025. As for existing borrowing, £30.277m was arranged from PWLB between the years 2003 and 2015. The next loan to mature is £2.0m in October 2025.

Loan	Principal	Type	Maturity Date	Interest Rate	Balance as at 31 March 2025
1	£2,000,000	Maturity	05/11/2029	4.95%	£2,000,000
2	£6,200,000	Maturity	06/05/2036	4.00%	£6,200,000
3	£4,750,000	Maturity	05/05/2037	4.43%	£4,750,000
4	£2,500,000	Maturity	25/11/2030	4.45%	£2,500,000
5	£2,500,000	Maturity	18/12/2034	4.53%	£2,500,000
6	£2,000,000	Maturity	24/11/2036	4.40%	£2,000,000
7	£4,000,000	Maturity	16/12/2039	3.38%	£4,000,000
8	£1,697,070	Maturity	03/05/2029	5.00%	£1,697,070
9	£168,930	Maturity	03/05/2029	5.05%	£168,930
10	£461,600	Maturity	03/05/2029	5.00%	£461,600
11	£2,000,000	Maturity	01/10//2030	3.89%	£2,000,000
12	£2,000,000	Maturity	01/10/2025	3.68%	£2,000,000
	£30,277,600				£30,277,000

- 4.5 The internal borrowing balance on the 31 March 2025 was £46.236m.
- 4.6 The liability benchmark shown in Appendix 1 Table 4, is an indicator that compares the Commissioner's actual existing borrowing against a liability benchmark that has been calculated to show the lowest risk level of borrowing. The liability benchmark is an important tool to help establish whether the Commissioner is likely to be a long-term borrower or long-term investor in the future, helping to shape its strategic focus and decision making. It represents an estimate of the cumulative amount of external borrowing the Commissioner must hold to fund the current capital and revenue plans while keeping treasury investments at the minimum level required to manage day-to-day cash flow.

5.0 **Performance Report**

- 5.1 The financial performance of treasury management activities is measured both in terms of its impact on the revenue budget and its relationship to benchmark interest rates. The Arlingclose benchmarking is provided at Appendix 1 Table 3.
- 5.2 Interest income received for the year to the 31 March 2025 was £1.835m compared to a budgeted amount of £1.507m. This was due to a slower than expected decline in the Bank of England base rate.
- 5.3 In line with the investment strategy, liquid investments were diversified over a variety of providers.
- 5.4 The total Interest paid for both short and long-term borrowing for the year to the 31 March 2025 totalled was £1.745m compared to a budgeted amount of £1.314m. This increase is due to shorter term borrowing rates being higher at year end than predicted and additional days that the borrowing was required for. This increase amounted to £5k. The remaining

difference relates to the reallocation of costs from supplies and services to interest to comply with IFRS 16. These costs amounted to £426k.

- 5.5 The current contract with Arlingclose, who provide independent Treasury advice, has been extended for an additional 12 months.
- 5.6 As at 31 March 2025, all treasury activity complied with the Commissioner's Treasury Management Strategy and Investment Strategy as well as all relevant statute, guidance and accounting standards. During the quarter there were two breaches to the operational limit of £1.250m. On the 3 January 2025, the process for recalling interest resulted in the interest being returned as well as the principal investment made that day. This resulted in excess funds in the bank account. Discussions with the counterparty took place as two separate instructions were given i.e. investment of principal and recall of interest which the counterparty combined. In light of the above, the process for recalling interest has changed which will prevent separate instructions being combined. On the 14 March 2025, a cash collection was unexpectedly banked that resulted in excess funds in the bank account. In both cases, the issues were addressed the following day to ensure compliance with the operational limit.

Nicola Allen
Chief Financial Officer to the OPCC

Appendices

Appendix 1 – Investment Strategy

Appendix 2 – Treasury Management Indicators

Appendix 3 – Prudential Indicators

Appendix 4 – Economic Update provided by Arlingclose Ltd

INVESTMENT STRATEGY

Appendix 1

Table 1: Investment Limits

Sector	Counterparty Limit	Sector Limit	31/03/2025
The UK Government	Unlimited	n/a	£0
Local Authorities and Other Government Entities	£6m	Unlimited	£0
Secured Investments	£6m	Unlimited	£0
Banks (unsecured)	£3m	Unlimited	£0
Building Societies (unsecured)	£3m	£6m	£0
Registered Providers (unsecured)	£3m	£6m	£0
Money Market Funds (includes Cash Plus Funds)	£6m	Unlimited	£23.150m
Strategic Pooled Funds	£6m	£11m	£0
Operational Bank Account	£1.25m	n/a	£0.830m
Total			£23.980m

