

OFFICIAL



NORTHUMBRIA  
**POLICE & CRIME  
COMMISSIONER**

violence  
reduction  
unit

*Improving lives to prevent crime*

# Police and Crime Commissioner for Northumbria

## Statements of Account 2024/25



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# Preface

## **Susan Dungworth – Police & Crime Commissioner, Northumbria**

As Police and Crime Commissioner, I have set out a plan to deliver safer streets and stronger communities for Northumbria. To do this, it is important we have a force committed to the effective and efficient use of resources, as well as being equipped to face evolving demands.

It has been a busy first year in office and I have spent a lot of time with frontline officers, speaking to local residents and meeting with partners to truly understand the issues, demands and needs of our local area.

All this engagement has helped inform my Police and Crime Plan, in which I have outlined the following priorities:

1. Engaged and responsive police force
2. Crime and ASB
3. Serious and Organised Crime
4. Violence against women and girls
5. Hate crime and Community Cohesion
6. Victims and Justice



Since the launch of my Plan, I have been holding the Chief Constable to account on its delivery, and ensuring responsible financial management – an area in which Northumbria Police has a strong track-record. I have also implemented a new scrutiny programme, and through this I will also monitor resource and the financial position of the Force.

The good news is that through the Government's Neighbourhood Policing Guarantee, residents can look forward to an increase in officer visibility in our communities – 95 police officers, 27 PSCOs and 30 Specials.

As we look ahead though, we must not underestimate the financial challenge before us, such as achieving Government's welcome ambitions to halve both knife crime and VAWG over the next decade – it all requires increased resource. Over a decade of significant underfunding means many areas of policing and across the estate require investment. This means we will need to continue our efforts to identify further savings while maintaining a strong frontline presence. Government plans around policing reform and modernisation will no doubt help achieve welcome efficiencies and financial savings too.

As you'll see, these accounts set out the challenge that lies ahead, but it is one we are prepared for so we are able to deliver safer streets and stronger communities for the people of Northumbria.

**Susan Dungworth**

**Police and Crime Commissioner for Northumbria**

# Narrative Statement

## Introduction

The Statements of Account present the Police and Crime Commissioner's (the Commissioner's) and Group (including the Chief Constable's) financial performance for the year-ended 31 March 2025. This includes the overall financial position at the end of that period, and the cost of services provided. When read in conjunction with the Police and Crime Plan and the Annual Report<sup>1</sup>, the statement provides an insight into the activities of the Commissioner and the Force during the year.

The narrative and financial summary that follows provides an overview of the accounting arrangements and a guide to the most significant matters in the financial statements.

## The Statements of Account

The primary statutory duty and electoral mandate of the Commissioner is to ensure an efficient and effective police Force in Northumbria, and to hold the Chief Constable to account on behalf of the public for the exercise of operational policing duties under the Police Act 1996.

The accounts are prepared in-line with the statutory arrangements introduced under the Police Reform and Social Responsibility Act 2011.

Under the provisions of the Act, the Commissioner and Chief Constable are created as two separate corporation soles. For financial reporting purposes, the Chief Constable is a subsidiary of the Commissioner by virtue of the powers the Commissioner has to govern the financial and operating policies of the Chief Constable.

All the financial transactions incurred during 2024/25 for policing in Northumbria have been recognised and recorded within the Statements of Account, which set out the overall financial position of the Commissioner and the Commissioner's Group (the Group) for the year-ended 31 March 2025. The Group position reflects the consolidated accounts of the Commissioner and her subsidiary, the Chief Constable. Separate statutory single entity accounts are prepared for the Chief Constable.

The Commissioner is responsible for the finances of the whole Group. She receives all income and funding, including all government grants and Council Tax Precept, into the Police Fund, and makes all payments for the Group from the Police Fund. In turn, the Chief Constable fulfils their function under the Act within an annual budget set by the Commissioner in consultation with the Chief Constable. A scheme of delegation<sup>2</sup> is in operation between the two bodies determining their respective responsibilities. The accounting arrangements between the Commissioner and Chief Constable are detailed in **Note 3** to the accounts.

The financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) – Based on the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), developed by the Chartered Institute of Public Finance and Accountancy (CIPFA)/Local Authority (Scotland) Accounts Advisory Committee (LASAAC)<sup>3</sup> Board and approved by Financial Reporting Advisory Board (FRAB<sup>4</sup>). The Code constitutes proper accounting practice.

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<sup>1</sup> Available on the PCCs website

<sup>2</sup> Available on the PCCs website

<sup>3</sup> Chartered Institute of Public Finance & Accountancy's Local Authority (Scotland) Accounts Advisory Committee

<sup>4</sup> Financial Reporting Advisory Board, an independent board within HM Treasury

## Relationship between the Police and Crime Commissioner and the Chief Constable

Each has specific roles and responsibilities.

These roles and responsibilities can be summarised as follows:

### The Police and Crime Commissioner:

- Provides a link between the police and the community.
- Sets out the strategic policing and crime priorities and objectives through the publication of a Police and Crime Plan.
- Prepares and publishes an annual report on progress in the delivery of the Police and Crime Plan.
- Sets out the Force's budget and community safety grants.
- Sets the policing and crime Precept.
- Oversees community safety, the reduction of crime and value for money in policing.
- Commissions victims' and witness services, including restorative justice.
- Appoints the Chief Constable (and dismissal when necessary).
- Holds the Chief Constable to account for the performance of the Force, including that of police officers and civilian staff under their direction and control.
- Receives all income from grants, Precept and charges.
- Has the responsibility for all borrowing.



### The Chief Constable:

- Responsible for maintaining the King's peace and for the direction and control of the Force.
- Accountable to the law for the exercise of police powers.
- Accountable to the Commissioner for the delivery of efficient and effective policing, and the management of resources and expenditure by the Police Force.
- Operationally independent of the Commissioner but must have regard to the Commissioner's Police and Crime Plan.
- May not borrow money.

## Police and Crime Plan 2025-2029

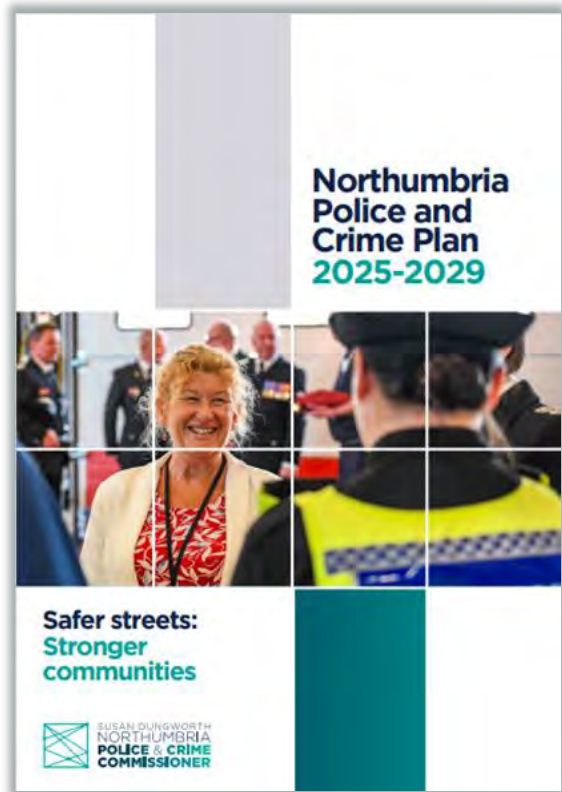
The Police and Crime Commissioner determines the priorities for policing within the Police and Crime Plan, through comprehensive engagement and consultation across our communities to ensure that the priorities reflect the expectations of the public. The Chief Constable and Police and Crime Commissioner work closely together to ensure effective delivery of the Plan.

The Police and Crime Plan 2025 – 2029 covers the key areas of focus the Force are expected to deliver on, alongside other national policing requirements. It was put together after a region-wide consultation process by the Commissioner during 2024/25, in which thousands of residents and organisations had their say on what those priorities should be.

The Police and Crime Plan forms the basis of how the Commissioner holds the Force to account on behalf of the public and as part of that process the Commissioner reports regularly on the Force's performance towards the Police and Crime Plan priorities.

The current Police and Crime Plan can be found on the Commissioners website.

Susan Dungworth is the Police and Crime Commissioner for Northumbria, elected on 2 May 2024 and replacing the former Commissioner Kim McGuinness who had held the post for five years.



## Force Strategy

In 2024 the Chief Constable launched the new **Force Strategy**.

The **PURPOSE** of the Force is unchanged, 'Keep people safe and fight crime'.

The Force has simplified its **VISION**, 'To be an outstanding police Force'.

New Force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics:

**'Do the right things, in the right way, for the right reasons.'**



## Financial Performance 2024/25

### Key Highlights

For 2024/25 the Northumbria Police revenue budget was originally set at £379.464 million which included grant income of £301.319 million from central government, Council Tax Precept income of £76.600 million and the planned use of £1.545m earmarked reserves.

At Quarter 2 the revenue budget was reduced by £1.360 million to £378.104 million, and the planned use of reserves was reduced to £0.185 million. The mid-year realignment was as a result of revenue budget requirements having been reassessed to account for the impact of the September 2024 police officer and staff pay award, additional grant income from the Home Office and a reduction in capital financing budgets reflecting forecasts for increased investment returns and a lower borrowing requirement for 2024/25.

As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of police officers by 20,000 nationally. The Uplift target for Northumbria was 615 additional police officers by March 2023 and Northumbria has fully delivered against this target.

In addition to the national Uplift target, the Force took the decision to commit to recruiting additional numbers which took them over and above the original target set by the Government, delivering a further 78 officers in 2022/23 and a further 31 officers in 2024/25.

In 2024/25 the Force was able to successfully maintain this higher target, and in the Police Grant Settlement for 2025/26 the Government confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria, bringing the total Uplift allocation to 724 officers.

These accounts explain the detailed financial transactions that have taken place during the year which concludes that the year-end revenue outturn position is an underspend of £5.817 million.

During 2024/25 the capital programme delivered investment of £14.125 million in capital schemes delivering estates refurbishment, continued investment in vehicles and operational equipment, and in new digital policing systems and technologies.

### Financial Context 2024/25

Since 2010, Central Government's austerity drive saw unprecedented cuts to the funding provided to policing, with Northumbria being the hardest hit of any force in England and Wales. Central Government formula funding for policing in Northumbria was reduced by more than 31% in real terms between 2010/11 and 2018/19, as confirmed independently by the National Audit Office (NAO).

The structure of Police funding means those which have a lower Council Tax Precept will suffer the most, as any cut from government is to the larger proportion of their funding. Over the period of austerity covered by the Comprehensive Spending Review (CSR) 2010 and 2015, Northumbria has experienced the largest impact of cuts because it receives more in grant in proportion to its Council Tax; around 80% in 2024/25 was funded by Home Office grant. In addition, Northumbria has the lowest Precept of any PCC in England and Wales, and a low yield.

By March 2021 Northumbria Police had made £148.000m of cuts and efficiencies to manage the scale of reductions imposed by government since 2010. For Northumbria, employee pay accounts for the majority of the annual revenue budget and therefore those savings delivered were mainly realised through reductions to the workforce.

At the start of the 2019/20 financial year, police officer numbers had fallen by more than 1,100 since 2010 and staff by over 800, a reduction of 29% in the total workforce as shown in the following table:

Workforce Reductions	31 March 2010 FTE	31 March 2019 FTE	Reduction between 2010 and 2019 FTE	Reduction between 2010 and 2019 %	31 March 2025 FTE
Police Officers	4,187	3,081	(1,106)	(26%)	3,829
Police Staff	2,534	1,717	(817)	(32%)	2,091
<b>Workforce</b>	<b>6,721</b>	<b>4,798</b>	<b>(1,923)</b>	<b>(29%)</b>	<b>5,920</b>

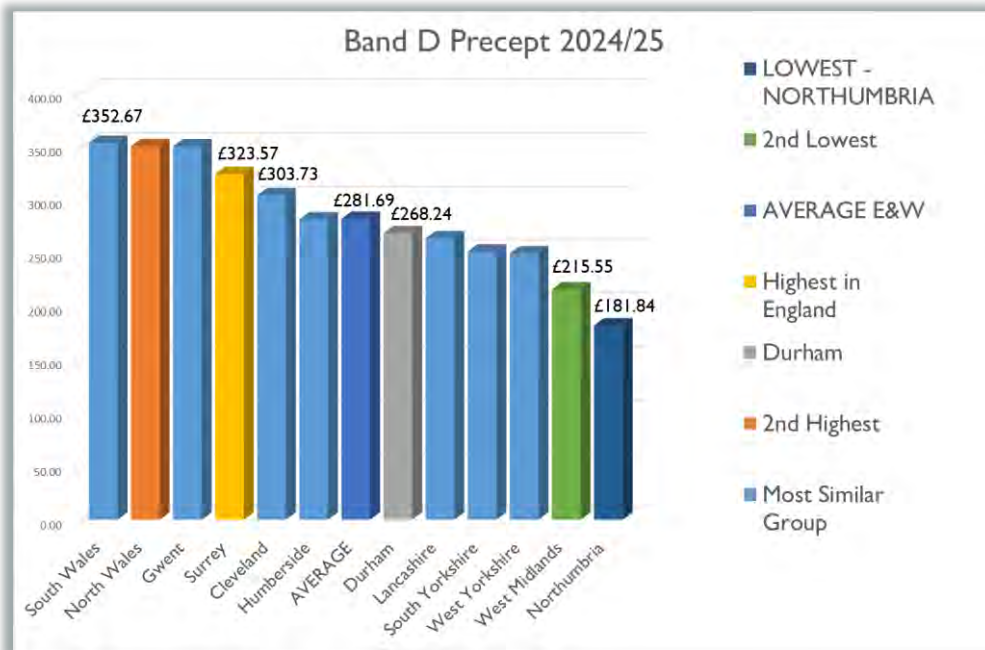
The increase in the precept for the financial years 2019/20 to 2024/25 has delivered vital new funding for Northumbria. This coupled with the Uplift target set for Northumbria has enabled the Force to start re-investing in officers and staff, although still some way from the numbers lost since 2010.

**General Reserves**

Whilst the Commissioner has a reserves strategy which will maintain the general reserve at a minimum of 2% of the net revenue budget, for the purposes of good financial management we plan the budget and Medium-term Financial Strategy (MTFS) around a more prudent General Reserve level, set just under 3% of net revenue budget and equating to around £12.360 million over the medium-term.

**Council Tax**

The Northumbria Council Tax Precept is by far the lowest of policing bodies in England and Wales at £181.84 per year (2024/25) for Band D properties. The following chart shows the highest and lowest PCC Precepts; Northumbria’s ‘Most Similar Group’; and the average PCC Precept for England and Wales during 2024/25:



When calculating the overall settlement for policing in 2024/25 the Government set a precept increase maximum of £13.00 for a Band D property precept rise.

Consideration of the Council Tax Precept has to be taken alongside both the overall funding made available to the Force and the impact on households of any increase.

The proposed increase to the Council Tax Precept for 2024/25 was supported by the results of a public consultation during January 2024.

Therefore, the Commissioner approved an increase in the Council Tax Precept of £13.00 for a Band D property in 2024/25, resulting in a charge of £181.84 per year (£168.84 2023/24).

The additional income generated by the precept increase was £5.384 million and was used to:

## Narrative Statement

- Allow Northumbria Police to introduce a force-wide Motorbike ASB Unit.
- Allow the force to safeguard and hire 30 new investigators, including digital forensic specialists.
- Avoid the need for further cuts to the frontline police budget.

Total Council Tax income for 2024/25 was £76.600 million of which £75.310 million is attributed to the Council Tax Precept, and £1.290 million which related to a surplus on the previous year's collection fund.

### Revenue Expenditure and Income Summary

Revenue expenditure represents the day-to-day running costs of providing the Commissioner's services and the costs of policing. It includes expenses such as employee pay, vehicle and premises running costs, communications, insurances and the cost of borrowing.

The Group Revenue Budget for 2024/25 was approved by the Commissioner on 29 February 2024 at £379.464 million. At Quarter 2 the revenue budget was reduced to £378.104 million, a reduction of £1.360 million. The planned use of earmarked reserves was reduced by the same amount to £0.185 million.

The revised revenue budget of £378.104 million took into account the impact of the September 2024 police officer and staff pay award, additional grant income from the Home Office and a reduction in capital financing budgets reflecting forecasts for increased investment returns and lower borrowing costs.

Throughout 2024/25 both the Commissioner's and Chief Constable's revenue budgets have been subject to monthly monitoring, with the consolidated position being considered on a quarterly basis. Each quarter, the Group budget monitoring reports are presented to the Commissioner and Chief Constable's joint Business Meeting and the position is published for wider scrutiny of financial performance by the public. These quarterly updates include a review of budgets and spending forecasts for both revenue and capital expenditure.

### Revenue Outturn 2024/25

The revised Group Revenue budget for 2024/25 was £378.104 million. Net revenue expenditure of £372.563 million for the year reflects an underspend of £5.817 million as set out in the following table:

<b>Revenue Outturn 2024/25 (Group Position)</b>					
	Budget 2024/25 £000	Expenditure 2024/25 £000	Income 2024/25 £000	Outturn 2024/25 £000	Variance 2024/25 £000
<b>Chief Constable</b>					
Chief Constable Revenue Budget	362,122	397,306	(39,817)	357,489	(4,633)
National Policing Capabilities (Hosted Services)	-	997	(854)	143	143
External Funding Schemes	-	9,530	(9,488)	42	42
<b>Chief Constable Net Expenditure</b>	<b>362,122</b>	<b>407,833</b>	<b>(50,159)</b>	<b>357,674</b>	<b>(4,448)</b>
<b>Police and Crime Commissioner</b>					
Office of the Police and Crime Commissioner	1,907	1,870	(88)	1,782	(125)
OPCC - Riot Compensation Act (RCA)	-	769	-	769	769
OPCC Supporting Services	1,442	1,265	(137)	1,128	(314)
OPCC Reserve Expenditure	-	65	-	65	65
Capital Financing	12,633	12,964	(1,990)	10,974	(1,659)
<b>Total Expenditure</b>	<b>15,982</b>	<b>16,933</b>	<b>(2,215)</b>	<b>14,718</b>	<b>(1,264)</b>
<b>Specific Funds managed by the PCC:</b>					
Commissioning of Victims Services	-	3,555	(3,555)	-	-
Violence Reduction Unit	-	2,459	(2,459)	-	-
Other Funding	-	3,188	(3,293)	(105)	(105)
<b>Total Expenditure</b>	<b>-</b>	<b>9,202</b>	<b>(9,307)</b>	<b>(105)</b>	<b>(105)</b>
<b>Total Net Expenditure</b>	<b>378,104</b>	<b>433,968</b>	<b>(61,681)</b>	<b>372,287</b>	<b>(5,817)</b>

### Chief Constable

The Chief Constable has delivered policing services in Northumbria for 2024/25 within the budget allocated by the Commissioner for the financial year.

The underspend relates primarily to additional income received in year for Operation Safeguard, and underspends on expenditure areas such as digital policing, estates, fleet, external training and the Northumbria contribution to the North East Regional Organised Crime Unit (NEROCU).