Table 2: Investment Position

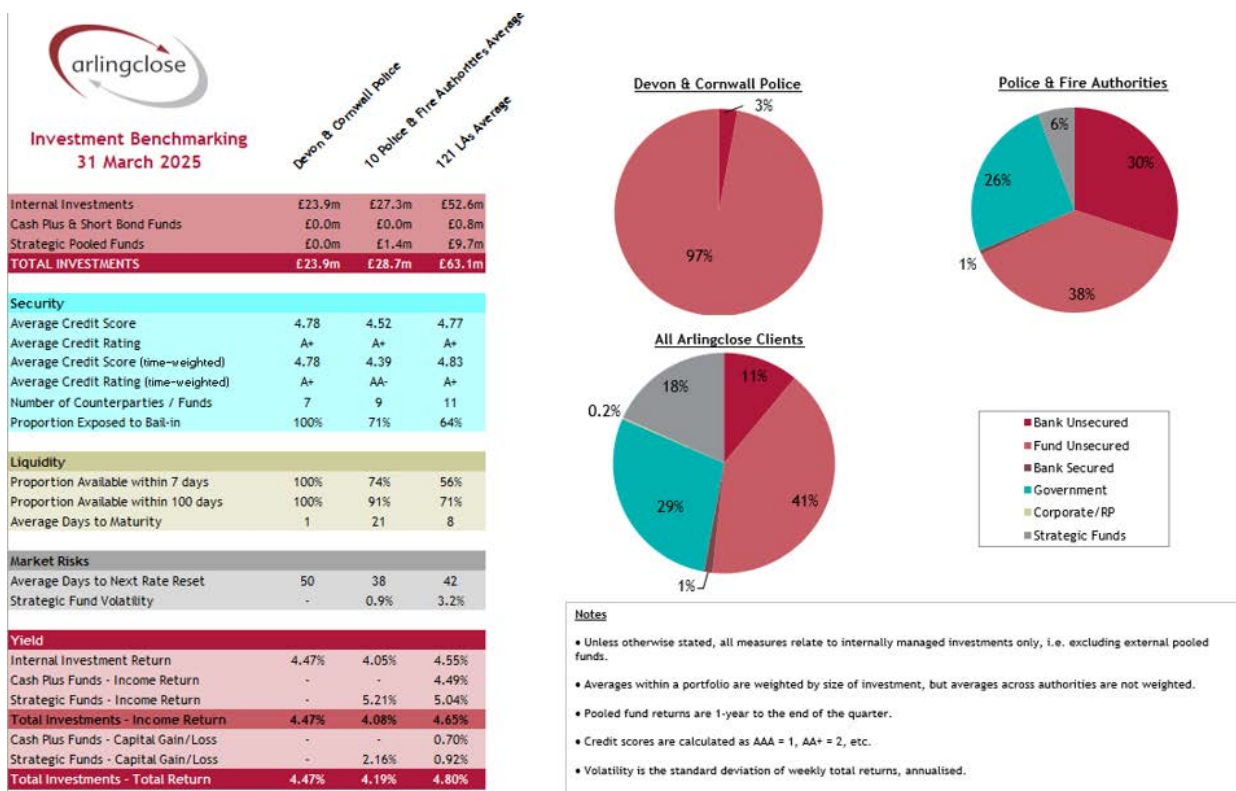
	31/03/2024 Actual Portfolio £'000	31/03/2025 Actual Portfolio £'000	Movement £'000
External Borrowing for:			
Cashflow	(18,000)	(20,500)	(2,500)
Capital	(30,277)	(30,277)	0
Finance Lease	(201)	(9,662)	(9,461)
Total Gross External Debt	(48,478)	(60,439)	(11,961)
Treasury Investments:			
Short Term Investments	0	0	0
Cash and Cash Equivalents	18,867	20,499	1,632
Total Treasury Investments	18,867	20,499	1,632
Net Investments/(Debt)	(29,611)	(39,940)	(10,329)

INVESTMENT STRATEGY

Appendix 1

Reconciliation	£'000
Cash and Cash Equivalents	20,499
Imprest Accounts	(31)
Seized Monies	4,579
Pension Account	(988)
Accrued Interest and Loss Allowance	(79)
Treasury Investments	23,980

Table 3: Benchmarking Information



TREASURY MANAGEMENT INDICATORS

Appendix 2

Table 4: Liability Benchmark

	31/03/2025	31/03/2025
	Estimate	Actual
	£'000	£'000
Total Capital Financing Requirement	98,455	86,175
Less: External Borrowing	(30,277)	(30,277)
Less: Finance Leases	(140)	(9,662)
Borrowing	68,038	46,236
Less: Balance Sheet Resources	(13,942)	(66,014)
(Investments)/Borrowing	54,096	(19,778)
(Investments)/Borrowing	54,096	(19,778)
Plus: Liquidity Allowance	10,000	10,000
Total Borrowing Requirement	64,096	(9,778)
Net Loans Requirement (Investment less External Borrowing)	73,941	10,499
Plus: Liquidity Allowance	10,000	10,000
Liability Benchmark	83,941	20,499

Table 5: Security

The Commissioner has adopted a voluntary measure of its exposure to credit risk by monitoring the weighted average credit rating of the investment portfolio.

	2024/25	31/03/2025	Complied?
	Target	Actual	
Portfolio average credit rating	A+	A+	Yes

Table 6: Liquidity

The Commissioner has adopted a voluntary measure of its exposure to liquidity risk by monitoring the amount of cash available to meet unexpected variation in the cash flow:

	2024/25	31/03/2025	Complied?
	Target	Actual*	
Minimum limit at less than 31 days duration	£6m	£23.980m	Yes

*The majority of the £23.980m is held with money markets which are very liquid in nature.

Table 7: Interest Rate Exposures

This indicator is set to control the Commissioner's exposure to interest rate risk.

	2024/25	31/03/2025	Complied?
	Limit	Actual	
Upper limit on 1 year revenue impact of a 1% rise in interest rates	(£845k)	(£239k)	Yes
Upper limit on 1 year revenue impact of a 1% fall in interest rates	£845k	£239k	Yes

Fixed rate investments and borrowings are those where the rate of interest is fixed for at least 12 months, measured from the start of the financial year or the transaction date if later. All other instruments are classed as variable rate.

Table 8: Maturity Structure of Borrowing

This indicator is set to control the Commissioner's exposure to refinancing risk. The upper and lower limits on the maturity structure of all borrowing were:

	2024/25		31/03/2025	Complied?
	Upper Limit	Lower Limit	Actual	
Under 12 months	100%	0%	41%	Yes
12 months and within 24 months	55%	0%	4%	Yes
24 months and within 5 years	65%	0%	0%	Yes
5 years and within 10 years	80%	0%	18%	Yes
10 years and above	100%	0%	37%	Yes

Table 9: Principal Sums Invested for Periods Longer than 365 days

The purpose of this indicator is to control the Commissioner's exposure to the risk of incurring losses by seeking early repayment of investments. The limits on the long-term principal sum invested to final maturities beyond the period end were:

Long term treasury management investments indicator	2024/25	2025/26	2026/27	No Fixed Date
Counterparty Limit on principal invested beyond year end	£6m	£5.5m	£5m	£6m
Actual	£0m	£0m	£0m	£0m
Complied?	Yes	Yes	Yes	Yes

Table 10: Debt Limits

	2024/25	31/03/2025	Complied?
	Estimate	Actual	
	£'000	£'000	
External Borrowing	30,277	30,277	
Building Finance Lease	10,572	9,662	
Maximum forecast cashflow deficit arising from revenue budget operations	25,000	20,500	
Total Operational Boundary	65,849	60,439	Yes
Additional margin for unforeseen circumstances	10,000	0	
Total Authorised Limit	75,849	60,439	Yes

Table 11: Capital Financing Requirement (CFR)

	2024/25	31/03/2025
	Estimate	Actual
	£'000	£'000
Opening CFR	78,631	76,386
IFRS16 Implementation	11,282	11,729
Revised Opening CFR	89,913	88,115
Capital expenditure to be funded by borrowing	12,139	3,002
Capital expenditure adjustment with a corresponding reduction against Finance Leases	0	(17)
Less: Borrowing MRP	(2,676)	(2,673)
Less: Finance Lease MRP and Remeasurement	(921)	(2,252)
Closing CFR	98,455	86,175

Table 12: Capital Expenditure and Financing

	2024/25	31/03/2025
	Estimate	Actual
	£'000	£'000
Capital Expenditure	22,828	11,953
REFCUS	0	454
Total Expenditure	22,828	12,407
Capital Grants	54	357
Capital Receipts	845	37
Earmarked Reserves	4,302	4,134
Revenue Contribution to Capital	5,488	4,877
Borrowing	12,139	3,002
Total Financing	22,828	12,407

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

External Context

Economic background: Both the UK and US elected new governments during the period, whose policy decisions impacted the economic outlook. The Chancellor of the Exchequer delivered her Spring Statement in March 2025, following her Budget in October 2024. Based on the plans announced, the Office for Budget Responsibility downgraded its predictions for UK growth in 2025 to 1% from 2%. However, it upgraded its predictions for the four subsequent years. Inflation predictions for 2025 were pushed up, to 3.2% from 2.6%, before seen as falling back to target in 2027. The market reaction to the Spring Statement was more muted compared to the Budget, with very recent market turbulence being driven more by US trade policy decisions and President Trump.