In addition to the core revenue budget, the Chief Constable manages expenditure against funded hosted services such as the National Rural Crime Unit and other external funding schemes which include specific grants such as Counter Terrorism and other grants and contributions from the Home Office, Local Authorities, and external bodies. The majority of income received has been fully utilised in 2024/25 and the outturn position reflects a net transfer of £0.042 million from the external funding reserve and a transfer of £0.143 million from the National Policing Capabilities (hosted services) reserve.

Details of performance are set out later in this Narrative Statement.

### Police and Crime Commissioner

An approved budget of £1.907 million was provided to meet the running costs of the Commissioner and her office, covering all administration and governance arrangements. The underspend of £0.125 million was transferred to the General Reserve at the year-end.

In addition, expenditure of £0.769m is accounted for as a provision within the accounts position at the year-end in relation to the Riot Compensation Act (RCA). Under the law in England and Wales, victims of criminal

## Narrative Statement

damage to their property and possessions during civil unrest are entitled to claim for losses through the RCA. In August 2024 the City of Sunderland suffered unwelcome violence and disorder that targeted the city, during a period of widespread national unrest. The Commissioner's office facilitated a compensation scheme for business and property owners in Sunderland as required by the RCA.

The OPCC Supporting Services budget of £1.442 million includes the specific budget for the Commissioners Community Fund and in addition, the Northumbria Sexual Assault Referral Centre (SARC). The Community Fund is used to make valuable contributions to local charity, voluntary, social enterprises, local authorities and community groups in Northumberland and Tyne and Wear, supporting Police and Crime Plan objectives. The outturn position reflects an underspend of £0.314 million which was transferred to the General Reserve at the year-end.

The outturn position also includes expenditure of £0.065 million funded from the OPCC Innovation Reserve which supports innovative work with partner agencies through the Office of the Police and Crime Commissioner.

The Capital Financing budget for 2024/25 was £12.633 million, comprising interest on borrowing and investments, and the minimum revenue provision for repayment of borrowing. The outturn position is £10.974 million reflecting an underspend of £1.659 million which is primarily attributable to:

- **Borrowing Interest** - the underspend is **£1.043m**, substantially attributable to planned borrowing which has not been required during the year. In addition, higher reserve balances and the underspend against the revenue budget have delivered a greater capacity for internal borrowing during the year which has further reduced the overall borrowing requirement.
- **Investment interest** - forecast investment interest is higher than budget by **£0.615m**. The Bank of England have reduced Bank Rate to 4.75% during 2024/25. The investment interest budget was set based on the Link Group (Treasury Management advisers) forecast as at January 2024 which profiled rates to fall lower, to 3.75% by March 2025. The higher bank rate experienced and greater average investment balances held during the year, have delivered the significant additional investment income.

The underspend on the Capital Financing budget has been transferred to the General Reserve at the year-end.

### Specific Funds managed by the PCC

In addition to the OPCC revenue budget, the Commissioner manages a number of externally funded schemes such as the commissioning of victim services, Violence Reduction Unit (VRU) funding and other schemes such as Payback (using the proceeds of crime to support vital work in communities aimed at reducing crime) and schemes aimed at keeping communities and those most vulnerable safe. Whilst the majority of funding received has been utilised in-year there is a small underspend of £0.105 million which will be carried forward in reserves and used to continue that work in 2025/26.

### Use of Reserves

The reserve movements as a result of the revenue outturn for 2024/25 are set out in the following table:

Police and Crime Commissioner Group - Use of Reserves					
	Budget 2024/25 £000	Transfer to reserves £000	Transfer (from) reserves £000	Net Movemen t 2024/25 £000	Variance 2024/25 £000
<b>Use of reserves to support the revenue budget</b>					
<b>General Reserve</b>	-	<b>2,098</b>	<b>(769)</b>	<b>1,329</b>	<b>1,329</b>
<b>Transfers To / (From) earmarked reserves</b>					
Investment Reserve	(185)	4,448		<b>4,448</b>	4,633
External Funding Reserve	-	307	(244)	<b>63</b>	63
National Policing Capabilities (Hosted Services)	-	712	(855)	<b>(143)</b>	(143)
OPCC Innovation Reserve	-	-	(65)	<b>(65)</b>	(65)
<b>Transfers To / (From) earmarked reserves</b>	<b>(185)</b>	<b>5,467</b>	<b>(1,164)</b>	<b>4,303</b>	<b>4,488</b>
<b>Total transfers To / (From) reserves</b>	<b>(185)</b>	<b>7,565</b>	<b>(1,933)</b>	<b>5,632</b>	<b>5,817</b>

### Reserve Movements

- The underspends against the OPCC budget of £0.125 million, the Capital budget of £1.659 million and the OPCC Supporting Service budget of £0.314 million were transferred to the General Reserve, a total of **£2.098m**.
- There was a provision created at the end of 2024/25 for costs expected in relation to claims under Riot Compensation Act, **£0.769 million** has been charged to the general reserve and is reflected on the balance sheet under provisions with further detail in the notes to the accounts.
- The underspend against the Chief Constable's core revenue budget of £4.448 million, less the planned £0.185 million use of reserves for 2024/25 has been transferred to the Investment Reserve to support investment in policing services over the medium-term, a net transfer of **£4.633 million**.
- The net transfer of **£0.063 million** to the External Funding Reserve comprises the outturn position against the Chief Constable's funded schemes which is a net transfer from reserves of £0.042 million and a net transfer to reserves of £0.105 million from the outturn positions against external funded schemes managed by the OPCC.
- The net transfer of **£0.143 million** to the National Policing Capabilities Reserve is reflective of the outturn position against these funds.
- The net transfer of **£0.065 million** from the OPCC Innovation Reserve reflects the approved use of reserves in year.

### Earmarked Reserves

The total movement in earmarked reserves is an increase of £4.257 million as set out in the following table:

<b>Police and Crime Commissioner Group - Transfers To / (From) Earmarked Reserves</b>			
	Budget 2024/25 £000	Outturn 2024/25 £000	Variance 2024/25 £000
Transfers To / (From) Earmarked Reserves (Revenue)	(185)	4,303	4,488
Transfers To / (From) Earmarked Reserves (Capital)	-	(41)	(41)
Transfer To / (From) NE ROCU Reserve	-	(5)	(5)
	<b>(185)</b>	<b>4,257</b>	<b>4,442</b>

In addition to the movements referred to from revenue budgets there is also the use of £0.041 million from the external funding reserve in relation to capital expenditure under a funded scheme.

The transfer from the North East Regional Organised Crime Unit (NE ROCU) reserve of £0.005 million is explained later in the Narrative Statement and shown in further detail in **Note 15** to the Single Entity Accounts.

### Financial Accounting

For the purposes of financial accounting there is a requirement to produce a Comprehensive Income and Expenditure Statement (CIES) which sets out the income and expenditure for the single-entity and Group in a different way. For technical reporting of performance for the 2024/25 year the net cost of services in the Group CIES is £326.272 million and the deficit on provision of services is £111.716 million.

However, these figures on their own are not the best measure of financial performance because the financial statements follow accounting standards rather than local government legislation. The financial statements include adjustments to account for pension liabilities, Council Tax, depreciation of assets and other capital charges which do not impact on the usable reserves of the Group. A better measure is the movement on the general and earmarked reserves which can be established by removing those accounting adjustments (Adjustment between accounting basis and funding basis under regulations\*) and is shown within the Movement in Reserves Statement.

This is demonstrated in the following table which reconciles the CIES accounting position to the financial position at the year-end, showing the net transfer of £4.257 million to earmarked reserves and the increase in the general reserve of £1.329 million for 2024/25:

<b>Summary of 2024/25 Financial Position (Group)</b>	
	Financial Position 2024/25 £000
<b>Net Cost of Services</b>	<b>326,272</b>
Other operating expenditure	720
Financing and investment income and expenditure	152,301
Taxation and non-specific grant income	(367,577)
<b>(Surplus) / Deficit on Provision of Services</b>	<b>111,716</b>
Adjustment between accounting basis and funding basis under regulations*	(117,302)
<b>Net (Increase) / Decrease before transfer to / from earmarked reserves</b>	<b>(5,586)</b>
Transfers To / (From) earmarked reserves	4,257
<b>(Increase) / Decrease on General Reserve</b>	<b>(1,329)</b>

## Capital Expenditure

In addition to spending on day-to-day activities, the Commissioner incurs expenditure on the acquisition of non-current assets that will be used in providing services beyond the current accounting period, or expenditure that adds value to an existing non-current asset, such as buildings, technology and communications and other major items of plant and equipment.

Under the terms of the funding arrangement between the Commissioner and the Chief Constable, all non-current assets are under the control of the Commissioner. Details of capital expenditure and funding in relation to the acquisition and enhancement of assets, which amounted to £14.125 million in 2024/25, are shown in the financial statements of the Commissioner.

The Chief Constable's Comprehensive Income and Expenditure Statement (CIES) receives a charge for the use of operational assets based on capital charges. For the 2024/25 financial year this charge was £14.494 million (£14.973 million 2023/24)

The Commissioner approved a capital programme of £29.940 million in March 2024. This was revised by the Commissioner at Quarter 1 to £36.705 million to take into account the re-phasing of the capital programme for specific projects from 2023/24 and rephasing of a number of schemes into 2025/26. A further adjustment was approved by the Commissioner at Quarter 3 to reduce the capital budget for the year to £20.012m. The movement was primarily attributed to the purchase of a new Operational Training facility and planned estates refurbishment being re-profiled to the 2025/26 financial year.

The final capital outturn for the year is £14.125 million. The underspend against the revised estimate is mainly attributed to projects which have progressed at a slower pace or have been re-profiled to the next financial year due to operational requirements.

The capital outturn position is set out in the following table:

Capital Outturn 2024/25				
	2024/25 Original Budget £000	2024/25 Revised Estimate £000	2024/25 Outturn £000	2024/25 Variance £000
<b>Capital Investment</b>				
Building Works	8,162	4,470	3,907	(563)
Digital Policing & Digital Transformation	12,402	7,826	3,444	(4,382)
Vehicles & Equipment	8,539	6,655	5,779	(876)
NEROCU Schemes - Northumbria	199	245	215	(30)
Contribution				
Funded Schemes	638	817	780	(37)
<b>Total Capital Programme</b>	<b>29,940</b>	<b>20,013</b>	<b>14,125</b>	<b>(5,888)</b>

## Capital Financing

The following table sets out how the capital programme for 2024/25 was financed:

Capital Financing	
	2024/25 £000
Capital Grants and Other Contributions	739
Capital Receipts	5,767
Use of Reserves	41
Prudential Borrowing	7,578
<b>Total Capital Financing</b>	<b>14,125</b>

## Governance

Governance arrangements are set out in the Annual Governance Statement (AGS) published with the Statements of Account.

## Value for Money

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and Commissioner's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2024/25.

The financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four-year Medium Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.
- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2024/25. The police settlement issued by the government for 2024/25 assumed that each PCC would increase the precept by the maximum of £13.00 per year for a Band D property. The Commissioner approved an increase of £13.00 per year for a Band D property, but for the majority of residents in Northumbria, those in a Band A property, the actual increase was only £8.67 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.
- The additional income generated by the precept increase for 2024/25 was £5.384m and was used to:

- Allow Northumbria Police to introduce a force-wide Motorbike ASB Unit.
- Allow the force to safeguard and hire new investigators, including digital forensic specialists.
- Avoid the need for further cuts to the frontline police budget.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

### Reviews and Complaints

Policing and crime reduction relies upon all sections of the community having trust and confidence in the police service and those who they elect to oversee it. The Commissioner for Northumbria is committed to delivering high standards of professionalism and behaviour at all times and ensuring that the OPCC for Northumbria is an organisation that:

- Complies with the statutory requirements to oversee complaints against the police and deal appropriately with complaints against the Chief Constable.
- Works with the Independent Office for Police Conduct (IOPC) and Police and Crime Panel (PCP) in Northumbria, where required, to ensure an efficient and effective response to complaints, to ensure the public receive the highest standard of public service.

The Policing Protocol Order 2023 sets out respective roles of the PCC and of the Chief Constable, highlighting the PCC's responsibility for the totality of policing in the local area and a mandate to hold the Chief Constable to account.

The PCC is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office for Police Conduct (IOPC).

The Policing and Crime Act 2017 and supporting regulations made significant changes to the police complaints and disciplinary systems. Where a person is dissatisfied with the outcome of a complaint these reviews are dealt with by the Office of the Police and Crime Commissioner to determine if the outcome by Professional Standards Department has been reasonable and proportionate. As part of her scrutiny role, the PCC challenges Northumbria Police to assure her that learning is being achieved from all complaints and reviews. The Commissioner publishes all review outcomes on her website.

More information can be found on the Commissioners website.

## Performance Information – Police and Crime Plan 2024/25

### Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

### Contact Management

There has been an 11% reduction in the volume of 999 calls for the 12 months to March 2025, from 303,182 to 271,276. Over this period, call answering times have improved, with 93% of 999 calls answered within the service level agreement; an average answer time of 4 seconds. There has also been an improvement in the 90th percentile, with 90% of 999 calls answered in 2 seconds, compared to 4 seconds in 2023/24.

The number of 101 non-emergency calls was also lower in 2024/25 compared to the previous year, with 22% fewer calls; a reduction from 254,675 to 208,136 calls. A demand reduction plan to expand the digital footprint and improve engagement has contributed to this reduction in 101 non-emergency call demand. Changes include redesign of the IVR system, call back functionality and the introduction of digital channels, including Single Online Home and ORLO, providing improved customer choice, signposting, and routing.

The call abandonment rate and average answer time has increased over the last 12 months, with the abandonment rate for 101 non-emergency calls 11% for 2024/25 compared to 8% the previous year. The average answer time has increased to 2 minutes 42 seconds from 1 minute 32 seconds in 2023/24. A ringfencing system introduced in 2024 has had an impact in this area, which was subsequently removed resulting in performance improving from September 2024.

Right Care Right Person (RCRP) launched in 2023/24 and has contributed to a reduction in demand throughout 2024/25, whilst a Secondary Call function was introduced in March 2024 to ensure recontact with callers for grade 2 incidents that are delayed.

The satisfaction of volume crime victims with their initial contact with police remains high and stable over time.

### Response

Grade 1 incident demand has reduced by 6% (5,307 incidents) in the 12 months to March 2025 compared to the previous year. Attendance times have increased, with 84% of grade 1 urban incidents attended within 15 minutes, a 5%pts improvement, whilst 70% of grade 1 rural incidents were attended within 20 minutes, a 11%pts improvement

Demand for grade 2 incidents has reduced by 12% compared to the previous year. Attendance to grade 2 incidents has improved with 64% of incidents attended within one hour; a 13%pts increase compared to 2023/24.

In March 2024, a new Force Operating Model (FOM) was implemented. The overarching aim of the new FOM was to refresh the approach to service delivery to ensure the force provides a service which is more agile, focusing on public needs and supporting officers, staff and volunteers delivering them.

The new model has enhanced emergency and priority call responses, tasking opportunities and resilience for large-scale events. It has also improved investigative quality, balancing investigative demand across Response Policing Teams (RPT) and the Criminal Investigation Department (CID).

Key changes introduced as a result of the FOM include:

- **Area Commands:** The force has expanded from three to six area commands, aligning with local authority boundaries to foster better collaboration with partners and enhance local leadership and accountability.

## Narrative Statement

- **Response Policing Teams (RPT):** Resources have been transferred from the Criminal Investigation Department (CID) to RPT, increasing capacity and resilience to handle peak incident demand and improve investigations.
- **Dedicated Response Appointments (DRA):** A 24-hour service level agreement for victims has been introduced. Since March 2024, 18,447 DRAs were created, with 89% booked within 24 hours. The introduction of DRAs has enabled responses to be delivered in a time more suited to the needs of the victim.
- **New Hubs:** New hubs in Morpeth for Northumberland and in Easington Lane for Sunderland have been introduced to improve response to incidents.
- **Right Care Right Person (RCRP):** Launched in January 2024, the RCRP initiative has continued to direct individuals and partner agencies to more appropriate services for care, reducing demand by 20%.

Satisfaction with response times has improved by 6%pts, and can be attributed to improvements in attendance times.

## Anti-Social Behaviour

There has been an 18% reduction in the number of anti-social behaviour incidents in the 12 months to March 2025 compared to 2023/24; 7,697 fewer anti-ASB incidents. This reduction has been across all ASB incident types.

The following activities have contributed to this reduction:

- **Hotspot Targeting:** Operations focusing on hotspot locations, using enforcement and diversionary interventions to target key offenders.
- **ASB Coordination Group:** A multi-agency group, including six local authorities, meets to share intelligence and coordinate responses to emerging issues.
- **Repeat Victims:** Identifying repeat victims of ASB and using problem-solving to reduce further incidents.
- **Home Office Pilots:** Northumbria Police is delivering two ASB pilots (Immediate Justice and Hotspot ASB Resourcing) to increase visible patrols and reduce incidents.
- **Operation Capio:** Significant reductions in motorbike ASB have been achieved through bespoke motorbike teams and drone capability. Operation Capio was showcased as good practice at a regional conference.
- **Transport Network:** ASB on transport networks remains a focus, with high visibility deployments (Project Shield) achieving significant reductions with activity coordinated via the Safer Transport partnership group.
- **Training:** Bespoke ASB training was delivered to over 800 police and partner agency staff, covering victim care, support, and risk management. The training has increased the use of ASB orders and legislative powers and has been shortlisted for national awards.

## Recorded Crime

Total Crime has reduced by 3% (5,040 fewer crimes) for the 12 months to March 2025, with reductions in various categories, including violence against the person, vehicle crime, criminal damage. Vehicle crime has reduced by 12%, with significant reductions in theft from motor vehicles (-676 offences) and theft of motor vehicles (-456 offences), attributed to targeted efforts and quicker responses.

## Narrative Statement

The number of sexual offences has increased by 13%. This is primarily due to a 40% rise in 'other' sexual offences linked to the Online Offences Act of 2024. Burglary offences have increased by 5%, partly due to more attempted burglaries being recorded using Ring Doorbells and CCTV footage, leading to more arrests.

There has been a 3% reduction (99 fewer crimes) in hate crime in 2024/25 compared to the previous year. There have been increases in specific hate crime categories; race hate crime has increased by 5% (+119 crimes) and faith hate crimes (+41 crimes). There have been reductions in all other hate crime categories; homophobic (-109), transphobic (-57), and disability hate crimes (-20).

The following activities have contributed to the management of hate crime:

- **Hate Board:** A formal six-weekly board with partners (OPCC, CETs (Community Engagement Teams), CPS, crime quality teams) reviews key themes, performance, and feedback, managing the Multi Agency Joint Action Plan.
- **Crime Quality Teams:** Extended to all six area commands, these teams review outcomes 115 (evidential difficulties) and 116 (victim does not support), reopening cases where prosecution opportunities exist. CPS marks evidence-led cases for measurement.
- **Feedback and Training:** Formalised feedback from hate crime panels, with reflective practice for officers. Thematic areas from panels used in new training resources for frontline staff.
- **Community Cohesion Conference:** Held in January 2025 with 160 delegates and 45 partnerships coming together to discuss an improved response to hate crime.