After revising its interest rate forecast in November following the Budget, the council's treasury management advisor, Arlingclose, maintained its stance that Bank Rate will fall to 3.75% in 2025.

UK annual Consumer Price Index (CPI) inflation continued to stay above the 2% Bank of England (BoE) target in the later part of the period. The Office for National Statistics (ONS) reported headline consumer prices at 2.8% in February 2025, down from 3.0% in the previous month and below expectations. Core CPI also remained elevated, falling slightly in February to 3.5% from 3.7% in January, just below expectations for 3.6% but higher than the last three months of the calendar year.

The UK economy Gross Domestic Product (GDP) grew by 0.1% between October and December 2024, unrevised from the initial estimate. This was an improvement on the zero growth in the previous quarter, but down from the 0.4% growth between April and June 2024. Of the monthly GDP figures, the economy was estimated to have contracted by 0.1% in January, worse than expectations for a 0.1% gain.

The labour market continued to cool, but the ONS data still require treating with caution. Recent data showed the unemployment rate rose to 4.4% (3mth/year) in the three months to January 2025 while the economic inactivity rate fell again to 21.5%. The ONS reported pay growth over the same three-month period at 5.9% for regular earnings (excluding bonuses) and 5.8% for total earnings.

The BoE's Monetary Policy Committee (MPC) held Bank Rate at 4.5% at its March 2025 meeting, having reduced it in February. This follows earlier 0.25% cuts in November and August 2024 from the 5.25% peak. At the March MPC meeting, members voted 8-1 to maintain Bank Rate at 4.5%, with the one dissenter preferring another 25 basis points cut. The meeting minutes implied a slightly more hawkish tilt compared to February when

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

two MPC members wanted a 50bps cut. In the minutes, the Bank also upgraded its Q1 2025 GDP forecast to around 0.25% from the previous estimate of 0.1%.

The February Monetary Policy Report (MPR) showed the BoE expected GDP growth in 2025 to be significantly weaker compared to the November MPR. GDP is forecast to rise by 0.1% in Q1 2025, less than the previous estimate of 0.4%. Four-quarter GDP growth is expected to pick up from the middle of 2025, to over 1.5% by the end of the forecast period. The outlook for CPI inflation showed it remaining above the MPC's 2% target throughout 2025. It is expected to hit around 3.5% by June before peaking at 3.7% in Q3 and then easing towards the end of the year, but staying above the 2% target. The unemployment rate was expected to rise steadily to around 4.75% by the end of the forecast horizon, above the assumed medium-term equilibrium unemployment rate of 4.5%.

Arlingclose, the authority's treasury adviser, maintained its central view that Bank Rate would continue to fall throughout 2025. From the cuts in August and November 2024 and February 2025, which took Bank Rate to 4.50%, May is considered the likely month for the next reduction, with other cuts following in line with MPR months to take Bank Rate down to around 3.75% by the end of 2025.

The US Federal Reserve paused its cutting cycle in the first three months of 2025, having reduced the Fed Funds Rate by 0.25% to a range of 4.25%-4.50% in December, the third cut in succession. Fed policymakers noted uncertainty around the economic outlook but were anticipating around 0.50% of further cuts in the policy rate in 2025. Economic growth continued to rise at a reasonable pace, expanding at an annualised rate of 2.4% in Q4 2024 while inflation remained elevated over the period. However, growth is now expected to weaken by more than previously expected in 2025, to 1.7% from 2.1%. The uncertainty that President Trump has brought both before and since his inauguration in January is expected to continue.

The European Central Bank (ECB) continued its rate cutting cycle over the period, reducing its three key policy rates by another 0.25% in March, acknowledging that monetary policy is becoming meaningfully less restrictive. Euro zone inflation has decreased steadily in 2025, falling to 2.2% in March, the lowest level since November 2024. Over the current calendar year, inflation is expected to average 2.3%. GDP growth stagnated in the last quarter of the 2024 calendar year, after expanding by 0.4% in the previous quarter. For 2025, economic growth forecasts were revised downwards to 0.9%.

Financial markets: Financial market sentiment was reasonably positive over most of the period, but economic, financial and geopolitical issues meant the trend of market volatility remained. In the latter part of the period, volatility increased and bond yields started to fall following a January peak, as the economic uncertainty around likely US trade policy

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

impacted financial markets. Yields in the UK and US started to diverge in the last month of the period, with the former rising around concerns over the fiscal implications on the UK government from weaker growth, business sentiment and higher rates, while the latter started falling on potential recession fears due to the unpredictable nature of policy announcements by the US President and their potential impact.