The satisfaction of hate crime victims with their whole experience of service remains stable compared to the same period last year.

## Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

### Domestic Abuse (DA)

There has been a 4% reduction in domestic abuse incidents compared to the previous year. A Home Office pilot, Raneem's Law, has been introduced with Independent Domestic Violence Advisors (IDVAs) working within the control room, aiming to improve service to victims of domestic abuse.

The following activities have contributed to management of Domestic Abuse:

- **SafeLives:** Delivered DA matters training to 1,500 front line practitioners through a mixed cohort of trainers that included police and partners.
- **Northumbria Stalking Intervention Programme (NSIP):** Referral pathways are established, and risk assessments are ongoing.
- **CPS Scrutiny Panels:** Learning from CPS scrutiny is shared, with key themes integrated into future training. Performance and successful outcomes are above the national average, with ongoing efforts to improve outcomes in stalking and harassment cases.
- **Joint Justice Plan:** A self-assessment for the Joint Justice Plan has been completed. Regional Domestic Abuse Joint Operational Improvement meetings are now taking place to inform the regional response.

82% of domestic abuse victims feel satisfied with the actions taken by police in response to their report. Satisfaction with treatment remains consistently high over time.

### Positive Outcome Rate

The positive outcome rate has improved consistently throughout 2024/25, with the positive outcome rate for the 12 months to March 2025 at 17.3% compared to 10.9% for the previous year.

Investigative performance prior to the FOM were below expected standards. The plan to transfer greater investigative demand to Response Policing Teams as part of the FOM necessitated an investment in investigative capability. An Accelerated Investigative Improvement Programme was put in place.

### Victims' Code of Practice (VCOP)

Most areas of VCOP compliance have improved compared to the previous 12 months, such as informing victims following a change in the status of the crime (i.e. suspect arrested, charged or bailed) and completing a victim needs assessment within 48 hours.

Follow-up performance remains an area for improvement; whilst an increase on the previous year, 76% of victims who wanted updates felt satisfied with the way they were kept informed.

### Public Perception

The percentage of residents that rated the performance of their local police as 'good' or 'excellent' remains stable compared to the same period last year. Residents who rated the police favourably often acknowledged the pressures placed on the police force, cited positive, personal experiences with the service and expressed sentiments such as 'the police would be there if they needed them.' Other residents associated low crime rates in their local area as evidence of efficient policing.

Data for the 12 months to December 2024 from the Crime Survey for England and Wales (CSEW) shows most Northumbria public confidence/perception results have remained stable compared to the same period last year, with the exception of the 'Police treat fairly' (-4%pts) and the 'police understand local concerns' (-

## Narrative Statement

3%pts), measures which have decreased. While the 'police/council deal with crime and ASB issues that matter' measure has increased, (+4%pts).

The current results continue to be similar to the results for the national average, with the exception of the 'police can be relied on when needed' (Northumbria +3%pts) and the 'police/council deal with crime and ASB issues that matter' (Northumbria -5%pts).

## Police and Crime Plan Priorities

Fighting Crime

Improving Lives

Preventing Crime

### Preventing Crime

Serious violence offences have reduced by 7% when compared to the previous 12-month period. Knife enabled serious violence accounted for 5% of the total serious violence offences in the 12 months to February 2025, which is comparable to the previous period.

Total recorded crime has reduced in all area commands for 2024/25 compared to the previous year, with total recorded crime in Newcastle, South Tyneside, Sunderland and Northumberland reducing by 4%.

Shoplifting, drug crime and sexual offences have increased in all area commands, with South Tyneside experiencing the largest increase for shoplifting 32% (+589 offences), drug crime 54% (+154 offences) and North Tyneside having the largest increase sexual offences 25% (+156 offences).

A 4P Plan (Pursue, Prepare, Protect, Prevent) coordinates the targeted approach Northumbria Police is taking to reduce serious violence. Key activities include:

- **Serious Violence Dashboard:** This dashboard enhances data and intelligence use for operational and preventative measures.
- **Serious Violence Disruption Unit (SVDU):** Targeted deployment to pursue, disrupt, and prosecute individuals involved in knife crime and serious violence.
- **Technology and Innovation:** Utilising tools like knife arches and knife wands to increase public protection and reassurance.
- **Youth Diversion:** Providing intensive, tailored support to divert young people from gangs and serious violence.
- **Community Resilience:** Building positive relationships between schools and police to address violent offending.
- **Specialist Capabilities:** Using force and regional resources to pursue, disrupt, and prosecute serious violence offenders.
- **Project Shield:** The Hotspot Action Fund has been agreed continue for a further 12 months. This funding will support the Government's 'Safer Streets Mission' to halve knife crime over the next ten years, and to crack down on anti-social behaviour (ASB).

## Collaboration

During 2024/25 the Commissioner and Northumbria Police were parties to a number of collaboration agreements, details of which can be found on the Commissioners' website. The North East Regional Organised Crime Unit (NEROCU) is the principal collaboration arrangement between Northumbria, Durham and Cleveland and is accounted for as a Joint Arrangement in the financial statements. A summary of the financial performance is included below, and further detail is provided in **Note 15** to the financial statements.

### North East Regional Organised Crime Unit (NEROCU)

The North East Regional Organised Crime Unit (NEROCU) is one of 10 ROCUs across England and Wales. The unit works with embedded partners from His Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to make the region a place hostile to serious and organised crime.

NEROCU is categorised as a Joint Arrangement in line with the Accounting for Collaboration guidance issued by CIPFA. The NEROCU revenue outturn position for 2024/25 and the share attributable to Northumbria are set out in the following table:

NEROCU Outturn 2024/25		
NEROCU Revenue Budget	NEROCU £	Northumbria £
Expenditure	20,393	10,800
Income	(7,003)	(3,708)
<b>Net Expenditure</b>	<b>13,390</b>	<b>7,092</b>
Funded by:		
Force Contributions	13,381	7,087
Transfer to NEROCU Reserve	9	5
<b>Total</b>	<b>13,390</b>	<b>7,092</b>

Northumbria Police made a revenue contribution of £7.087 million to NEROCU for 2024/25 there has also been a transfer from reserves of £0.005 million which was prior year funding being applied to spend.

### Provisions and Contingent Liabilities

#### Provisions

Provisions are made where a liability exists based on a past event which will probably be settled through a transfer of economic benefit or service potential, and a reliable estimate can be made of the amount required to settle the obligation. Provisions are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

The Commissioner holds an insurance provision for known outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision account will be determined by the settlement of individual claims and is largely unknown. Therefore, the Insurance Provision is classified as a non-current liability.

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims and whilst the majority of cases have been settled as at the balance sheet date, there remain a small number which remain subject to legal process and expected to be finalised in 2025/26. The balance on the provision at 31 March 2025 reflects a prudent estimate to cover the expected costs.

RCA – The Commissioner has a provision of £0.756 million reflecting payments expected to be made in 2025/26 under the Riot Compensation Act (RCA) scheme.

### Contingent Assets & Liabilities

A contingent asset or liability is defined as a possible receipt (asset) or obligation to pay out (liability) based on a past event, but for which confirmation of the receipt / payment is uncertain as it depends on a future event. For example: pending legal claims. Unlike provisions, contingent liabilities do not result in an accounting entry as they are uncertain and cannot be reliably estimated, however a disclosure is made in the statements.

Disclosure has been made in the statements regarding a number of contingent liabilities.

During any financial year we will receive a number of legal and other claims in relation to employment, insurance and other issues. Many of these are subject to legal process and therefore the possibility of a future obligation is uncertain. The accounting rules classify such possible obligations as 'contingent liabilities'. They 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. No specific charges are made to the accounts.

A contingent liability has been disclosed to reflect the potential liability for additional claims from current and former officers in relation to past service under police regulations and employment issues relating to past years, over and above the amounts included within the provision described above.

A further contingent liability has been disclosed in relation to compensation claims for 'injury to feelings' in relation to the McCloud/Sargeant judgement (2015 Police Pension Scheme transitional arrangements), and for the Municipal Mutual Insurance (MMI) Levy for the Commissioner. Contingent liabilities are detailed in full at **Note 12** to the Group financial statements.

### Accounting for Pensions

Retirement benefits (pensions) are offered to officers and staff as part of the terms and conditions of employment. Employees can choose to opt out of the scheme at any time. Although benefits will not be payable until employees retire, the Group has a commitment to account for these at the time that employees earn their future entitlement.

Pensions are accounted for in accordance with International Accounting Standard 19 (IAS19).

This standard is based on a principle that an organisation should account for its retirement benefits when it is committed to giving them, even if the actual payment of those benefits will be many years into the future. The net overall impact of IAS19 accounting entries is neutral in the accounts. Any pension asset or liability, which is disclosed on the Balance Sheet is balanced by the Pension Reserve to show the underlying commitment that the Commissioner and Chief Constable have in the long run to pay retirement benefits. Recognition of the total liability has a substantial impact on the net worth as recorded in the Balance Sheet of the Group.

The Police Pension Scheme (1987), the Police Pension Scheme (2006) and the Police Pension Scheme (2015), are collectively known as the Police Pension Scheme. This is a wholly unfunded scheme for which the Chief Constable is Scheme Manager<sup>5</sup>. The Chief Constable has a Police Pensions Board, established in 2015 under Section 5 of the Public Services Pension Act, which provides local administration and governance for the Scheme.

The Chief Constable makes contributions to the Pension Fund based on a percentage of officers' pensionable salaries and additional contributions for officers retiring due to ill health. The regulations<sup>6</sup> governing funding arrangements require that if the Pension Fund does not have sufficient funds to meet the cost of pensions in any year, the amount required to meet the deficit must be transferred from the Police Fund to the Pension

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<sup>5</sup> Public Service Pension Act 2013 (section 4)

<sup>6</sup> Police Pension Fund Regulations 2007 (SI 2007/1932)

## Narrative Statement

Fund. 100% of this deficit is recouped by the Group in the form of a top-up grant paid by the Home Office. The top-up grant paid by the Home Office in 2024/25 is £69.594 million (£65.906 million in 2023/24).

Police staff and OPCC staff can be members of the Tyne and Wear Pension Fund (TWPF), a Local Government Pension Scheme administered by South Tyneside Council. The Commissioner and the Chief Constable make employer contributions on the basis of an agreed percentage of employees' pensionable salaries to the Tyne and Wear Pension Fund. Employer contributions are based on an independent actuarial valuation of the Fund which is carried out every three years. The Commissioner and the Chief Constable also have to meet the pension costs of employees who have left employment due to ill health or where early retirements have been agreed, and also make additional contributions to make good the shortfall in the pension fund, known as deficiency payments.

The Group is required to maintain a pensions reserve on the Balance Sheet for officers and staff. The reserve is termed 'unusable' as it is not cash backed but contains accounting entries to recognise the estimated liability/asset that the Group have committed to provide in the future, for service completed up to the Balance Sheet date. The pension liability/asset is valued using an actuarial valuation and can fluctuate dependent on external factors and changes in actuarial assumptions.

The net pension liability/asset on the Group Balance Sheet shows the underlying commitment that the Commissioner and Chief Constable have in the long run to pay post-retirement benefits. The net liability of £2.965 billion (£3.252 billion in 2023/24) has a substantial impact on the net worth of the Force as recorded in the Balance Sheet. However, statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

Pensions - Balance Sheet Net (Liability)/Asset	31/03/2024 Long-Term (Liability)/Asset £000	31/03/2025 Long-Term (Liability)/Asset £000
OPCC Staff	-	-
Police Staff	31,220	(2,080)
Police Officers	(3,282,810)	(2,962,670)
<b>Group Net Position (Liability)</b>	<b>(3,251,590)</b>	<b>(2,964,750)</b>

As at 31 March 2025 the net pension liability for the Group is £2.965 billion, last year the staff fund was in an asset position for the Chief Constable and reflected on the balance sheet as such. For 2024/25 the asset restriction on the funded scheme means that this asset is no longer recognised, the result of which is the unfunded scheme liability being included in the overall pensions liability.

### Treasury Management

Treasury Management deals with the day-to-day and longer-term cash flow position of the Commissioner, investing surplus balances and managing the loans portfolio. Specialist treasury management advisers MUFGE (formerly Link Group) are retained to provide advice on borrowing and investment strategies and other treasury related matters.

Treasury Management services are delivered by Northumbria Police Finance Department. The Commissioner's Treasury Management Policy and Strategy Statement 2024/25 to 2027/28 can be found on The Commissioners website.

The borrowing strategy during 2024/25 was to:

- Consider the use of short-term borrowing as a bridge until receipts are received.
- Consider the use of market loans which are at least 20 basis points below the Public Works Loan Board (PWLBB) target rate, where they become available.

- Consider the use of Public Works Loans Board (PWLB) loans where rates fall below Link Group trigger rates, where required, with preference given to terms which ensure a balanced profile of debt maturity.
- Consider the use of reserve and General Fund balances to limit the requirement for new borrowing, reducing investment balances rather than increasing external borrowing in order to minimise interest costs.
- Maintain a flexible strategy in order to allow decisions on borrowing to be taken which balance the refinancing risk associated with an increase in interest rates against any potential short-term savings.

The total principal borrowing as at 31 March 2025 was £71.969 million, which was within the operational borrowing limit of £155.000 million. This is a net reduction of £5.000 million from the opening figure of £76.969 million, representing repayment of PWLB borrowing. Short-term temporary borrowing of £10.000 million was taken during the year, with loan durations of 4 days and 32 days, all of which were repaid before the year-end.

Treasury Management activities are monitored daily to the approved indicator limits that are set in accordance with The Prudential Code for Capital Finance in Local Authorities. For 2024/25 neither the indicators of the Authorised Limit for External Debt of £175.000 million, nor the Operational Boundary for External Debt of £155.000 million were exceeded, there were no breaches of any counterparty limits and the profile of debt maturity was maintained within the agreed limits.

## Explanation of the Key Statements

The Statements of Account consists of four main statements and various disclosure notes as follows:

### Core Financial Statements – Commissioner’s single-entity accounts:

**Movement in Reserves Statement (MiRS)** for the Police and Crime Commissioner (**Page 32**) - This statement shows the movement in year on the different reserves held by the Commissioner, analysed into 'usable reserves' (i.e. Those that can be applied to fund expenditure or reduce local taxation) and unusable reserves.

The 'Surplus or (Deficit) on the Provision of Services' line shows the true economic cost of providing the Commissioner’s services, more details of which are shown in the Comprehensive Income and Expenditure Statement.

The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve before any discretionary transfers to or from earmarked reserves undertaken by the Commissioner.

**Comprehensive Income and Expenditure Statement** for the Police and Crime Commissioner (**Page 34**) - The purpose of this statement is to show the accounting cost in the year of the Commissioner providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. It includes all income paid into the Police Fund, as well as the accounting costs directly controlled by the Commissioner in relation to her Office, commissioning of victim services (including restorative justice), third party payments from the Commissioners Fund and an intragroup charge from the Chief Constable for the cost of policing.

**Balance Sheet** for the Police and Crime Commissioner (**Page 35**) - This sets out the Commissioner’s financial position and net liabilities at the financial year-end.

**Cash Flow Statement** for the Police and Crime Commissioner (**Page 36**) - This summarises the cash and cash-equivalent receipts and payments of the Commissioner arising from transactions with third parties for both capital and revenue purposes.

**Notes to the Single-entity Financial Statements (Page 37)** - The notes provide additional information to support the core statements above including a Statement of Accounting Policies.

### Core Financial Statements - Group:

**Movement in Reserves Statement** for the Police and Crime Commissioner Group (**Page 96**) - The Commissioner and the Chief Constable each hold reserves. The Chief Constable’s reserve balances being

unusable reserves associated with the Pension Liability and the Accumulated Absence Account. The Group accounts show the combined position of the movement on the Commissioner's and Chief Constable's reserves after removing any transactions between the two.

**Comprehensive Income and Expenditure Statement** for the Police and Crime Commissioner Group (**Page 98**) - The purpose of this statement is to show the accounting cost in year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Council Tax is raised by the Commissioner and Central Government grants are received each year to cover expenditure in accordance with regulations; this may differ from the accounting cost. The taxation position and the required use of cash reserves are shown in the Movement in Reserves Statement.

**Balance Sheet** for the Police and Crime Commissioner Group (**Page 99**) - This sets out the Group's financial position and net liabilities at the financial year-end; it summarises the non-current and current assets and liabilities, which are used in carrying out the Group's activities.

**Cash Flow Statement** for the Police and Crime Commissioner Group (**Page 100**) - This summarises the cash and cash-equivalent receipts and payments of the Group arising from transactions with third parties for both capital and revenue purposes. Cash is defined for the purpose of this statement as cash in hand; cash equivalents are deposits repayable on demand.

**Notes to the Group Financial Statements 101**) - The notes for the Group accounts provide additional information where they differ from those disclosed for the Commissioner's single-entity accounts.

#### **Documents supporting the Statements of Account:**

**Police Officer Pension Fund Statements (Page 132)** - This shows the Police Pension Fund Account for the year for which the Chief Constable is Scheme Manager<sup>7</sup>.

**Annual Governance Statement 135)** - This statement, required by regulations<sup>8</sup> to accompany the Statements of Account, outlines the Commissioner's approach to corporate governance and internal control<sup>9</sup>.

**Independent Auditor's Report to the Police and Crime Commissioner (Page 148)** - This report details the basis of the external auditor's opinion on the Statements of Account.

**Glossary of Terms (Page 154)** - This section includes a description of the key terms used in the Statements of Account, along with explanations of any technical terminology.

#### **Significant Changes since 2023/24**

There have been no significant changes to the financial statements since 2024/25.

#### **Outlook for 2025/26 and Beyond**

The Commissioner has agreed a Medium-Term Financial Strategy (MTFS) which sets out the key financial issues over 2025/26 to 2028/29. Whilst the MTFS covers a period of four years, it is reviewed annually to reflect the dynamic nature of both policing and changes in anticipated funding. It describes the financial direction of the organisation and provides projections for the revenue budget and capital programme over the medium-term.

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<sup>7</sup> Public Service Pension Act 2013 (section 4)

<sup>8</sup> Regulation 10 of Accounts and Audit (England) Regulations 2015 (available online)

<sup>9</sup> In line with Regulation 6 of the Accounts and Audit (England) Regulations 2015



The MTFS 2025/26 to 2028/29 will continue to deliver and build upon the investment in policing for Northumbria residents approved by the former Commissioner in 2024/25. The Strategy will assist the Force to become better prepared to meet future demand; maintain the increase in police officer numbers delivered through the national police officer Uplift programme; Deliver the much-welcomed boost to Neighbourhood Policing by the new government to help deliver local plans; and allow Northumbria Police to invest in the right resources to protect the vulnerable, tackle crime and keep our communities safe.

The overall financial strategy seeks to deliver the Commissioner's Police and Crime Plan, building Safer Streets and Stronger Communities. It will support delivery of national policing priorities under the Government's Safer Streets mission, support the Purpose, Vision and Objectives of the Northumbria Force Strategy and meet the requirements of the National Strategic Policing Requirement.

The Commissioners MTFS was established to make the best use of the financial settlement 2025/26, whilst making prudent assumptions on future funding levels and expected budget requirements, to ensure that resources remain available to meet operational demand, continue to deliver value for money and are sustainable across the period of the MTFS.

The Police Grant Report for 2025/26 confirmed an increase of approximately £770 million in government grant income for PCCs nationally which includes:

- An increase of £339 million to Core Grant.
- £230 million to compensate territorial forces for the costs of the change to the employer National Insurance Contributions from 2025/26.
- An additional £200 million to kickstart the first phase of 13,000 additional police officers, PCSOs and special constables into neighbourhood policing roles.
- The increase of £339 million to Core Grant was confirmed by the Home Office as being partially offset by a reduction of £75 million to the amount paid to forces as ring-fenced Uplift Grant, with the net increase being £264 million.

The Governments priorities are outlined in the [Written Ministerial Statement](#) (WMS) on the Provisional Police Grant Report 2025/26. The Minister of State for Policing, Fire and Crime Prevention set out an expectation that police forces approach the 2025/26 financial year with a focus on delivering the government's priorities, as set out in the Prime Minister's Plan for Change:

- Increasing the number of officers, PCSOs and Special Constables in neighbourhood policing teams.
- Tackling violence against women and girls.
- Reducing knife crime.
- Cracking down on anti-social behaviour.
- And by doing these things, increasing public confidence in policing.

The actual settlement increase for Northumbria was £19.714 million. The increase is explained in further detail in the following table:

Northumbria Settlement	£m
<b>Core Grant</b> – formula funding share (3.08%) of £339.000 million	10.441
<b>Uplift Grant</b> – Reduction in ring-fenced grant, formula funding share (3.08%) of £75.000 million.	(2.310)
<b>National Insurance Compensation Grant</b> – New for 2025/26	5.736
<b>Neighbourhood Policing Grant</b> – New for 2025/26	6.160
<b>Other movements</b> – Reduction of £0.823 million to Special Pension Grant offset by increase of £0.510 million to the Uplift Additional Recruitment grant reflecting the higher cost of officers.	(0.313)
<b>Total Increase in Funding</b>	<b>19.714</b>

Whilst the increase in government grant funding appears significant, it is substantially targeted to pay for maintenance of the national police officer Uplift, new investment in Neighbourhood Policing and to offset specific additional costs of National Insurance.

The allocation to Northumbria for Neighbourhood Policing investment is £6.160m. Northumbria, along with other forces nationally have submitted delivery plans to the Home Office for use of these funds. The force aims to utilize the grant in full in order to deliver the government's priorities and to maximize the overall benefit for Northumbria residents. Plans in Northumbria aim to deliver 95 additional police officers, 27 PCSOs and 30 Special Constables.

Capital grant funding allocated by the Government for Northumbria is nil, as for 2024/25. The lack of Government support for the vital capital investment needed by policing remains a significant challenge for Northumbria and indeed all forces. Investment in sustainable technologies, vehicles, and estates as well as the digital transformation required to ensure the Force remains fit for the future, comes at a considerable cost. Capital investment required over the medium-term is estimated at more than £144.000 million for Northumbria. Without the necessary financial support from Government the essential cost of that investment will need to be met by efficiencies, budget reductions and places further pressure on the vital funding provided by local residents.

The Commissioner approved an increase in the Council Tax Precept for 2025/26 of £14.00 per year for a Band D property. The additional income generated by the precept increase is £5.925 million which will help keep the force appropriately resourced, meet budgetary pressures and allow for some investment. Potential areas include:

- Prevention of ASB in urban and rural communities.
- Tackling fraud and online crimes.
- Targeting offenders and preventing Child Sexual Exploitation (CSE).
- Increasing resourcing to help bring offenders to justice.

The MTFs financial forecast presented at section 7 sets out one scenario for what we think the overall funding might look like for Northumbria Police over the four years. However, there are many unknowns within the current economic and political environment and together with a one-year settlement for 2025/26 only, it remains extremely difficult to predict an accurate financial picture with a high degree of confidence. The budget estimates for future years will require further consideration as the financial landscape becomes clearer and government funding support beyond the 2025/26 financial year is confirmed.

The Commissioner's MTFs for 2025/26 through to 2028/29 demonstrates a balanced sustainable financial position over the medium term. However, this is predicated on many key assumptions around resource requirements, future costs, and levels of total funding. Given that yet again, Northumbria are faced with a one-year settlement for 2025/26, with no information provided for future years, there remains a level of risk throughout the period of the MTFs and therefore the financial context for Northumbria Police remains extremely challenging.

The MTFs can be found on the Commissioners website.

## The National Uplift Programme

As part of the National Police Uplift Programme, forces across the country were given recruitment targets to be achieved from September 2019 to March 2023, with an aim of increasing the number of police officers by 20,000 nationally. The Uplift target for Northumbria was 615 additional police officers by March 2023 and Northumbria fully delivered against this target.

In addition to the national Uplift target the Force took the decision to commit to recruiting additional numbers in 2022/23 which took them over and above the original target set by the Government, delivering a further 78 officers.

At the start of the 2024/25 financial year the Force were also successful in securing temporary funding from government to recruit an additional 31 officers during the year.

In 2024/25 the Force was able to successfully maintain the higher Uplift target, and in the Police Grant Settlement for 2025/26 the Government have confirmed the additional numbers are added to the 'Uplift baseline' for Northumbria bringing the total Uplift allocation to 724 officers.

Significantly, a large proportion of government grant funding provided for Uplift has not yet been baselined into core grant and remains allocated as Special Grant, confirmed on a year-by-year basis which presents a risk to the longer term sustainability of those additional officer numbers.

## Events after the reporting period

### Virgin Media Case

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal. The Local Government Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Northumbria Police does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

### Police Reform

On 13 November 2025, the UK Government announced that Police and Crime Commissioners (PCCs) will be abolished at the end of the current electoral cycle in 2028, with their statutory functions transferring to regional mayors or, where no mayoral structure exists, to elected local council leaders. This reform forms part of wider national changes to police governance aimed at reducing bureaucracy and improving accountability, and is expected to deliver savings of at least £100 million across the current parliament. PCCs will continue to operate until the end of their current terms, after which the new governance arrangements will take effect.

### Further Information

This publication provides a review of the financial performance of the Group for 2024/25, a summary of which will be included in the Annual Report for 2024/25 available on the Commissioner's website.



**Gail Thompson BSc (Hons) CGMA Date: 27/02/2026**

**Treasurer**

# Statement of Responsibilities

## The Commissioner's Responsibilities

The Commissioner is required to:

- Appoint a person (Treasurer) to be responsible for the proper administration of her financial affairs;
- Manage her affairs to secure economic, efficient and effective use of resources and safeguard her assets; and
- Approve the Statements of Account.



**Susan Dungworth**

**Date: 27/02/2026**

**Police and Crime Commissioner for Northumbria**

## The Treasurer's Responsibilities

The Treasurer is responsible for the preparation of the Commissioner's Statements of Account in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

In preparing this Statements of Account, the Treasurer has:

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

The Treasurer has also:

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

## Chief Finance Officer's Certificate

I hereby certify that the Statements of Account for the year-ended 31 March 2025, required by the Accounts and Audit Regulations, are set out in the following pages.

I further certify that the Statements of Account gives a true and fair view of the financial position of the Commissioner at 31 March 2025 and of her income and expenditure for the year-ended 31 March 2025.



**Gail Thompson BSc (Hons) CGMA**

**Date: 27/02/2026**

**Treasurer**

# Police and Crime Commissioner Single Entity Financial Statements

Comprising:

- Movement in Reserves Statements
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Single Entity Financial Statements

## Movement in Reserves Statement 2024/25

	Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance as at 31 March 2024</b>		11,031	34,209	45,240	11,925	361	57,526	(7,078)	50,448
<b><u>Movement in reserves during 2024/25</u></b>									
<b>Total Comprehensive Income and Expenditure</b>		2,168	-	2,168	-	-	2,168	967	3,135
Adjustments between Accounting Basis & Funding Basis under regulations	9(a)	3,377	41	3,418	(5,653)	-	(2,235)	2,235	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>		5,545	41	5,586	(5,653)	-	(67)	3,202	3,135
Transfers (To) / From Earmarked Reserves	9(b)	(4,216)	4,216	-	-	-	-	-	-
<b>Increase or (Decrease) in Year</b>		1,329	4,257	5,586	(5,653)	-	(67)	3,202	3,135
<b>Balance as at 31 March 2025</b>		12,360	38,466	50,826	6,272	361	57,459	(3,876)	53,583

## Movement in Reserves Statement 2023/24

	Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total Reserves £000
<b>Balance as at 31 March 2023</b>		<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>
<b><u>Movement in reserves during 2023/24</u></b>									
<b>Total Comprehensive Income and Expenditure</b>		<b>(1,352)</b>	<b>-</b>	<b>(1,352)</b>	<b>-</b>	<b>-</b>	<b>(1,352)</b>	<b>(1,107)</b>	<b>(2,459)</b>
Adjustments between Accounting Basis & Funding Basis under regulations	9(a)	5,154	-	5,154	(5,355)	(123)	(324)	324	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>		<b>3,802</b>	<b>-</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>
Transfers (To) / From Earmarked Reserves	9(b)	(3,575)	3,575	-	-	-	-	-	-
<b>Increase or (Decrease) in Year</b>		<b>227</b>	<b>3,575</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>
<b>Balance as at 31 March 2024</b>		<b>11,031</b>	<b>34,209</b>	<b>45,240</b>	<b>11,925</b>	<b>361</b>	<b>57,526</b>	<b>(7,078)</b>	<b>50,448</b>

## Comprehensive Income and Expenditure Statement

2023/24			2024/25			Notes
Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	
<b>Service Expenditure Analysis</b>						
-	(57,371)	(57,371)	-	(66,108)	(66,108)	
-	(5,982)	(5,982)	-	(5,752)	(5,752)	
1,649	(14)	1,635	2,464	(88)	2,376	
1,177	(222)	955	1,331	(137)	1,194	
-	(121)	(121)	-	(118)	(118)	
3,370	(3,370)	-	3,555	(3,555)	-	
404,762	-	404,762	432,496	-	432,496	
<b>410,958</b>	<b>(67,080)</b>	<b>343,878</b>	<b>439,846</b>	<b>(75,758)</b>	<b>364,088</b>	
		1,930			720	10
		682			601	10
		(345,138)			(367,577)	10
		<b>1,352</b>			<b>(2,168)</b>	
		982			(964)	
		125			(3)	
		<b>1,107</b>			<b>(967)</b>	
		<b>2,459</b>			<b>(3,135)</b>	

<b>Balance Sheet</b>			
<b>31 March 2024</b>		<b>31 March 2025</b>	<b>Notes</b>
<b>£000</b>		<b>£000</b>	
98,088	Property, Plant & Equipment	70,166	17
1,775	Investment Property	375	17
2,747	Intangible Assets	2,526	17
-	Right of use Assets	30,734	18
<b>102,610</b>	<b>Long-Term Assets</b>	<b>103,801</b>	
-	Assets Held for Sale	1,100	17
889	Inventories	1,130	
42,174	Short-Term Debtors	49,024	19
16,194	Cash and Cash Equivalents	11,962	20
<b>59,257</b>	<b>Current Assets</b>	<b>63,216</b>	
(1,659)	Bank Overdraft	(1,615)	23
(5,532)	Short-Term Borrowing	(517)	23
-	Short-Term Lease Liabilities	(323)	
-	Short-Term Provision	(756)	22
(30,336)	Short-Term Creditors	(35,142)	21
<b>(37,527)</b>	<b>Current Liabilities</b>	<b>(38,353)</b>	
(1,923)	Long-Term Provisions	(2,023)	22
(71,969)	Long-Term Borrowing	(71,969)	21
-	Long-Term Lease Liabilities	(1,089)	
<b>(73,892)</b>	<b>Long-Term Liabilities</b>	<b>(75,081)</b>	
<b>50,448</b>	<b>Net Assets</b>	<b>53,583</b>	
<b>57,526</b>	<b>Total Usable Reserves</b>	<b>57,459</b>	9
<b>(7,078)</b>	<b>Total Unusable Reserves</b>	<b>(3,876)</b>	9
<b>50,448</b>	<b>Total Reserves</b>	<b>53,583</b>	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Commissioner at 31 March 2025.



**Gail Thompson BSc (Hons) CGMA**      **Date: 27/02/2026**

**Treasurer**

<b>Cash Flow Statement</b>		
<b>2023/24</b>		<b>2024/25</b>
<b>£000</b>		<b>£000</b>
<b>1,352</b>	<b>(Surplus) / Deficit on the provision of services</b>	<b>(2,168)</b>
	<b>Adjustments to (Surplus) / Deficit on the Provision of Service for Non-Cash Movements:</b>	
(9,898)	Depreciation of Non-Current Assets	(11,040)
(3,030)	Revaluation / Impairment of Non-Current Assets	(1,798)
(1,443)	Amortisation of Intangible Fixed Assets	(1,117)
(14)	Pension Fund Adjustments	(3)
-	(Increase) / Decrease in Provision for Bad Debts	(1)
(226)	Contributions To / (From) Provisions	(856)
(2,083)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold	(834)
(696)	Other Non-Cash Movement	(1,167)
<b>(17,390)</b>		<b>(16,816)</b>
	<b>Accruals Adjustments:</b>	
34	Increase / (Decrease) in Inventories	241
(6,477)	Increase / (Decrease) in Debtors	5,743
25	Increase / (Decrease) in Interest Debtors	(27)
(3,721)	(Increase) / Decrease in Creditors	(4,460)
52	(Increase) / Decrease in Interest Creditors	15
<b>(10,087)</b>		<b>1,512</b>
	<b>Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:</b>	
153	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets	114
1,106	Capital Grants Credited to Surplus or Deficit on the Provision of Services	1,480
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities	-
<b>1,259</b>		<b>1,594</b>
	<b>Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:</b>	
<b>(695)</b>	Reversal of amounts disclosed separately below	<b>(605)</b>
	<b>Cash Flows from Operating Activities includes the following items:</b>	
2,628	Interest Paid	2,478
(1,933)	Interest Received	(1,873)
<b>695</b>		<b>605</b>
<b>(24,866)</b>	<b>Net Cash Flows from Operating Activities</b>	<b>(15,878)</b>
	<b>Net Cash Flows from Investing Activities:</b>	
15,406	Purchase of PP&E, Investment Property and Intangible Assets	16,116
341,018	Purchase of Short-Term and Long-Term Investments	579,464
602	Other Payments for Investing Activities	540
(153)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(114)
(341,018)	Proceeds from the Sale of Short-Term and Long-Term Investments	(579,464)
(383)	Capital Grants Received (Government)	(83)
(727)	Capital Grants Received (Non-Government)	(1,397)
<b>14,745</b>	<b>Net Cash Flows from Investing Activities</b>	<b>15,062</b>
	<b>Net Cash Flows from Financing Activities:</b>	
(20,000)	Cash Receipts of Short-Term and Long-Term Borrowing	(10,000)
25,000	Repayments of Short-Term and Long-Term Borrowing	15,000
<b>5,000</b>	<b>Net Cash Flows from Financing Activities</b>	<b>5,000</b>
<b>(5,121)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>4,184</b>
9,414	Cash and Cash Equivalents at the Beginning of the Period	14,535
14,535	Cash and Cash Equivalents at the End of the Period	10,351

## I. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Commissioner for the year has been used in providing services in comparison with those resources consumed by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between reportable segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

Net expenditure chargeable to the general fund shown for the financing of police services line of **£357.679 million** comprises the Chief Constables outturn position of **£357.674 million** plus the Northumbria share of the NEROCU outturn of **£0.005million**. The OPCC Supporting Services figure of **£1.193m** comprises both the OPCC Supporting Services outturn of **£1.128m** plus the OPCC Reserve Expenditure outturn of **£0.065m**.

Expenditure and Funding Analysis						
2023/24				2024/25		
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
<b>Service Expenditure Analysis</b>						
-	(57,371)	(57,371)	Police Services	-	(65,832)	(65,832)
(58)	(5,924)	(5,982)	Policing Funds (managed by the PCC)	(105)	(5,647)	(5,752)
1,757	(122)	1,635	Office of the Police and Crime Commissioner	2,551	(175)	2,376
955	-	955	OPCC Supporting Services	1,193	-	1,193
11,303	(11,424)	(121)	Capital Financing	10,974	(11,092)	(118)
-	-	-	PCC Commissioning of Victim Services	-	-	-
329,769	74,993	404,762	PCC Financing of Police Services	357,679	74,541	432,220
<b>343,726</b>	<b>152</b>	<b>343,878</b>	<b>Net Cost of Services</b>	<b>372,292</b>	<b>(8,205)</b>	<b>364,087</b>
(347,528)	5,002	(342,526)	Other Income and Expenditure	(377,878)	11,623	(366,255)
<b>(3,802)</b>	<b>5,154</b>	<b>1,352</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(5,586)</b>	<b>3,418</b>	<b>(2,168)</b>
<b>41,438</b>			<b>Opening General Fund Balance at 31 March</b>	<b>45,240</b>		
3,802			Surplus / (Deficit) on General Fund in Year	5,586		
<b>45,240</b>			<b>Closing General Fund as 31 March</b>	<b>50,826</b>		

**a) Note to the EFA – Adjustment between funding and accounting basis**

The following table sets out the total adjustments between the financial performance of the Chief Constable under the funding position and the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

2024/25					
Adjustments between Funding and Accounting Basis					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	-	-	(65,832)	(65,832)
Policing Funds (managed by the PCC)	-	-	-	(5,647)	(5,647)
Office of the Police and Crime Commissioner	14,494	9	-	(14,678)	(175)
OPCC Supporting Services	-	-	-	-	-
Capital Financing	(10,932)	-	-	(160)	(11,092)
PCC Commissioning of Victim Services	-	-	-	-	-
PCC Financing of Police Services	-	-	-	74,541	74,541
<b>Net Cost of Services</b>	<b>3,562</b>	<b>9</b>	<b>-</b>	<b>(11,776)</b>	<b>(8,205)</b>
Other Income and Expenditure	(801)	(6)	654	11,776	11,623
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,761</b>	<b>3</b>	<b>654</b>	<b>-</b>	<b>3,418</b>

2023/24					
Adjustments between Funding and Accounting Basis					
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	-	-	(57,371)	(57,371)
Policing Funds (managed by the PCC)	-	-	-	(5,924)	(5,924)
Office of the Police and Crime Commissioner	14,973	27	-	(15,122)	(122)
OPCC Supporting Services	-	-	-	-	-
Capital Financing	(10,729)	-	-	(695)	(11,424)
PCC Commissioning of Victim Services	-	-	-	-	-
PCC Financing of Police Services	-	-	-	74,993	74,993
<b>Net Cost of Services</b>	<b>4,244</b>	<b>27</b>	<b>-</b>	<b>(4,119)</b>	<b>152</b>
Other Income and Expenditure	824	(13)	72	4,119	5,002
<b>(Surplus) / Deficit on Provision of Services</b>	<b>5,068</b>	<b>14</b>	<b>72</b>	<b>-</b>	<b>5,154</b>

## 2. Expenditure and income Analysed by nature

The Code of Practice requires the Commissioner to disclose information on the nature of expenses. The Commissioner's expenditure and income for 2024/25 (and 2023/24 comparative) is analysed as follows:

<b>Expenditure and Income Analysed by Nature</b>		
<b>Expenditure / Income</b>	<b>2023/24</b>	<b>2024/25</b>
	<b>£000</b>	<b>£000</b>
<b>Expenditure</b>		
Employee benefits expenses	1,257	1,319
Other employee expenses	5	12
Premises	292	215
Transport	7	22
Supplies and services	744	1,643
Third party payments	3,891	4,138
Depreciation, amortisation and impairment	14,371	13,954
Other capital charges	602	540
Less: amounts charged to Chief Constable for use of assets	(14,973)	(14,494)
Financing of Police Services	404,762	432,496
Loss on disposal of property, plant and equipment	1,930	720
Interest payments	2,628	2,480
Police pension fund deficit - payment to pension fund	65,906	69,594
Interest on the net defined benefit pension liability	-	15
Precept Accounting Adjustment	-	654
<b>Total Expenditure</b>	<b>481,422</b>	<b>513,308</b>
<b>Income</b>		
Fees, charges and other service income	(6,780)	(8,244)
Recharge receipts	(10,425)	(11,453)
Other operating Income	(1,539)	(2,192)
Revenue grants and contributions	(48,336)	(53,868)
Interest and investment income	(1,933)	(1,873)
Income from Council Tax	(69,718)	(76,600)
Police Grant income	(274,314)	(290,151)
Police pension fund deficit - grant income	(65,906)	(69,594)
Capital Grants and Contributions	(1,106)	(1,480)
Interest on the net defined benefit pension liability	(13)	(21)
<b>Total Income</b>	<b>(480,070)</b>	<b>(515,476)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>1,352</b>	<b>(2,168)</b>

### 3. Statement of Accounting Policies

#### Introduction

The purpose of this Statement of Accounting Policies is to explain the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.