The 10-year UK benchmark gilt yield started the period at 3.94% and ended at 4.69%, having reached a low of 3.76% in September and a high of 4.90% in January in between. While the 20-year gilt started at 4.40% and ended at 5.22%, hitting a low of 4.27% in September and a high of 5.40% in January. The Sterling Overnight Rate (SONIA) averaged 4.90% over the period.

The period in question ended shortly before US President Donald Trump announced his package of 'reciprocal tariffs', the immediate aftermath of which saw stock prices and government bond yields falling and introduced further uncertainty over the economic outlook.

Credit review: In October, Arlingclose revised its advised recommended maximum unsecured duration limit on most banks on its counterparty list to six months. Duration advice for the remaining five institutions, including the newly added Lloyds Bank Corporate Markets, was kept to a maximum of 100 days. This advice remained in place at the end of the period.

Fitch revised the outlook on Commonwealth Bank of Australia (CBA) to positive from stable while affirming its long-term rating at AA-, citing its consistent strong earnings and profitability.

Other than CBA, the last three months of the period were relatively quiet on the bank credit rating front, with a small number of updates issued for a number of lenders not on the Arlingclose recommended counterparty list.

On local authorities, S&P assigned a BBB+ to Warrington Council, having previously withdrawn its rating earlier in 2024, and also withdrew its rating for Lancashire County Council due to the council deciding to stop maintaining a credit rating. However, it still holds a rating with Fitch and Moody's. Moody's withdrew its rating of Cornwall Council after it chose to no longer maintain a rating.

Credit default swap prices generally trended lower over the period but did start to rise modestly in March, but not to any levels considered concerning. Once again, price volatility over the period remained generally more muted compared to previous periods.

ECONOMIC UPDATE provided by Arlingclose Ltd

Appendix 4

Financial market volatility is expected to remain a feature, at least in the near term and, credit default swap levels will be monitored for signs of ongoing credit stress. As ever, the institutions and durations on the Authority's counterparty list recommended by Arlingclose remain under constant review.



AGENDA NO: 18D

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18 June 2025

FOIA OPEN

TITLE OF REPORT: TREASURY MANAGEMENT ASSURANCE

REPORT BY: Nicola Allen, Chief Financial Officer to the OPCC

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	Yes
Internal Audit	-
External Audit	-
Financial reporting	Yes
Other matter (please specify here)	-
Appendices (please specify the number)	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	-
Consider the Report	Yes
Note the report	-
Other (please specify here)	-

1.0 INTRODUCTION

1.1 This report seeks to provide assurance to the Independent Audit Committee on the processes and procedures to ensure compliance with the Treasury Management Strategy.

1.2 Treasury management is defined as:

“The management of the Commissioner’s borrowing, investments and cash flows, including its banking, money market and capital market transactions; the effective control of the risks

Appendix 1

associated with those activities; and the pursuit of optimum performance consistent with those risks”.

- 1.3 Operational treasury management activity is undertaken by the Alliance finance function, supported by the treasury advisors Arlingclose Limited, under the direction of the Chief Financial Officer (Treasurer), and in accordance with the strategy and practices approved by the Commissioner. The report will focus on the practical processes and procedures undertaken to reduce risk, maintain liquidity and then finally optimise return.
- 1.4 The size of the sums involved do necessitate the need for increased monitoring and controls. The impact can be significant to the efficient running of the organisations. The balance between ensuring adequate cashflow against the need to optimise returns is the key objective. Therefore, this function focuses on risk, liquidity and return, in that order of priority. There are a several layers of assurance within Treasury Management which are combined to provide the controls: -
 - The use of treasury advisors.
 - The internal processes to ensure compliance with the strategy.
- 1.5 As part of the assurance process reports are submitted to the Independent Audit Committee and treasury management training provided annually. Attached as Appendix 1 is a copy of two slides used at the recent training which outlines the treasury management overview and how it works in practice.

2.0 Treasury Advisors

- 2.1 It is common practice across the sector to use treasury advisors. As this is an area with high risk due to the sums involved it is advisable to engage an organisation which is constantly assessing the risks and opportunities.
- 2.2 Our current treasury advisers are Arlingclose. They are appointed as part of a competitive process and provide advice to both Devon and Cornwall, and Dorset. The treasury management function falls to the responsibility of the Commissioner and is therefore dealt with by the OPCC Treasurers. However, the Directors of Finance are fully included in all aspects and attend any meeting with Arlingclose.
- 2.3 Arlingclose are in constant contact regarding updates in the markets, potential investment opportunities, ratings for organisations and anything required for borrowing activity.
- 2.4 By way of example, during May we received around 30 emails from Arlingclose covering a range of topics. Economic updates, credit updates on individual organisations, national data, counterparty lists and money market updates. The correspondence also includes a weekly update on the economy for both the UK and globally.
- 2.5 We also have a quarterly meeting where all section 151 officers are invited to discuss in more detail the national picture and then our local picture. This also gives us the opportunity to explore any requirements in the short, medium and long term.