Accounting policies are the principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, selecting measurement bases for and presenting assets, liabilities, gains, losses and changes in reserves.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adapted and interpreted by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25

The accounts have been prepared on a going-concern basis using a historical cost convention modified by the revaluation of certain categories of non-current assets and financial instruments. Any departure from the relevant standards is stated in the notes.

#### Going Concern Basis of Accounting

The provisions in the CIPFA Code of Practice on Local Authority Accounting in the UK (the Code), on the going concern accounting requirements reflect the economic and statutory environment in which local authorities operate. The Police and Crime Commissioner prepares the financial statements as set out under the provisions of the Code.

Paragraph 3.4.2.23 of the Code confirms that: Local authorities that can only be discontinued under statutory prescription shall prepare their financial statements on a going concern basis of accounting; that is, the financial statements shall be prepared on the assumption that the functions of the authority will continue in operational existence for the foreseeable future.

These provisions confirm that such authorities have no ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading). As authorities cannot be created or dissolved without statutory prescription, it would not therefore be appropriate for local authority financial statements to be prepared on anything other than a going concern basis.

The requirements to use the going concern basis of accounting means that relevant authorities therefore cannot apply paragraph 25 of IAS 1 mandating management to make an assessment of the authority's ability to continue as a going concern. The going concern assumption under the Code is therefore drawn up to assume that a local authority's services will continue to operate for the foreseeable future.

There is an equivalent disclosure in the Chief Constable accounts as the section 151 Officer is the same for both and therefore the same principals apply.

#### Basis of Preparation

The financial statements are prepared on the assumption that the functions of the Police and Crime Commissioner for Northumbria will continue in operational existence for the foreseeable future. This is evidenced through the Commissioner's:

- Medium Term Financial Strategy (MTFS)
- Capital Strategy
- Reserves Strategy Statement
- Treasury Management Policy and Strategy

All of these documents are published annually and can be found at the Commissioner's website under 'Key Decisions'.

The Police and Crime Commissioner's reserves position as at 31 March 2025, as reported in these statements, show the General Reserve at £12.360 which reflects approximately 3% of the revenue budget for 2025/26. The Commissioner's strategy for General Reserves is that these will be maintained at a minimum of 2% of the net revenue budget, to cover any major unforeseen expenditure or loss of funding. The balance held at the year-end therefore exceeds the minimum requirements of the General Reserves strategy.

In addition, the Commissioner maintains Earmarked Reserves to address specific risks for Northumbria, and which are consistent with achieving the objectives set within the term of the Medium-Term Financial Strategy (MTFS) and Reserves Strategy Statement. Earmarked Reserves total £38.190 as at 31 March 2025 and are considered to be appropriate, of sufficient value and fit for their intended purpose.

A comprehensive financial risk assessment is undertaken for the revenue and capital budget setting process to ensure all risks and uncertainties affecting the Commissioner's financial position are identified. An assessment is made of the likelihood and impact of each risk and the management controls in place to provide mitigation.

Prudential Indicators are approved annually and monitored throughout the year in respect of capital program expenditure, capital financing and Treasury Management activities.

The Commissioner has carried out an assessment of the impact of foreseeable changes on future income and expenditure, including a cash flow forecast up to 31 March 2027, and is satisfied that there is no material uncertainty relating to the going concern basis.

The Commissioner thereby concludes that it is appropriate to prepare the financial statements on a going concern basis, and that the Authority will be a going concern, 12 months from the date of the audit report.

Except where specified in the Code, estimation techniques that most closely reflect the economic reality of the transactions based on all known facts available have been used.

The Accounting concepts and policies which have a material impact on the accounts are as follows:

**a) Police Reform and Social Responsibility Act 2011**

The Police Reform and Social Responsibility Act 2011 (the Act) established both the Police and Crime Commissioner for Northumbria (the Commissioner) and the Chief Constable for Northumbria as two separate corporations sole, and the statutory accounting arrangements for both entities fully comply with this Act.

By virtue of the powers and responsibilities of the Commissioner as designated by the Act and the Home Office Financial Management Code of Practice, the Commissioner controls the Chief Constable for financial reporting purposes and as such is required to prepare consolidated financial statements for the Group (the Commissioner and the Chief Constable) as well as her own (Police and Crime Commissioner) single-entity accounts. The Chief Constable, who is treated as a subsidiary of the Commissioner, has prepared single-entity accounts which form a separate document.

All expenditure for the Group is paid for by the Commissioner from the Police Fund. All income and funding is paid into the Police Fund and recognised in the Commissioner's accounts. The Group financial statements consolidate all income, expenditure, assets, liabilities, reserves and cash flows of the Group.

The Chief Constable manages expenditure in relation to policing within the budget set by the Commissioner. These Statements of Account present expenditure on policing following appropriate accounting practice.

The following gives further context to the accounting recognition in each entity, at 31 March 2025, all assets, liabilities and reserves were the responsibility of the Commissioner. The Commissioner owns and controls all non-current assets, loans, investments and borrowing. All contracts are in the Commissioners name. The

Commissioner controls the bank account, is responsible for all liabilities, and controls all usable reserves. The Commissioner is the recipient of all income including government grants, Precepts and other sources of income which is paid into the Police Fund, and all expenditure of the Chief Constable is funded by the Commissioner from the Police Fund. There are no cash transactions between the two bodies.

However, the recognition of expenditure in the single-entity accounts of the Chief Constable and the Police and Crime Commissioner is based on economic benefit and service potential derived by each. Under the provisions of the Act, the Chief Constable is responsible to the Commissioner for the day-to-day provision of the policing function. In so doing, the Chief Constable consumes the Commissioner's resources in fulfilling the statutory functions. Local governance arrangements, give day to day responsibility for financial management of the Force to the Chief Constable within the framework of the agreed budget allocation and levels of authorisation issued by the Commissioner. Consequently, expenditure in relation to policing is recognised in the financial statements of the Chief Constable funded by a credit from the Commissioner for resources consumed. Similarly, following the CIPFA guidance on best practice, the liabilities associated with the employee costs disclosed in the Chief Constable's Accounts are also shown in the Chief Constable's Balance Sheet rather than that of the Commissioner.

All income, as well as expenditure directly controlled by the Commissioner, in relation to her Office and a number of Specific Grants and other funding streams, is recognised in the financial statements of the Commissioner.

In order to show the total economic cost of policing in the Chief Constable's accounts the following charges, under the control of the Commissioner, are included as a proxy in the Chief Constable's Comprehensive Income and Expenditure Statement:

- The use of non-current assets equivalent to the depreciation, impairment, amortisation and revaluation of the assets charged to the Commissioner - £14.494 million; and
- The cost of insurance and support services expended by the Commissioner but provided to support the Chief Constable in the provision of policing - £0.175 million.

There is a need to properly reflect the cost of the joint Chief Finance Officer between the two corporate bodies and therefore the following charge under the control of the Chief Constable is included in the Commissioner's Comprehensive Income and Expenditure Statement:

- The proportion of the Joint Chief Finance Officer (CFO) role attributed to the statutory functions provided under the OPCC - £0.028 million in 2024/25.

The following intra-group transactions are included in the single-entity accounts but eliminated from the Group accounts:

- A debit for the resources consumed by the Chief Constable is included in the Comprehensive Income and Expenditure Account of the Commissioner with a corresponding credit in the Comprehensive Income and Expenditure Statement of the Chief Constable; and
- The Chief Constable's Balance Sheet includes any creditors and debtors in relation to the cost of policing offset by a balancing net debtor of 'resources consumed by the Chief Constable but no cash payment made by the Commissioner, or payments made by the Commissioner in advance of services received by the Chief Constable at the Balance Sheet date' with a corresponding net creditor in the Commissioner's Balance Sheet.

## **b) Accruals of expenditure and income**

The financial statements, other than the cash flow, are prepared on an accruals basis. This means that activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership are transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Commissioner;
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be measured reliably and it is probable that economic benefits or service potential associated with the transaction will flow to the Commissioner;
- 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 inventory in the Balance Sheet;
- Interest payable on borrowings and receivables on investment income is accounted for on the basis of the effective interest rate for the relevant financial instrument, rather than the cash flows fixed or determined by the contract; and
- 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 it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

### c) Assets held for sale

When it becomes probable that the carrying amount of a non-current asset will be recovered through a sale transaction rather than continuing use, it is reclassified as an asset held for sale. In order to be classified as an asset held for sale the following conditions must be met:

- The asset is available for immediate sale in its current condition;
- The sale is highly probable, the Commissioner has committed to sell the asset and has initiated a programme to locate a buyer;
- The asset is actively marketed for a sale price that is reasonable in relation to its current fair value; and
- The sale is expected to be completed within one year of the date of classification.

The asset is revalued immediately before reclassification and carried at the lower of either the revalued amount or fair value less costs to sell. Where there is a subsequent decrease to fair value less cost to sell, the loss is posted to the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previously recognised losses. Depreciation is not charged on assets held for sale.

The Commissioner currently has several assets in this category, all of the same nature, these are disclosed separately in the Balance Sheet as current assets identified as assets held for sale and disclosed in Note 16 to the single-entity accounts.

### d) 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 short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Due to the risk of lost income from reduced interest earned or the cost of penalties charged for early redemption of fixed term investments, the Commissioner does not consider fixed term investments to be highly liquid. Fixed term investments are shown on the Balance Sheet as either long-term or short-term investments depending on the remaining term to maturity of the investment.

**e) Charges to revenue for non-current assets**

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

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

Depreciation, impairment losses or amortisation do not impact on the level of Council Tax Precept. However, there is a requirement to make an annual provision from revenue to contribute towards the reduction in the Commissioner's overall borrowing requirement (equal to either an amount calculated on a prudent basis determined by the Commissioner in accordance with statutory guidance, or loans fund principal charge). Depreciation, impairment losses and amortisation are therefore replaced by a revenue provision 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.

**f) Council Tax income**

As a major Preceptor, the Commissioner receives a share of Council Tax income from each billing authority by way of a Precept. The amount credited to the General Fund under statute is the Commissioner's demand for the year plus her share of the surplus on the Collection Fund of collection authorities for the previous year (or less her share of the deficit). Council Tax Precept income included in the Comprehensive Income and Expenditure Statement is the accrued income for the year. The Commissioner receives her proportionate share of each collection authority's accrued Council Tax income, which may be more or less than the Commissioner's demand for the year. The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Fund shall be taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement. There will be a debtor / creditor position between the Commissioner and the collection authorities, since the net cash paid by each billing authority in the year will not be its share of cash collected from Council Taxpayers.

**g) Employee benefits****Benefits payable during employment.**

Short-term employee benefits, such as salaries, paid annual leave, paid sick leave and non-monetary benefits for current employees, are recognised as an expense in the year in which employees render services to the Commissioner. An accrual is made for the cost of holiday entitlements and other short-term absences earned by employees but not taken before the year-end, and which employees can carry forward into the next financial year.

**Termination Benefits**

Termination benefits are amounts payable as a result of a decision by the Commissioner or Chief Constable to terminate a member of staff's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy. The costs are charged on an accruals basis in the Comprehensive Income and Expenditure Statement when the relevant employer is demonstrably committed to terminating the employment of an employee or group of employees. When an offer to encourage voluntary redundancy is made to a group of employees, a provision or contingent liability will be included in the accounts.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Reserve balance to be charged with the amount payable by the Commissioner / Chief Constable 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 termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amount payable but unpaid at the year-end.

### **Post-employment benefits (pensions)**

As part of the terms and conditions of employment, the Group offers retirement benefits by participating in pension schemes. These are the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015 and the Tyne and Wear Pension Fund, all of which offer defined benefits related to pay and service:

**The Police Pension Schemes** are unfunded defined benefit schemes, for which contributions are paid into a Pension Fund and pensions paid from the Fund. The deficit each year on the Fund is balanced to nil at the end of each year by receipt of a pension top up grant from the Home Office. There are no investment assets built up to meet the pension liabilities and cash has to be generated by the Home Office to meet actual pension payments as they eventually fall.

**The Tyne & Wear Pension Fund** is a Local Government Pension Scheme administered by South Tyneside Council. It is classified as a funded defined benefit scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level estimated to balance the pensions' liabilities with investment assets.

Although retirement benefits will not actually be payable until employees retire, the Group has a commitment to recognise liabilities at the point at which employees earn their future entitlement. The aim is to ensure that the true net asset / liability of a defined benefit pension scheme is recognised in the Balance Sheet, and the true costs of retirement benefits are reflected in the Comprehensive Income and Expenditure Statement.

Movements during the year in the net asset / liability of the pension scheme are reflected in the Comprehensive Income and Expenditure Account. Actuarial gains and losses on fund assets and liabilities are recognised in the Comprehensive Income and Expenditure Account.

As with capital charges, pension entries are reconciled back to cash amounts payable to ensure that there is no effect upon Council Tax Precept.

Further information relating to pension costs is included in the notes to the accounts.

## **h) Events after the Balance Sheet date**

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statements of Account are 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 Statements of Account are adjusted to reflect such events.
- Those that are indicative of conditions that arose after the reporting period – the Statements of Account are 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 events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statements of Account.

## **i) Prior period adjustments**

The majority of prior period items arise from corrections and adjustments that are the natural result of estimates inherent in the accounting process. Such adjustments constitute normal transactions in the year in which they are identified. 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.

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting policies are only made when required by proper accounting practices or where 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.

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

There are no prior period adjustments for the 2024/25 accounts.

## j) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term financial instrument covers both financial assets and financial liabilities and includes both the most straightforward financial instruments (e.g. trade payables and receivables) and the most complex such as equity instruments.

Typical financial instruments are trade payables and trade receivables, borrowings, bank deposits and investments.

### Financial Assets

The PCCs financial assets are assets that have fixed or determinable payments but are not quoted in an active market. These assets are initially measured at fair value and carried at their amortised cost. Annual credits to 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 loans that the Commissioner has made, the amount presented in the Balance Sheet is the outstanding principal receivable. Interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

### Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the *Financing Investment Income and Expenditure* line in the Comprehensive Income and Expenditure Statement are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. For most of the borrowing that the Commissioner has, the amount presented in the Balance Sheet is the outstanding principal repayable and the interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

Amortised cost is adjusted for any premiums, discounts, material transaction costs and accrued interest. Where financial liability interest rates are fixed until maturity, they are deemed not to require an effective interest rate calculation to be carried out.

The transaction costs of the financial liabilities held on the Balance Sheet are considered to be immaterial.

### Fair Value

For each class of financial asset and financial liability, the Commissioner is required to disclose the fair value (as defined in the Fair Value Measurement section at o. below) of that class of asset and liability in a way that permits it to be compared to its carrying amount. The Commissioner assesses the fair value by calculating the present value of the cash flows that take place over the remaining life of the instruments, using a number of assumptions which are further detailed in **Note 23** Financial Instruments.

Fair values have not been calculated for assets or liabilities where the carrying amount is a reasonable approximation of fair value, such as trade creditors and debtors.

**Redemption of Debt**

There is a requirement by statute to set aside a Minimum Revenue Provision (MRP), for the repayment of debt. Provision is made for principal repayments by charging an MRP calculated in accordance with CIPFA's Prudential Code (which follows the provisions of the Local Government Act 2003).

**External Interest**

Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

**Borrowing costs**

Borrowing costs are recognised as a revenue expense in the period in which they are incurred. Borrowing costs are interest and other costs that the Commissioner incurs in connection with the borrowing of funds.

**k) Government grants and other contributions**

All Group funding is paid to the Commissioner. Whether paid on account, by instalments or in arrears, government grants and third-party contributions are recognised as due to the Commissioner when there is reasonable assurance that the Commissioner will comply with the conditions attached to the payments.

Unspent, non-conditional revenue grant income at year-end is appropriated into an earmarked reserve.

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

**l) Intangible assets**

Expenditure on assets that do not have a physical substance but are identifiable and controlled by the Commissioner is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Commissioner.

Intangible assets are initially measured at cost and are amortised to revenue over their useful economic lives on a straight-line basis, usually five years. An asset is tested for impairment whenever there is an indication that the asset might be impaired. Any gain or loss arising from the disposal or abandonment of an intangible asset is posted to the Other Expenditure line in the Comprehensive Income and Expenditure Statement.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund balance. The gains and losses are therefore posted to the Capital Adjustment Account and, for any sale proceeds greater than £10,000, the Capital Receipts Reserve.

**m) Investment property**

Investment properties are those that are held by the Commissioner solely to generate rental income and / or capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or is held for sale.

Investment properties are measured initially at cost and subsequently at 'fair value' (as defined in the Fair Value section below). 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 disposals.

Rental income received in relation to investment properties is credited to the *Financing and Investment Income and Expenditure* line in the Comprehensive Income and Expenditure Statement and results 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.

#### n) Fair value measurement

The Group measures some of its non-financial assets such as investment properties and surplus assets at fair value at each reporting date. The Group also discloses some of its financial instruments such as Public Works Loan Board (PWLB) loans and Market loans at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The Group measures the value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest. When measuring the value of a non-financial asset the Group takes into account the market participant's ability to generate economic benefits by using the asset in its highest and best use. The Group uses 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 and liabilities 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 or liabilities that the Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 - Unobservable inputs for the asset or liability.

#### o) Property, Plant and Equipment

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

##### Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is possible that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. A de minimis level of £10,000 is set for the initial recognition of an asset on the Balance Sheet, although individual assets with a value less than this may be capitalised if they form part of a larger investment programme which exceeds the de minimis level (such as the acquisition of vehicles or ICT equipment).

All Property, Plant and Equipment will be recognised on the Balance Sheets of the Commissioner Single Entity and Group. None will be recognised on the Chief Constable's Balance Sheet.

Any expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (e.g. Repairs and maintenance) is charged as an expense when it is incurred.

## Measurement

Assets are initially measured at cost comprising:

- The purchase price;
- All 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 Commissioner does not capitalise borrowing costs incurred whilst 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 in the Comprehensive Income and Expenditure Statement. Where a donation is made conditionally the gain is first held in the Donated Assets Account until conditions are satisfied. Any gains credited to the Comprehensive Income and Expenditure Statement 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:

- a) Assets under construction - historic cost, net of depreciation, where appropriate;
- b) Investment properties - fair value, as a non-financial asset investment property is measured at highest and best use from a market participant's perspective;
- c) Surplus assets - the current value measurement base is fair value, estimated at highest and best use from a market participant's perspective;
- d) Non-specialised operational properties - current value, determined as the amount that would be paid for the asset in its existing use (existing use value - EUV);
- e) Specialised operational properties - current value, but where no market exists due to the specialised nature of the asset, depreciated replacement cost (DRC) is used as an estimate of current value;
- f) Vehicles, plant and equipment - where assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for current value;
- g) Assets held for sale – valued at the lower of carrying value and fair value, estimated at highest and best use from a market participant's perspective.

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. Valuations of the Commissioners properties are carried out on a rolling programme basis, with approximately one third of assets valued each year with an effective date of 31 March in the reporting period just ended. This provides a full revaluation every three years, in line with statutory requirements. In addition, significant assets, investment properties and assets held for sale are valued annually.

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 Provision of Services* in the Comprehensive Income and Expenditure Statement 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 is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 01 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Valuations were carried out internally for the Commissioner by Northumbria Police Asset Manager, Tim Rodgers BSc (Hons), MRICS Registered Valuer, supported by Northumbria Police Estates Surveyor, James Clare MRICS Registered Valuer.

### **Impairment**

Assets are assessed at each year-end as to whether there is an 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 as follows:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- Where there is no balance in the Revaluation Reserve, the carrying amount of the asset is written down in 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.

### **Disposal of Assets**

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement as a gain or loss on disposal. Any receipts from the disposal are credited to the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Income from the disposal of non-current assets is accounted for on an accruals basis and amounts received for a disposal in excess of £10,000 are categorised as capital receipts.

The written-off value of disposals is not a charge against the General Reserve, 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 Reserve balance in the Movement in Reserve Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives. The useful life of an asset is determined either on acquisition or revaluation of that asset.

A full year's depreciation is charged on newly acquired assets in the year of acquisition, although assets in the course of construction are not depreciated until they are brought into use. Depreciation is calculated using the straight-line method.

Generally, assets are depreciated in accordance with the following estimate of useful lives:

- Police stations: Between 10 and 50 years depending on use, construction type and condition;
- Computers, IT and other equipment: 5 years; and

- Vehicles: 4 years from 2024/25, historically this has been 3 years but updated due to vehicles lasting longer.

An exception to the above policy is made for assets without a determinable finite life such as land, which is not depreciated.

Separate charges are made for the depreciation of major components of a single asset, where significant components of the asset have materially different useful economic lives. The Commissioner has split her assets into separate components where the following criteria are met:

- The total asset has a value greater than £1.000 million;
- The component has a value of greater than 20% of the total asset; and
- The component has a useful life which differs by 10 years or more from any other component of the asset.

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.

## p) Provisions and contingent liabilities

### Provisions

Provisions are made where an event has taken place that gives the Commissioner a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential. A reliable estimate can be made of the amount of the obligation. Provisions that are charged to the Comprehensive Income and Expenditure Statement in the year that the Commissioner becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation. This takes into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried up 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 and credited back to the relevant service.

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 if it is virtually certain that reimbursement will be received.

### Contingent liabilities

A contingent liability arises where an event has taken place that gives the Commissioner a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Commissioner. 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 **Note 22** to the single entity accounts and **Note 12** to the group accounts

## q) Reserves

Amounts are set aside as reserves for future policy purposes and to cover contingencies. When expenditure to be financed from a reserve is incurred, it is charged to the cost of service in the Comprehensive Income and Expenditure Statement and the reserve is appropriated back into the General Reserve balance in the Movement in Reserves Statement; this means there is no impact on the level of Council Tax Precept as a result of that expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments and retirement benefits that do not represent usable resources for the Commissioner.

**r) Revenue expenditure funded from capital under statute (REFCUS)**

Expenditure incurred during the year that may be capitalised under statutory provision but does not result in the creation of a non-current asset, has been charged as expenditure to the Comprehensive Income and Expenditure Statement in the year. Where the cost of this expenditure is to be met from existing capital resources or by borrowing, a transfer to the Capital Adjustment Account then reverses out the amount charged in the Movement in Reserves Statement so there is no impact on the level of Council Tax Precept as a result of this expenditure.

**s) Value Added Tax (VAT)**

VAT is included in the Comprehensive Income and Expenditure Statement only to the extent that it is irrecoverable from HM Revenue and Customs.

**t) Joint Arrangements**

A joint arrangement is an arrangement of which two or more parties have joint control.

Expenditure relating to the cost of Joint Arrangements is charged to the Comprehensive Income and Expenditure Statement (CIES) of the Chief Constable with any associated income being shown against the CIES for the Commissioner Single Entity. Any assets held jointly are accounted for on the Balance Sheet of the Commissioner Single Entity and Group as the percentage share of assets attributable to the Commissioner for Northumbria.

The Force currently has a Joint Arrangement with Durham and Cleveland, the North East Regional Organised Crime Unit (NE ROCU). Further detail of the arrangements in place and the outturn for 2024/25 is shown at **Note 15**.

## 4. Critical Judgement in applying accounting policies

In applying its accounting policies, certain judgements have been made about the complex transactions or those involving uncertainty about future events. The most significant areas where judgements have been necessary within the Commissioner's accounts are:

- Property valuations; and
- Accounting recognition of assets, liabilities, reserves, revenue and expenditure within the Group following introduction of the new governance arrangement under provisions of the Police Reform and Social Responsibility Act.

Where judgement has been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in the financial statements.

## 5. Impact of changes in accounting policies

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

For the financial year 2024/25 there was the implementation of the new accounting standard IFRS 16 leases. There is no requirement under the standard for prior period adjustments due to the date of transition being 01 April 2024. Further details are provided in Note 7 and Note 18 to these accounts.

## 6. Accounting standards that have been issued but have not yet been adopted

The Code of Practice on Local Authority Accounting in the United Kingdom (the Code) requires the disclosure of information relating to the expected impact of an accounting change that will be required by an amendment to an existing standard or a new standard that has been issued but not yet adopted. This note has for a few years included reference to IFRS 16 leases which was postponed for several times but is now coming into effect for 2024/25. Details are outlined in Note 7 below.

The following accounting standards have been brought into effect for financial years commencing on or before 01 January 2024 and are therefore applicable to the 2024/25 code are;

- IAS 21 The Effects of Changes in Foreign Exchange Rates (Lack of Exchangeability) issued in August 2023.
- IFRS 17 Insurance Contracts issued in May 2017.

The Police and Crime Commissioner and Group have very few foreign transactions and do not hold any balances that would be impacted by IAS 21. In regard to IFRS 17 there has been no impact from this change since the last statements of account 2023/24.

In addition to the above there are changes anticipated for the 2025/26 year from changes in the measurement of non-investment assets within the 2025/26. This is not expected to make a material change for the Police and Crime Commissioner or Group but Finance and Estates teams are working together to comply with the requirements for the year ending 31<sup>st</sup> March 2026.

## 7. New Accounting Standards for 2024/25

### IFRS 16 Leases

The IASB issued IFRS 16 Leases in January 2016. The standard has an effective date of 01 January 2019 and was due to be adopted in the Code for the 2019/20 financial year. Implementation has been delayed a number of times however adoption is mandatory from 1 April 2024 for the 2024/25 financial year.

The standard sets out conditions for when an entity holds a lease agreement that lasts, or is reasonably expected to last more than 12 months and satisfies materiality conditions for bringing this onto the entities balance sheet by means of a lease liability and a right of use asset.

The commissioner and group are complying with this standard from 01 April 2024, significant work has been undertaken to get to a position of bringing leases onto the balance sheet including initial consideration of 147 potential lease arrangements. The impact assessment in 2023/24 identified 29 leases with an estimated asset value of £1.283 million and a lease liability of £0.985 million (difference being due to peppercorn arrangements). At the date of transition, the Force determined 33 leases to fall under the scope of IFRS 16, this resulted in the recognition of £2.143 million in right of use assets and a liability of £1.791 million.

Despite the significant impact on parts of the balance sheet the impact on the bottom line of the balance sheet for the Commissioner and group however there will be annual interest payments which will impact on the revenue budget, which is anticipated to impact the Police and Crime Commissioner and Group revenue budget but will be accounted for through the CIES and have a neutral impact on the tax payer.

The impact of transactions through the CIES for the group for 2024/25 was gross £0.447 million and was in relation to a total of 33 leases.

## 8. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made 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 Commissioner's Balance Sheet as at 31 March 2025 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

#### Fixed Asset Valuations

Asset valuations are carried out on a rolling programme basis with one third of assets valued each year. In addition significant assets, investment properties and assets held for sale are valued each year. This provides a full revaluation every three years which is within statutory requirements. The 2024/25 valuations were carried out internally by Northumbria Police Asset Manager, Tim Rodgers BSc (Hons), MRICS Registered Valuer, supported by Northumbria Police Estates Surveyor, James Clare MRICS Registered Valuer.

Valuation bases are as set out in **Note 3** section o. Property Plant and Equipment. All valuations were carried out in accordance with the RICS Valuation - Global Standards 2020 and the UK National Supplement 2018.

The date of valuation of the Commissioners property assets is 31 March 2025.

The NBV of Land and Buildings held on the balance sheet of the Commissioner totals £86.442 million (£55.708 million in PPE and £30.734 million in Right of Use Assets). Of this amount, £66.267 million is attributed to 3 properties which are valued as specialist properties on a depreciated replacement cost (DRC) basis.

## 9. Movement in Reserve Statement adjustments

The Movement in Reserves Statement details all movements in the Commissioner's usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and provides a summary of the movement in unusable reserves. The 'Surplus or deficit on the provision of services' line shows the true economic cost of providing the Commissioners services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve balance for Council Tax setting purposes. The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Commissioner. The following tables provide further details of the amounts disclosed in the Movement in Reserves Statement.

### a) Adjustments between accounting basis and funding under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Commissioner 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 Commissioner to meet future capital and revenue expenditure. The adjustments for 2024/25 and 2023/24 are set out in the following tables;

**Adjustments between Accounting Basis & Funding Basis under regulations 2024/25**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,837)	-	-	12,837
Amortisation of intangible assets	(1,117)	-	-	1,117
Revenue Expenditure Funded from Capital under Statute	(540)	-	-	540
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,480	-	-	(1,480)
Capital Expenditure charged in the year to the General Fund	41	-	-	(41)
Net (Gain) / Loss on sale of non-current assets	(720)	(114)	-	834
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,767	-	(5,767)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(654)	-	-	654
Reversal of IAS 19 Pension Charges	(310)	-	-	310
Contributions due under the pension scheme regulations	307	-	-	(307)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Revenue provision for the repayment of debt	10,932	-	-	(10,932)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(3,418)</b>	<b>5,653</b>	<b>-</b>	<b>(2,235)</b>

<b>Adjustments between Accounting Basis &amp; Funding Basis under regulations 2023/24</b>				
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,928)	-	-	12,928
Amortisation of intangible assets	(1,443)	-	-	1,443
Revenue Expenditure Funded from Capital under Statute	(602)	-	-	602
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,106	-	123	(1,229)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(1,930)	(152)	-	2,082
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,507	-	(5,507)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(72)	-	-	72
Reversal of IAS 19 Pension Charges	(299)	-	-	299
Contributions due under the pension scheme regulations	285	-	-	(285)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-	-	-	-
Revenue provision for the repayment of debt	10,729	-	-	(10,729)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(5,154)</b>	<b>5,355</b>	<b>123</b>	<b>(324)</b>

## b) Analysis of transfers To / (From) reserves

The Commissioner maintains a number of reserves, which are classified as either usable (backed by cash) or unusable (notional adjustment accounts not supported by cash). The Commissioner produces an Annual Reserves Strategy Statement in accordance with the requirements of the Home Office Financial Management Code of Practice (FMCP) which is published on the Commissioners website. The statement provides an explanation for each reserve held by the Commissioner, along with its value. Plus, a narrative explaining whether the current and projected level of reserves is appropriate, and are governance arrangements for reserves adequate and appropriate.

**Usable reserves:**

The **General Reserve** (Police Fund) is the main fund into which Council Tax Precept income, government grants and other income is paid and from which the day-to-day cost of providing services is met. The balance of the fund provides a reserve to manage unexpected expenditure and other budget pressures for the Commissioner. The Police Reform and Social Responsibility Act specifies that the Commissioner is the holder of the Police Fund and the recipient of all income. The Commissioner has an agreed strategy that the level of the General Reserve will be influenced by the balance of risks inherent in the budget, the robustness of budget monitoring, past experience of outturn spending, the extent of earmarked reserves and funding cuts over the medium term. The Commissioner has a reserves strategy which will maintain a general reserve of a minimum of 2% of the net revenue budget. For budgetary purposes the Medium Term Financial Strategy (MTFS) is based upon a prudent General Reserve level set at just below 3% of net revenue budget.

**Earmarked reserves:**

The **Insurance Reserve** is maintained for potential liabilities and costs which fall onto the Commissioner where it is more economical to keep a reserve than seek specific insurance. Potential liabilities include storm damage, business interruption and claims that would fall within the Commissioner's policy excess limits.

The **Operational Systems Reserve** was created at the end of the 2022/23 financial year through a transfer from the Police Pension Scheme Funding Reserve. The reserve will provide £3.400m of funding to ensure the swift delivery of major transformation schemes, including the replacement of operational police systems. It will also provide one-off funding for any costs associated with the Digital Policing strategy to migrate to Cloud based solutions.

The **Workforce Management Reserve** was established to manage costs associated with workforce change and has a balance of £1.320m. This reserve will be retained as a backstop to meet unexpected people related costs associated with any workforce change required over the medium-term, to ensure that such pressure does not impact on the sustainability of planned investment in the revenue budget.

The **Emergency Services Network (ESN) Reserve** – The PCC and Force do not believe that the Government will provide funding for implementation of the national Emergency Services Network (ESN) in Northumbria. To avoid the risk of the costs falling on the Force and to ensure no impact on operational policing the implementation will be funded through a mix of prudential borrowing and the use of the ESN reserve. The 2019/20 approved budget included a planned transfer to earmarked reserves to protect against specific risks for Northumbria, of which £2.600m was identified to establish the Emergency Services Network (ESN) Reserve. The total reserve balance will be used in full to manage the cost of ESN implementation expected for Northumbria. Due to slippage in the National timeline for ESN implementation the majority of the capital costs for ESN delivery in Northumbria are expected in 2027/28 and therefore the reserve balance is fully committed in that year.

The **Inflationary Risks Reserve** was created in 2021/22, from the underspend against the Chief Constable's revenue budget, to manage inflationary risks identified for 2022/23 and future years. The significant levels of inflation experienced in the economy over the past two years are expected to continue to impact on force budgets over the medium-term. At 01 April 2024 it was approved for this reserve to be consolidated into the investment reserve as the reserves are now for the same purpose of future resilience.

**Investment Reserve** - Significant investment in policing services for Northumbria residents was approved by the Commissioner in 2020/21 and part of the total funding allocated for that year (£8.200m) was identified to support the investment in future years, to ensure that it would remain sustainable over the medium-term. The previous MTFS included plans to utilise the reserve over 4 years 2023/24 to 2026/27. The use of the £8.200m has been reprofiled over 2026/27 and 2027/28 to manage the anticipated funding gap in those years. In addition, the outturn position for 2024/25 on the Chief Constable revenue budget has allowed for a further increase of £4.448 million for future investment. Given the evolving nature of reserves it was decided from 01 April 2024 to consolidate the Inflationary Risk Reserve and the Operational Reserve into the investment reserve as they are for the same purpose.

The **Operational Reserve** - An earmarked reserve of £3.100m was established in 2020/21 to meet the costs of Covid enforcement and operational policing in 2021/22. Expenditure against this reserve now relates solely to Operational policing and the reserve was renamed accordingly in 2022/23. The balance at the end of 2023/24 was £1.146 million, on the 01 April 2024 it was approved to be amalgamated into the investment reserve.

The **OPCC Innovation Reserve** represents funds identified for innovative work with partner agencies through the Office of the Police and Crime Commissioner (OPCC). The reserve ensures that income identified for this purpose remains available by carrying forward balances held for projects between financial years.

The **External Funding Reserve** represents receipts of income which are not time limited, and which are carried forward at the year-end to be used in future years, in-line with any terms and conditions. The reserve represents income received from external partners, which is to be used to fund specific activities and policing services.

The **National Policing Capabilities (Hosted Services) Reserve** was established in 2023/24 through a transfer from the external funding reserve. The reserve primarily holds balances for the National Rural Crime Unit which is a funded capability hosted by Northumbria Police.

The **NEROCU Reserve** represents Northumbria's share of the North East Regional Organised Crime Unit (NEROCU) reserve.

**Capital Receipts Reserve** represents capital receipts from the sale of assets held in order to finance future capital expenditure.

**Capital Grants Unapplied** represents capital grants or contributions recognised in the Comprehensive Income and Expenditure Statement but for which the expenditure to be financed from the grant or contribution has not been incurred. The reserve is available to finance future capital expenditure.

#### **Unusable Reserves:**

The **Capital Adjustment Account** absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement and 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 Commissioner as finance for the costs of acquisition, construction and enhancement.

The account contains accumulated gains and losses on investment properties. The account also contains revaluation gains accumulated on property, plant and equipment before 01 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The **Deferred Capital Receipts Reserve** holds capital receipts due to the Commissioner in relation to the sale of assets, which will be received after the balance sheet date. The balance on the Deferred Capital Receipts Reserve at 31 March 2024 is nil.

The **Revaluation Reserve** contains gains made by the Commissioner arising from increases in non-current asset values. The balance is reduced when assets with accumulated gains are:

- a) Revalued downwards or impaired and the gains are lost;
- b) Used in the provision of services and the gains are consumed through depreciation; or
- c) Disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 01 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.

The **Collection Fund Adjustment Account** manages the differences arising from the recognition of Council Tax Precept income in the Comprehensive Income and Expenditure Statement as it falls due, compared with the statutory arrangements for paying across amounts to the Commissioner from billing authorities.

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 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 to be financed as the Commissioner makes employer's contributions to pension funds or eventually pays any pensions for which she is directly responsible. The debit balance on the reserve therefore shows a substantial shortfall in the resources the Commissioner has set aside to meet the benefits earned by past and current employees.