3.0 Internal Process and Procedures

- 3.1 Appendix 1 outlines the internally processes and procedures undertaken daily, weekly, monthly, quarterly and annually. These are strictly adhered to.

Appendix 1

- 3.2 Advice regarding credit positions of organisations provided by Arlingclose is also adhered to.
- 3.3 When an opportunity to invest in an organisation not used before arises advice is sought from Arlingclose. However, internal checks will also be made to ensure we are comfortable not only with their credit rating but also with the type of organisation. Any concerns are raised with the Treasurer and a decision is made. This decision will be based on risk, liquidity and return.
- 3.4 Any breaches are reported to the Treasurer as soon as they arise. Most breaches relate to income being received that was not expected. Although a final check of the bank levels is made later in the afternoon, income can be received after the markets close and therefore we do not have the opportunity to invest. The other main cause of breaches is when income is expected and does not arrive, this can be our council tax receipts from the collecting authorities. In this instance we would pass these charges on to the organisation that were in breach.
- 3.5 There are a few, very rare, times when we are the reason for the breach. In this instance we do a thorough review of why the processes and procedures failed to work. Any lessons learnt are then used to revise the controls if appropriate.

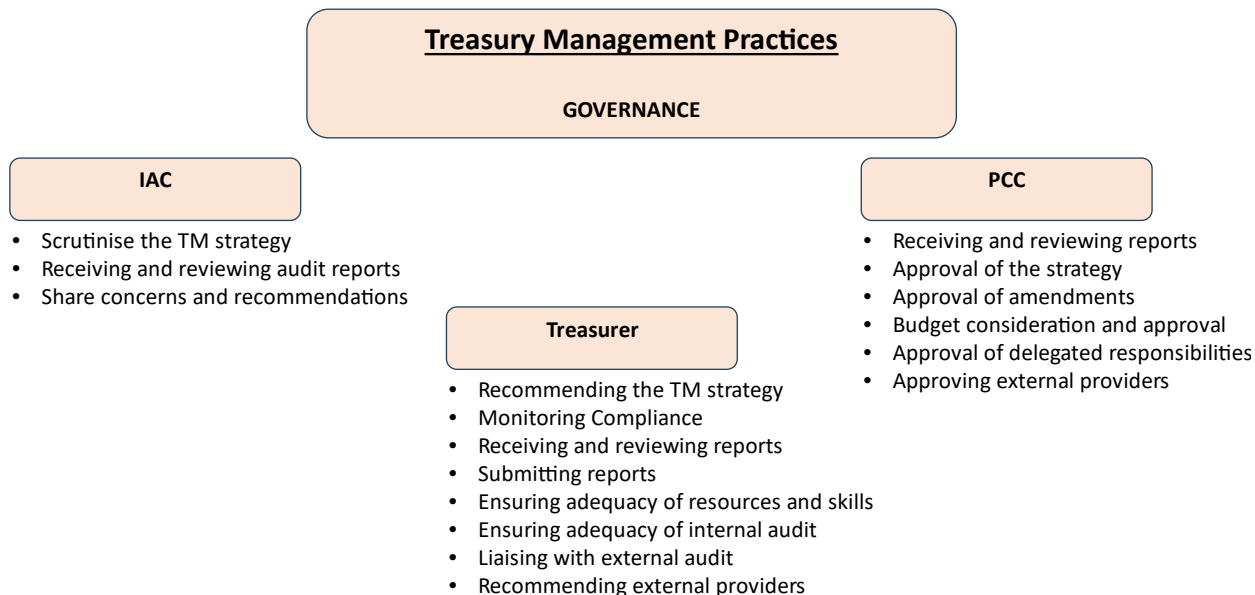
Nicola Allen
Treasurer – Devon, Cornwall and the Isles of Scilly OPCC