The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

<b>Analysis of the transfers To / From reserves 2024/25</b>					
Balance as at 31 March 2024 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2025 £000
	<b>Usable Reserves</b>				
11,031	<b>General Reserve</b>	2,098	(769)	1,329	12,360
	Earmarked Reserves:				
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	(5,634)	(5,634)	-
11,937	Investment Reserve	11,228	-	11,228	23,165
1,146	Operational Reserve	-	(1,146)	(1,146)	-
2,053	Pay Inflation Reserve	-	-	-	2,053
805	OPCC Innovation Reserve	-	(65)	(65)	740
960	External Funding Reserve	307	(285)	22	982
926	National Policing Capabilities (Hosted Services)	712	(855)	(143)	783
428	NE ROCU Reserve	-	(5)	(5)	423
<b>34,209</b>	<b>Total Earmarked reserves</b>	<b>12,247</b>	<b>(7,990)</b>	<b>4,257</b>	<b>38,466</b>
11,925	<b>Capital Receipts Reserve</b>	114	(5,767)	(5,653)	6,272
361	<b>Capital Grants Unapplied</b>	1,480	(1,480)	-	361
<b>57,526</b>	<b>Total Usable Reserves</b>	<b>15,939</b>	<b>(16,006)</b>	<b>(67)</b>	<b>57,459</b>
	<b>Unusable Reserves</b>				
28,700	Revaluation Reserve	964	(480)	484	29,184
(37,080)	Capital Adjustment Account	18,700	(15,328)	3,372	(33,708)
1,302	Collection Fund Adjustment Account	-	(654)	(654)	648
-	Deferred Capital Receipts	-	-	-	-
-	Pension Reserve	-	-	-	-
<b>(7,078)</b>	<b>Total Unusable Reserves</b>	<b>19,664</b>	<b>(16,462)</b>	<b>3,202</b>	<b>(3,876)</b>
<b>50,448</b>	<b>Total Reserves</b>	<b>35,603</b>	<b>(32,468)</b>	<b>3,135</b>	<b>53,583</b>

<b>Analysis of the transfers To / From reserves 2023/24</b>					
Balance as at 31 March 2023 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2024 £000
	<b>Usable Reserves</b>				
10,804	<b>General Reserve</b>	227	-	227	11,031
	Earmarked Reserves:				
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	-	-	5,634
8,200	Investment Reserve	3,737	-	3,737	11,937
1,407	Operational Reserve	-	(261)	(261)	1,146
2,053	Pay Inflation Reserve	-	-	-	2,053
690	OPCC Innovation Reserve	115	-	115	805
1,929	External Funding Reserve	367	(1,336)	(969)	960
-	National Policing Capabilities (Hosted Services)	1,210	(284)	926	926
401	NE ROCU Reserve	73	(46)	27	428
<b>30,634</b>	<b>Total Earmarked reserves</b>	<b>5,502</b>	<b>(1,927)</b>	<b>3,575</b>	<b>34,209</b>
17,280	<b>Capital Receipts Reserve</b>	152	(5,507)	(5,355)	11,925
484	<b>Capital Grants Unapplied</b>	1,106	(1,229)	(123)	361
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>6,987</b>	<b>(8,663)</b>	<b>(1,676)</b>	<b>57,526</b>
	<b>Unusable Reserves</b>				
30,188	Revaluation Reserve	(982)	(506)	(1,488)	28,700
(37,996)	Capital Adjustment Account	17,971	(17,055)	916	(37,080)
1,374	Collection Fund Adjustment Account	-	(72)	(72)	1,302
-	Deferred Capital Receipts	-	-	-	-
139	Pension Reserve	(125)	(14)	(139)	-
<b>(6,295)</b>	<b>Total Unusable Reserves</b>	<b>16,864</b>	<b>(17,647)</b>	<b>(783)</b>	<b>(7,078)</b>
<b>52,907</b>	<b>Total Reserves</b>	<b>23,851</b>	<b>(26,310)</b>	<b>(2,459)</b>	<b>50,448</b>

## Transfers To / From Unusable Reserves

Unusable Reserves - Revaluation Reserve					
Transfers To/(From) Reserves					
Balance as at 31 March 2024 £000		Upward revaluations of property, plant and equipment £000	Historic cost depreciation adjustment (HCDA) £000	Total £000	Balance as at 31 March 2025 £000
<b>28,700</b>	Revaluation Reserve	964	(480)	<b>484</b>	<b>29,184</b>

Unusable Reserves - Capital Adjustment Account				
Transfers To/(From) Reserves				
	Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Capital Adjustment Account £000
<b>Balance as at 31 March 2024</b>				<b>(37,080)</b>
Amortisation of Intangible Assets	-	(1,117)	(1,117)	
Depreciation	-	(11,040)	(11,040)	
Gain on Revaluation of Investment Property	-	(1,798)	(1,798)	
Revenue expenditure funded by capital under statute (REFCUS)	-	(540)	(540)	
Net Gain/Loss on Sale of NCA's	-	(833)	(833)	
MRP for financing of Capital Investment	10,932	-	10,932	
Capital expenditure charged to the General Fund (Reserves)	41	-	41	
Capital Receipts applied to finance capital expenditure	5,767	-	5,767	
Historic cost depreciation adjustment (HCDA)	480	-	480	
Trf from CGU to CAA	1,480	-	1,480	
<b>Total Movement on Reserve</b>	<b>18,700</b>	<b>(15,328)</b>		<b>3,372</b>
<b>Balance as at 31 March 2025</b>				<b>(33,708)</b>

<b>Unusable Reserves - Pensions Reserve</b>						
Balance as at 31 March 2024 £000		<b>Transfers To/(From) Reserves</b>			Total Movement £000	Balance as at 31 March 2025 £000
		Re- measurements of the net defined benefit pension liability £000	Reverse the net impact of IAS19 charges on the General Fund £000			
-	<b>Pensions Reserve</b>					
-	Police and Crime Commissioner LGPS	3	(3)	-	-	

## 10. Information to be presented either in the Comprehensive Income and Expenditure Statement or in the Notes

The Comprehensive Income and Expenditure statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Commissioners raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

An analysis of items included in the Comprehensive Income and Expenditure Statement below Cost of Services is detailed in the following table:

Other Operating Expenditure				
2023/24		2024/25		Net Expenditure £000
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	
1,930	(Gains) / Losses on Disposal of Property Plant and Equipment	720	-	720
<b>1,930</b>	<b>Total Other Operating Expenditure</b>	<b>720</b>	<b>-</b>	<b>720</b>

Financing and Investment Income and Expenditure				
2023/24		2024/25		Net Expenditure £000
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	
2,628	Interest on Borrowing	2,480	-	2,480
(1,933)	Interest Income	-	(1,873)	(1,873)
(13)	Pensions Interest costs and expected return on assets	15	(21)	(6)
<b>682</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>2,495</b>	<b>(1,894)</b>	<b>601</b>

Taxation and Non Specific Grant Income and Expenditure				
2023/24		2024/25		Net Expenditure £000
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	
(136,115)	Home Office Grant	-	(149,281)	(149,281)
(130,031)	Ex - DCLG Formula Grant	-	(132,702)	(132,702)
(6,867)	Council Tax Support Grant	-	(6,867)	(6,867)
(912)	Council Tax Freeze Grant 2011/12	-	(912)	(912)
(389)	Council Tax Freeze Grant 2014/15	-	(389)	(389)
(69,718)	Proceeds of PCC Precepts	654	(76,600)	(75,946)
-	Receipts/payments to Police Pension Fund	69,594	(69,594)	-
(1,106)	Capital grants and contributions	-	(1,480)	(1,480)
<b>(345,138)</b>	<b>Total Taxation and Non Specific Grant Income</b>	<b>70,248</b>	<b>(437,825)</b>	<b>(367,577)</b>

### Segmental Analysis

There is a requirement within the Code to present income and expenditure in segments as reported for internal management purposes and provide reconciliation with the Comprehensive Income and Expenditure Statement (CIES). The Expenditure and Funding Analysis (EFA) and the notes to the EFA present the financial information on a funding basis for reportable segments and reconcile this position with the CIES.

## 11. External audit costs

The Commissioner has incurred the following costs in relation to work carried out by the Group's external auditors. The Commissioner commissions PSAA (Public Sector Audit Appointers) to tender for the external audit contract on a 5 year cycle. 2023/24 was the first year of the new contract which was awarded to Ernst & Young LLP.

<b>External Audit Costs</b>		2024/25
2023/24		£000
£000		£000
101	External Audit Services	101
26	Additional fees relating to the previous year's audit	79
1	Contribution to Pension Fund Audit	-
<b>128</b>	<b>Net Cost</b>	<b>180</b>

## 12. Government and non-government grants and contributions

Government and Non-Government Grants				
2023/24			2024/25	
Revenue £000	Capital £000		Revenue £000	Capital £000
<b>General Government Grant not attributable to Services</b>				
136,115	-	Home Office Grant	149,281	-
130,031	-	Ex - DCLG Formula Grant	132,702	-
6,867	-	Council Tax Support Grant	6,867	-
912	-	Council Tax Freeze Grant 2011/12	912	-
389	-	Council Tax Freeze Grant 2014/15	389	-
65,906	-	Pension Top-up Grant	69,594	-
<b>340,220</b>	-	<b>Total</b>	<b>359,745</b>	-
<b>Specific Government Grant attributable to Services</b>				
1,509	-	Counter Terrorism Grants	1,602	-
3,423	-	Police Special Pension Grant	11,168	-
11,981	-	Police Officer Uplift	18,323	-
1,079	-	Serious Violence Funding	1,865	-
2,361	-	Violence Reduction Unit Funding	2,295	-
121	-	Loan Charges Grant	118	-
3,298	-	Victim Services Grant	3,328	-
3,097	-	Other Specific Policing Funds Managed by the PCC	1,837	-
2,739	-	Apprenticeship Grant	2,090	-
1,575	532	Home Office NE ROCU Funding	1,477	83
200	-	National Rural Crime Unit	177	-
616	-	Software License Grant	-	-
512	-	Specific Operations	360	-
21	-	National Audit funding	21	-
10,165	-	Pay Award	5,043	-
-	-	Operation Navette	1,662	-
<b>42,697</b>	<b>532</b>	<b>Total</b>	<b>51,366</b>	<b>83</b>
<b>Non-Government grant and contributions attributable to Services</b>				
5,639	574	Other contributions	2,502	1,397
<b>5,639</b>	<b>574</b>	<b>Total</b>	<b>2,502</b>	<b>1,397</b>
<b>388,556</b>	<b>1,106</b>	<b>Total Government and Non-Government contributions recognised in the Comprehensive Income &amp; Expenditure Statement</b>	<b>413,613</b>	<b>1,480</b>

As well as Government Grants and Contributions the Commissioner obtains part of her income through Precepts levied on the local billing authorities in the Northumbria police Force area. The income received through precept during the year (and the prior year comparator) is set out in the table below;

<b>Council Tax Precept</b>				
	Total 2023/24 £000	Precept (in accordance with regulation) 2024/25 £000	Share of Surplus / (Deficit) at 31 March 2025 £000	Total 2024/25 £000
Gateshead Council	9,093	9,827	26	9,853
Newcastle City Council	12,009	12,677	477	13,154
North Tyneside Council	10,693	11,723	375	12,098
Northumberland County Council	18,811	7,139	131	7,270
South Tyneside Council	6,713	13,544	(56)	13,488
Sunderland City Council	12,471	20,400	337	20,737
	<b>69,790</b>	<b>75,310</b>	<b>1,290</b>	<b>76,600</b>

### 13. Officer Remuneration

The following tables set out the remuneration for senior employees whose salary, including voluntary redundancy payments, is more than £50,000 per year in 2024/25 and the equivalent disclosure for 2023/24

<b>Numbers of Employees receiving over £50,000</b>		
<b>Remuneration Band</b>	<b>Number of Employees</b>	
	<b>2023/24</b>	<b>2024/25</b>
£50,000 - £54,999	2	5
£55,000 - £59,999	-	3
£60,000 - £64,999	1	-
£65,000 - £69,999	2	1
£70,000 - £74,999	-	-
£75,000 - £79,999	1	2
£80,000 - £84,999	-	1

#### Exit Packages

There were no exit packages for the Commissioners Single Entity employees during 2024/25 or 2023/24.

## Notes to the Police and Crime Commissioner Single Entity Financial Statements

Remuneration of the senior employees is disclosed in the following tables

Remuneration of Senior Employees 2024/25								
Post holder information	Notes	Salary (Including fees & allowances) £	Benefits in Kind £	Relocation Expenses £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions £	Total Remuneration 2024/25 £
Police and Crime Commissioner - A	1	81,567	-	-	-	81,567	12,971	94,538
Police and Crime Commissioner - B	2	9,594	-	-	-	9,594	1,486	11,080
Deputy Police and Crime Commissioner	3	23,725	-	-	-	23,725	3,780	27,505
Chief of Staff and Monitoring Officer		84,364	-	-	-	84,364	13,466	97,830
<b>Total</b>		<b>199,250</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>199,250</b>	<b>31,703</b>	<b>230,953</b>

Note 1: Police and Crime Commissioner from A 09/05/2024

Note 2: Police and Crime Commissioner until B 08/05/2024

Note 3: Deputy Police and Crime Commissioner from 02/09/2024

### Chief Finance Officer

The Chief Finance Officer (CFO) for Northumbria Police is the Joint Chief Finance Officer for both the Chief Constable and Police and Crime Commissioner, 20% of the CFO remuneration is charged to the Commissioner in the single entity CIES. The senior officer remuneration in respect of the CFO role is disclosed in the Statements of Account for the Chief Constable and Police and Crime Commissioner Group financial statements – Remuneration of Senior Employees

Remuneration of Senior Employees 2023/24								
Post holder information	Notes	Salary (Including fees & allowances) £	Benefits in Kind £	Relocation Expenses £	Compensation for loss of office £	Total remuneration excluding pension contributions £	Pension contributions £	Total Remuneration 2023/24 £
Police and Crime Commissioner		88,602	-	-	-	88,602	14,176	102,778
Chief of Staff and Monitoring Officer		79,710	-	-	-	79,710	12,754	92,464
<b>Total</b>		<b>168,312</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>168,312</b>	<b>26,930</b>	<b>195,242</b>

## 14. Related Party Transactions

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

### UK Central Government

Central Government has effective control over the general operations of the Commissioner: it is responsible for providing the statutory framework within which the Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Commissioner has with other parties. Details of grant income received from government departments are set out in **Note 12**. UK Government also exerts significant influence through legislation which impacts how the Commissioner and Group operate

### The Chief Constable

Whilst the Chief Constable retains responsibility for the direction and control of the Force, the Commissioner is responsible for holding the Chief Constable to account for the full range of her responsibilities.

The Commissioner has an integrated scheme of corporate governance that sets out the operational policy framework within which the Commissioner and Chief Constable will operate. The Commissioner funds the expenditure on operational policing incurred by the Chief Constable, the total of which is disclosed in the Commissioner's Comprehensive Income and Expenditure Statement.

### Senior Employees

The Commissioner, Chief of Staff and Monitoring Officer and, for the Group, the Force Executive of the Chief Constable are required to declare whether they or any member of their immediate family, have had any related party transactions with the Police and Crime Commissioner. There are no such transactions for 2024/25.

### Other Public Bodies

#### Gateshead Council

During 2024/25 Gateshead Council provided Internal Audit services to the Commissioner and the Chief Constable. The necessary power for this exists within section 113 of the Local Government Act 1972. The cost of Internal Audit services to the Commissioner and Group amounted to £0.103 million in 2024/25 (£0.093 million in 2023/24).

The Commissioner also collects precepts through the 6 local authorities in the Force area, detail of precepts receivable can be found in **Note 12**.

## 15. Joint Arrangements

The Commissioner is involved with other Forces and entities to aid joint working between organisations. Any material assets or liabilities attributable to the Commissioner will be included in the Balance Sheet. Any income or expenditure attributable to the Commissioner is accounted for within the Comprehensive Income and Expenditure Statement. There is a requirement to disclose certain information within the accounts for the commissioner's material joint arrangements and on this basis the following disclosure is made for the NEROCU which is classified as a Joint Operation:

### North East Regional Organised Crime Unit (NEROCU)

NEROCU Governance and Area of Business

The North East Regional Organised Crime Unit (NEROCU) is a collaboration between the three Forces of Northumbria, Durham and Cleveland categorised as a Joint Operation in line with the Accounting for Collaboration guidance issued by CIPFA. The governance of the Joint Operation is managed through a Section 22A collaboration agreement from the Police Act 1996, between all three Chief Constables and Police and Crime Commissioners.

NEROCU comprises of a number of highly specialised teams of officers and staff from the three Forces which work with embedded partners from His Majesty's Revenue and Customs (HMRC), UK Border Force and the National Crime Agency (NCA) to effectively tackle serious and organised crime across the region.

The unit creates additional specialist capacity through effective partnership working and collaboration to deliver an increased response to tackling serious and organised crime that transcends Force borders in the region.

In-line with the Home Office Serious and Organised Crime Strategy, NEROCU places emphasis on preventing, prosecuting and disrupting serious and organised crime ensuring a co-ordinated national approach across Government, law enforcement, security and intelligence agencies.

#### Financing and Reserves

NEROCU is financed through a combination of Home Office Grants and Force contributions under a fully immersed budget model. The net revenue requirement after the application of all available grant funding, is met by the three Forces with contributions being determined on the basis of Net Revenue Expenditure (NRE) after the use of reserves. NRE is equivalent to total funding from Home Office grants plus Council Tax income. The contribution proportions made for 2024/25 are set out in the table below:

Force	Contribution
Northumbria	52.96%
Durham	22.41%
Cleveland	24.30%

The final outturn position for NEROCU was £13.390 million with Northumbria's share of the net cost being £7.092 million as set out in the following table:

	NE ROCU Outturn		Northumbria	
	2023/24 £000	2024/25 £000	2023/24 £000	2024/25 £000
Employee Pay and Pensions	14,761	17,643	7,812	9,343
Premises Costs	556	511	294	271
Vehicles and Fuel	284	301	150	159
Travel and Accommodation	209	191	111	101
Communications and Computing	484	884	256	468
Training and Conference Fees	211	220	112	117
Supplies and Services	269	528	142	280
Other Expenses	117	115	62	61
<b>Total Expenditure</b>	<b>16,891</b>	<b>20,393</b>	<b>8,939</b>	<b>10,800</b>
Home Office Grant	(2,976)	(2,789)	(1,575)	(1,477)
Other Income	(3,233)	(4,214)	(1,710)	(2,231)
<b>Total Income</b>	<b>(6,209)</b>	<b>(7,003)</b>	<b>(3,285)</b>	<b>(3,708)</b>
<b>Net Expenditure</b>	<b>10,682</b>	<b>13,390</b>	<b>5,654</b>	<b>7,092</b>

The accounting treatment for NEROCU is that expenditure is shown as £10.800 million (£8.939 million 2023/24) in the Chief Constable's accounts with income of £3.708 million (£3.285 million 2023/24) being accounted for in the Commissioners Single Entity accounts. The net cost to the Commissioner and Group is therefore £7.092 million (£5.654 million 2023/24).