Appendices

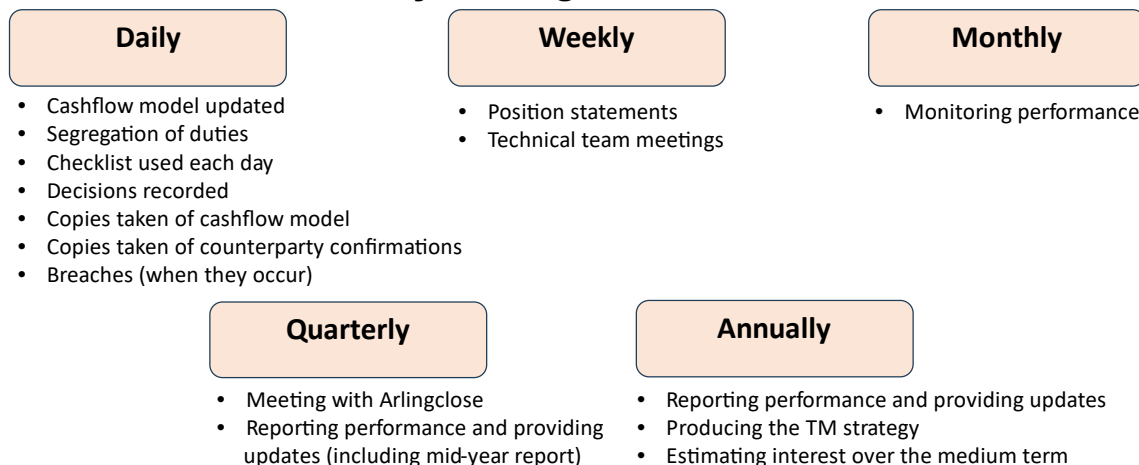
Appendix 1 – Treasury Management Overview and Practice

Appendix 1

Treasury Management Overview



Treasury Management in Practice





AGENDA NO: 19

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18th JUNE 2025

REPORT – FOIA OPEN

APPENDIX A - FOIA CLOSED

Freedom of Information classification – CLOSED [FOIA section. S.22]

TITLE OF REPORT: Fraud and Corruption Investigations (inc. NFI) Report

REPORT BY: Robin Wheeler (Head of Finance)

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	X
Internal Audit	
External Audit	
Financial reporting	
Other matter <i>(please specify here)</i>	
Appendices	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	X
Note the report	
Other <i>(please specify here)</i>	

1. BACKGROUND INFORMATION

- 1.1 The purpose of this report is to present to members of the Audit Committee an update of fraud and corruption investigations that have taken place during the period November 2024 to April 2025.



- 1.2 CIPFA guidance emphasises the Audit Committee should help to implement the values of good governance, including effective arrangements for countering fraud and corruption risks.
- 1.3 The term of reference of the audit committee gives specific responsibility to review the arrangements for the assessment of fraud risk and potential harm arising from fraud and corruption and to monitor the effectiveness of the counter-fraud strategy.

2. FRAUD AND CORRUPTION INVESTIGATIONS

- 2.1 The fraud and corruption cases are reported per force in Appendix A. The following table is a guide only, only one of the characteristics needs be met to apply that grade.

	incident value	number of perpetrators	how many incidents	seniority of those involved	period over which incident(s) took place	nature of incident	extent of impact
Red	over £10k	more than 10	more than 5	up to chief officer / PCC	more than three months	breach of legislation	external organisations
Amber	up to £10k	up to 10	up to 5	up to chief superintendent / head of department	up to three months	breach of policy	whole force / OPCC
yellow	up to £1k	up to 2	up to 2	up to sergeant / manager	up to one month	breach of guidance	team / department
Green	n/a	n/a	n/a	n/a	n/a	n/a	n/a

3. NATIONAL FRAUD INITIATIVE

- 3.1 The National Fraud Initiative (NFI) is a data matching exercise conducted by the Cabinet Office under its data matching powers set out in the Local Accountability and Audit Act 2014. The NFI is an effective tool for detecting and preventing fraud, error, and overpayment.
- 3.2 All of the 2022/23 NFI matches have now been investigated and the total being recovered is set out below.

NFI Match Title	Number of Matches to reclaim	Total Amount being reclaimed
Pensions/Pension Gratuity to DWP Deceased	14	£100,579.41



Duplicate Creditors by Amount and Creditor Reference	2	£7,708.84
VAT Overpaid	2	£58.21
Duplicate Creditors by Invoice Number but different creditor reference or name	2	£2,639.02
TOTAL	20	£110,985.48

- 3.3 The 2024/25 NFI matches were released earlier this year and have produced 1745 matches which are now being worked through by the internal audit team. An update on the progress of these matches will be reported back to you in December 2025.

4. PROFESSIONAL STANDARDS DEPARTMENT

- 4.1 The Professional Standards Department undertake investigations into suspected fraud or irregularity. The work of Professional Standards also helps promote an effective antifraud culture by raising awareness of misconduct cases, and by publicising sanctions on the Force's intranet.

5. CONCLUSION

- 5.1 The Internal Audit Plan includes work reviewing controls intended to deter and prevent fraud. This work is supplemented by the biennial national fraud initiative exercise.
- 5.2 The Force and OPCC have a range of detailed policies and guidance which provide a framework to ensure that employees are aware of what is expected of them. This reduces the risk of inappropriate behaviour/conduct. However, despite this, isolated incidents of misconduct do occur, and the Professional Standards Department has in place robust arrangements to investigate any suspected fraud and irregularity.
- 5.3 Audit Committee members can therefore be assured that prevention and detection of fraud, along with promoting high standards of conduct, are given high priority within the OPCC's and the Force's operations.

Report Author: Jo George – Acting Head of Audit & Insurance

Report Sponsor: Robin Wheeler – Alliance Head of Finance

AGENDA NO: 20

INDEPENDENT AUDIT COMMITTEE

DATE OF MEETING: 18th June 2025

FOIA OPEN:

TITLE OF REPORT: Internal Audit Action Update Report

REPORT BY: Robin Wheeler (Head of Finance)

PURPOSE OF THE REPORT:

To present an update and provide assurance on one or more of the following areas:

Governance, Risk and Control	
Internal Audit	X
External Audit	
Financial reporting	
Other matter (please specify here)	
Appendices (please specify the number)	1

RECOMMENDATIONS:

The Independent Audit Committee is asked to:

Review the Report	
Consider the Report	X
Note the report	
Other (please specify here)	

1. BACKGROUND INFORMATION

- 1.1 The term of reference of the audit committee gives specific responsibility to consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions and have strategic oversight.
- 1.2 The Internal Audit Plan is set out and agreed with the Section 151 Officers of the four-corporation sole.
- 1.3 On finalisation of an audit each action is agreed and allocated an action owner. A target end date is also agreed between the auditor and the owner which sets the timescale for completion.
- 1.4 A report is to be presented quarterly to the Audit Committee and the report must identify those priority 1 and 2 audit actions that are considered overdue or require an extension in advance of six months. The Committee will be able to call the business

area to the committee to take questions or ask the business area to bring a report to the next committee on progress of the actions identified.

- 1.5 The Audit Committee has requested that every meeting they receive a summary of the extension requests made to the Head of Finance (or S151 where appropriate) and reasons for extensions. The Head of Finance has delegated authority to grant extensions for up to a six-month period.
- 1.6 The Audit Committee are being asked to raise any issues they have surrounding the delays in completion of the overdue audit actions highlighted in Appendix A. This will then be fed back into the force via the Resources Board (D&C) and Continuous Improvement Board (Dorset).
- 1.7 All audit actions are prioritised according to the definitions captured below:

Priority 1	Findings that are fundamental to the integrity of the service's business processes and require the immediate attention of management.
Priority 2	Important findings that need to be resolved by management.
Priority 3	Findings that require attention.

2. INTERNAL AUDIT RECOMMENDATIONS

- 2.1 The table below sets out a summary of the number of all overdue audit actions as of 20th May 2025, currently being progressed.
- 2.2

Internal Audit Actions	Priority 1	Priority 2	Priority 3
DORSET			
Actions that are overdue	0	1	0
Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	2	2
TOTAL	0	3	2
DEVON & CORNWALL			
Actions that are overdue	0	1	0
Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	1	1
TOTAL	0	2	1
Joint Force Actions – Alliance Areas			
Actions that are overdue	0	5	6
Actions that have an agreed extension to the original end date.	0	0	0
Considered complete awaiting evidence	0	1	0
TOTAL	0	6	6
OVERALL TOTALS	0	11	9

2.3 The table below sets out which departments have the overdue audit actions.

Departments	Priority 2	Priority 3
Dorset Clinical Governance	1	0
D&C Evidential Property Stores	1	0
ICT	1	1
HR Ops	0	1
HR Learning & Development	3	0
OPCC (Dorset)	0	0
Finance	1	4
Legal Services	0	0
TOTAL	7	6

3. OVERDUE ACTIONS

- 3.1 Appendix A sets out the priority 2 audit actions that are considered overdue.
- 3.2 The completion of some overdue audit actions has been delayed due to resource constraints, as efforts have been redirected to support the organisation's priority-based budgeting project. This high priority initiative has required significant input from key staff, resulting in the temporary deferral of other planned activities. Work on the outstanding audit actions will resume as capacity allows, with revised timelines to be communicated accordingly.
- 3.3 Extension requests and rationale outlined against each item for consideration and agreement by IAC.

Prepared By: Jo George, Acting Head of Audit & Insurance

Sponsored By: Robin Wheeler, Head of Finance