All three Forces have equal representation and rights to control under the Section 22A collaboration agreement. Under this Agreement assets purchased by a Force and provided for the use of NEROCU are held on the Balance Sheet of that Force. In addition, assets funded through Home Office grants and other contributions are purchased by Northumbria and held for the exclusive benefit of NEROCU. The share of NEROCU assets attributable to Northumbria are held as Property, Plant and equipment (PPE) on the Balance Sheet of the Police and Crime Commissioner Single Entity and Group accounts in line with the relevant Northumbria contribution rate.

The three Forces jointly own the NEROCU premises, the North East Regional Crime Prevention Centre (NERCPC). The property asset is held under a Trust Agreement with the following ownership split:

Northumbria	37.5%
Durham	37.5%
Cleveland	25.0%

Reserves attributable to NEROCU are also held on the Balance Sheet of the Police and Crime Commissioner with the share of overall reserves for Northumbria being determined on the basis of revenue contributions equating to £0.423 million as at 31 March 2025.

## 16. Capital Expenditure and Contributions

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

<b>Capital Expenditure and Capital Financing</b>				
2023/24 £000		2024/25 £000		
		Debt	IFRS 16	Total
<b>112,450</b>	<b>Opening Capital Financing Requirement</b>	<b>110,993</b>	-	<b>110,993</b>
	<b>Capital investment</b>			
14,211	Property, Plant and Equipment	12,308	104	12,412
1,196	Intangible Assets	1,561		1,561
601	Revenue Funded from Capital Under Statute	540		540
-	Lease Assets	-	2,143	2,143
	<b>Sources of finance</b>			
(5,507)	Capital receipts	(5,767)	-	(5,767)
(1,229)	Government grants and other contributions	(1,127)	(353)	(1,480)
-	Use of Reserves	(41)	-	(41)
(10,729)	Minimum Revenue Provision	(10,553)	(379)	(10,932)
<b>110,993</b>	<b>Closing Capital Financing Requirement</b>	<b>107,914</b>	<b>1,515</b>	<b>109,429</b>
	<b>Explanation of movements in year</b>			
(1,457)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	(3,079)	1,515	(1,564)

### Capital Commitments

At 31 March 2025, the Commissioner has capital commitments of approximately £6.000 million relating primarily to Building Works and Digital Policing contracts.

## 17. Non-Current Assets

Non-current assets movements								
Cost or Valuation	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Right of Use Assets £000	Investment Property £000	Intangible Assets £000	Total Non-Current Asset £000
<b>Balance at 31 March 2023</b>	<b>84,276</b>	<b>59,256</b>	<b>1,217</b>	<b>144,749</b>	-	<b>1,775</b>	<b>9,467</b>	<b>155,991</b>
Reclassifications	1,217	-	(1,217)	-	-	-	-	-
Additions	3,954	10,257	-	14,211	-	-	1,196	15,407
Disposals	-	(13,765)	-	(13,765)	-	-	(2,351)	(16,116)
<b>Revaluation Increase / (Decrease) to:</b>								
Revaluation Reserve	(2,511)	-	-	(2,511)	-	-	-	(2,511)
Comprehensive I&E	(3,439)	-	-	(3,439)	-	-	-	(3,439)
<b>Balance at 31 March 2024</b>	<b>83,497</b>	<b>55,748</b>	<b>-</b>	<b>139,245</b>	<b>-</b>	<b>1,775</b>	<b>8,312</b>	<b>149,332</b>
Impact from IFRS 16 Implementation	(29,131)	-	-	(29,131)	31,274	-	-	2,143
<b>Balance at 01 April 2024</b>	<b>54,366</b>	<b>55,748</b>	<b>-</b>	<b>110,114</b>	<b>31,274</b>	<b>1,775</b>	<b>8,312</b>	<b>151,475</b>
Reclassifications	-	-	-	-	-	(1,400)	-	(1,400)
Additions	3,616	8,692	-	12,308	104	-	1,561	13,972
Disposals	-	(11,792)	-	(11,792)	-	-	(1,465)	(13,257)
<b>Revaluation Increase / (Decrease) to:</b>								
Revaluation Reserve	(155)	-	-	(155)	(209)	-	-	(364)
Comprehensive I&E	(1,768)	-	-	(1,768)	-	-	-	(1,768)
<b>Balance at 31 March 2025</b>	<b>56,059</b>	<b>52,648</b>	<b>-</b>	<b>108,707</b>	<b>31,169</b>	<b>375</b>	<b>8,408</b>	<b>148,659</b>

Non-current assets movements (continued)								
Accumulated depreciation and impairment	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Right of Use Assets £000	Investment Property £000	Intangible Assets £000	Total Non-Current Asset £000
<b>Balance at 31 March 2023</b>	<b>(506)</b>	<b>(45,371)</b>	-	<b>(45,877)</b>	-	-	<b>(5,475)</b>	<b>(51,352)</b>
Reclassifications	-	-	-	-	-	-	-	-
Eliminated on disposals of assets	-	12,680	-	12,680	-	-	1,353	14,033
<b>Eliminated on revaluation:</b>								
Depreciation and Amortisation written out to Revaluation Reserve	1,529	-	-	1,529	-	-	-	1,529
Depreciation and Amortisation written out to Comprehensive I&E	409	-	-	409	-	-	-	409
Depreciation and Amortisation	(1,696)	(8,202)	-	(9,898)	-	-	(1,443)	(11,341)
<b>Balance at 31 March 2024</b>	<b>(264)</b>	<b>(40,893)</b>	-	<b>(41,157)</b>	-	-	<b>(5,565)</b>	<b>(46,722)</b>
Impact from IFRS 16 implementation	-	-	-	-	-	-	-	-
<b>Balance at 01 April 2024</b>	<b>(264)</b>	<b>(40,893)</b>	-	<b>(41,157)</b>	-	-	<b>(5,565)</b>	<b>(46,722)</b>
Reclassifications	-	-	-	-	-	-	-	-
Eliminated on disposals of assets	-	11,624	-	11,624	-	-	800	12,424
<b>Eliminated on revaluation:</b>								
Depreciation and Amortisation written out to Revaluation Reserve	767	-	-	767	603	-	-	1,370
Depreciation and Amortisation written out to Comprehensive I&E	228	-	-	228	-	-	-	228
Depreciation and Amortisation	(1,082)	(8,921)	-	(10,003)	(1,038)	-	(1,117)	(12,158)
<b>Balance at 31 March 2025</b>	<b>(351)</b>	<b>(38,190)</b>	-	<b>(38,541)</b>	<b>(435)</b>	-	<b>(5,882)</b>	<b>(44,858)</b>

**Non-current assets movements - Net Book Value**

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Assets Under Construction at Cost £000	Total Property, Plant & Equipment £000	Right of Use Assets £000	Investment Property £000	Intangible Assets £000	Total Non-Current Asset £000
Net Book Value at 31/03/2024	83,233	14,855	-	98,088	-	1,775	2,747	102,610
Net Book Value at 31/03/2025	55,708	14,458	-	70,166	30,734	375	2,526	103,801

**Valuations**

Valuations are carried out on a three year rolling programme basis, with approximately one third of assets valued each year. This provides a full revaluation every three years, which is within statutory requirements. In addition those categorised as significant assets, investment assets and assets held for sale are valued annually.

Investment properties are valued using the IFRS13 Fair Value market approach which uses prices and other relevant information (inputs) generated by market transactions involving identical or comparable (similar) properties and applies the valuer's professional judgement in accordance with the RICS Valuation Global Standards December 2024, effective from 31 January 2025 and the Red Book UK National Supplement which was published on 19 October 2023 and is effective from 1 May 2024.

IFRS13 on Fair Value includes a fair value hierarchy that categorises the inputs used in valuation techniques into three levels:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date;

Level 2 - Inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly; or

Level 3 - Unobservable inputs for the asset or liability.

The valuations of the Commissioners investment properties are categorised under Level 2 inputs in the fair value hierarchy.

The valuations completed for the 2024/25 financial year and those completed each year as part of the last three year rolling programme are set out in the following table

Valuations (PPE and Right of Use Assets)							Total Non-Current Assets £000
Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets under construction £000	Investment Property £000	Intangible Assets £000	Right of Use Assets £000		
Carried at Historical Cost		14,458	-	-	2,526		16,984
Valued in 2024/25	42,315			375		30,734	73,424
Valued in 2023/24	7,826	-	-	-	-		7,826
Valued in 2022/23	5,567	-	-	-	-		5,567
<b>Total Net Book Value at 31 March 2025</b>	<b>55,708</b>	<b>14,458</b>	<b>-</b>	<b>375</b>	<b>2,526</b>	<b>30,734</b>	<b>103,801</b>

### Assets Held for Sale

Assets held for sale are shown as current assets on the Balance Sheet.

Assets held for sale are valued using the IFRS 13 Fair Value market approach, which uses prices and other relevant information (inputs) generated by market transactions involving identical or comparable (similar) properties and applies the valuer's professional judgement in accordance with the RICS Valuation – Global Standards 2024 published by the Royal Institute of Chartered Surveyors.

Assets Held for Sale		2023/24 £000	2024/25 £000
<b>Net Book Value</b>			
<b>Balance as at 01 April</b>		-	-
Reclassification of Property, Plant & Equipment		-	1,400
Additions		-	-
Disposals		-	-
Revaluation		-	(300)
<b>Balance as at 31 March</b>		<b>-</b>	<b>1,100</b>

## 18. Leases

This is the first year that the Commissioner and Group have adopted the accounts standard IFRS 16, this standard requires all lease arrangements to be brought onto the balance sheet. Such transactions will have been included in revenue as operating leases in previous years but the standard requires all leases to be treated as finance leases which means showing the full liability across the term of the lease and bringing the leased item onto the balance sheet as an asset. There is no requirement to restate prior years so the effective start date for the purposes of any existing leases will be 01 April 2024.

The assets will be depreciated on a straight line basis across the term of the lease.

The following table shows the change in the value of the Commissioners leased assets

	Land & Buildings £000	Vehicles, Plant & Equipment £000	Total Leased Assets £000
<b>Balance at 01 April 2024</b>	31,274	-	31,274
Additions	102	-	102
Revaluations	(207)	-	(207)
Depreciation and Amortisation	(1,038)	-	(1,038)
Disposals	-	-	-
Depreciation written out on Revaluation	603	-	603
<b>Balance at 31 March 2025</b>	<b>30,734</b>	<b>-</b>	<b>30,734</b>

The Commissioner and group incurred the following expenses and cash flows in relation to leases;

2023/24 £000		2024/25 £000
	<b>Comprehensive income and expenditure statement</b>	
-	Interest expense on lease liabilities	(69)
-	Expense relating to short-term leases	(378)
-	Expense relating to exempt leases of low-value items	-
-	Variable lease payments not included in the measurement of lease liabilities	-
-	Income from subletting right-of-use assets	-
-	Gains or losses arising from sale and leaseback transactions	-
	<b>Cash flow statement</b>	
-	Total cash outflow for leases	447

The following table shows the undiscounted value of the liabilities against their maturity. This table is intended to show the cash flow expected by the Commissioner across future years.

<b>Maturity profile of lease repayments and associated cash flows</b>		
2023/24 £000		2024/25 £000
-	Less than one year	529
-	One to five years	1,018
-	more than five years	464
-	<b>Total undiscounted liability</b>	<b>2,011</b>

## 19. Debtors

These amounts represent sums due from a number of sources, such as other local authorities and government departments. These may also include payments in advance, such as invoices spanning financial periods. A material debtor included in the balance is the Police Pension Fund top-up payment due from Central Government which is £10.847 million in 2024/25 (£8.314 million in 2023/24).

The bad debt provision includes £5.430 million (£5.382 million in 2023/24) in relation to the Commissioner's share of the local collection authorities' Council Tax provisions for bad debts.

At the end of the financial year the Commissioner had no long-term debtors meaning all amounts are due within the next 12 months

<b>Short-Term Debtors</b>		
31 March 2024		31 March 2025
£000		£000
23,231	Central government bodies	26,644
325	NHS bodies	573
19,842	Other local authorities	21,468
6	Public corporations and trading funds	10
4,163	Bodies external to general government	5,770
(5,393)	- Less bad debt provision	(5,441)
<b>42,174</b>		<b>49,024</b>

## 20. Cash and Cash Equivalents

The balance of cash and cash equivalents held on the balance sheet is made up of the following elements, as the Commissioner's main bank account includes trust funds this is recognised on the face of the balance sheet within liabilities – Bank Overdraft and therefore not included in the below table:

<b>Cash and Cash Equivalents</b>		
31 March 2024		31 March 2025
£000		£000
25	Cash held by the Commissioner	27
-	- Service Specific Current Accounts	-
16,169	Short Term Deposits	11,935
<b>16,194</b>		<b>11,962</b>

## 21. Creditors

These amounts represent sums owed to a number of sources, such as other local authorities and government departments, which are due to be paid within 12 months. These amounts are in addition to the short-term borrowing which is disclosed separately in the balance sheet.

Short-Term Creditors		
31 March 2024		31 March 2025
£000		£000
(310)	Central government bodies	(1,847)
(31)	NHS bodies	(63)
(7,500)	Other local authorities	(9,196)
-	Public Corporation and Trading funds	-
(7,807)	Bodies external to general government	(9,663)
<b>(15,648)</b>		<b>(20,769)</b>
(14,688)	Chief Constable	(14,373)
<b>(30,336)</b>		<b>(35,142)</b>

Under IAS19 Employee Benefits, the Commissioner has a long-term liability in relation to future pension commitments. More details are provided in **Note 24**.

## 22. Provisions and Contingent Liabilities

### Provisions

		Provisions			
31 March 2024		Additional Provisions Made	Provisions Used	Reversals	31 March 2025
£000		£000	£000	£000	£000
	<b>Long-term provisions</b>				
(1,923)	Insurance	(1,424)	1,324	-	(2,023)
	<b>Short-term provisions</b>				
-	Riot Compensation	(756)	-	-	(756)
<b>(1,923)</b>	<b>Total</b>	<b>(2,180)</b>	<b>1,324</b>	<b>-</b>	<b>(2,779)</b>

The **Insurance Provision** is made for known outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision will be determined by the settlement of claims and is therefore unknown at present. The increase in the provision reflects the estimate of outstanding claims at 31 March 2025.

The **Riot Compensation provision** is in relation to the unrest in Summer 2024, there have been no payments made as at 31 March 2025 but the provision is the estimate put against claims received at the year end.

### Contingent Liabilities

At 31 March 2025, the Police and Crime Commissioner has identified the following contingent liability:

- **Municipal Mutual Insurance** – (MMI) was a mutual insurance provider that supplied some 90 to 95 per cent of local government insurance policies. MMI had long catered for the insurance needs

of local authorities. However, it became technically insolvent in 1992 when it did not have the resources to cover its anticipated liabilities.

To protect the insurance liabilities of the local authorities that MMI had originally contracted with, a scheme of arrangement was agreed with its creditors. This would allow for a managed and solvent run-off and enable MMI to continue to settle insurance claims.

The Scheme of Administration was approved and was legally binding on the creditors, most of whom were local authorities. The former Police Authority was also a creditor. The liabilities of the former Authority, including the contractual provisions in respect of the MMI Scheme of Arrangement, passed to the Commissioner.

MMI had underwritten and paid £2.528 million of the former Police Authority's insurance claims.

To date the Commissioner has paid a total levy of £0.620 million equivalent to 25% of the claims settled by MMI; £0.372 million in May 2015 and a further £0.248 million in June 2016.

The levy calculated in respect of the last payment (June 2016) represented the scheme administrator's best estimate of the sums required to cover MMI's liabilities. We therefore do not expect any further levy or need to make provision within our accounts at this time. Whilst a future levy is possible it is not probable and is therefore noted as a Contingent Liability in the 2024/25 Statements of Account.

## 23. Financial Instruments

### Financial Instrument Balances

The Commissioner has various types of financial instruments, which are held on the balance sheet at amortised cost according to their nature. The following table shows all financial instruments held by the Commissioner and which section of the balance sheet they are held in.

Financial Instruments Balances				
	Long Term		Current	
	As at 31 March 2024 £000	As at 31 March 2025 £000	As at 31 March 2024 £000	As at 31 March 2025 £000
Financial Assets (at amortised cost);				
Fixed Term Investments	-	-	-	-
Instant Access Investments	-	-	16,169	11,935
Service Specific Current Accounts	-	-	-	-
Cash	-	-	25	27
Trade Debtors	-	-	23,495	25,459
<b>Total Financial Assets</b>	<b>-</b>	<b>-</b>	<b>39,689</b>	<b>37,421</b>
Financial Liabilities (at amortised cost);				
Borrowing	(71,969)	(71,969)	(5,532)	(517)
Bank Overdraft	-	-	(1,659)	(1,618)
Trade Creditors	-	-	(9,537)	(18,955)
<b>Total Financial Liabilities</b>	<b>(71,969)</b>	<b>(71,969)</b>	<b>(16,728)</b>	<b>(21,090)</b>

### Analysis of Financial Instruments at Amortised Cost

Financial Instruments can be part of a wider asset or liability class on the face of the balance sheet, the following tables show where on the balance sheet the Commissioners financial instruments sit;

<b>Analysis of Financial Assets</b>		
	Total Outstanding at 31 March 2024 £000	Total Outstanding at 31 March 2025 £000
<b>Short Term Investments</b>		
Fixed Term	-	-
<b>Cash and Cash Equivalents</b>		
Instant Access Investments	16,169	11,935
Service Specific Current Accounts	-	-
Cash	25	27
<b>Short Term Debtors</b>		
Trade Debtors	23,495	25,137
<b>Total Financial Assets</b>	<b>39,689</b>	<b>37,099</b>

There are no long-term financial assets held by the Commissioner or Group therefore only Current Asset classes are represented in the above table. The Trade Debtors figure shown here is the Short Term debtors balance adjusted to remove any elements relating to other public sector bodies in relation to council tax, VAT and Pension Grant. The Group also contains the trade debtors held on the Chief Constable balance sheet of which for 2024/25 is £0.322 million (£0.182 million in 2023/24).

Financial liabilities have been analysed further to show the duration and sources of borrowing to demonstrate how much of the Commissioners debt profile is classed as short-term and therefore due for repayment within 12 months and how much is longer term.

<b>Analysis of Financial Liabilities</b>			
	Range of Interest rates payable %	Total Outstanding at 31 March 2024 £000	Total Outstanding at 31 March 2025 £000
<b>Source of Borrowing</b>			
Public Works Loan Board	1.17 - 7.125	(72,487)	(67,472)
Other Loan Instruments	3.52	(5,014)	(5,014)
<b>Long Term Borrowing</b>			
Maturing in more than 10 years		(51,469)	(51,469)
Maturing within 5 - 10 years		(5,000)	-
Maturing within 2 - 5 years		(15,500)	(20,500)
Maturing within 1 - 2 years		-	-
		(71,969)	(71,969)
<b>Short Term Financial Liabilities</b>			
Short Term Borrowing		(5,532)	(517)
Bank Overdraft		(1,659)	(1,618)
Short Term Creditors - Trade Creditors		(9,537)	(12,017)
<b>Total Financial Liabilities</b>		<b>(88,697)</b>	<b>(86,121)</b>

The trade creditor, similar to that of the trade debtors is the short-term creditors balance adjusted for balances in relation to other local authorities for council tax as well as the intra group adjustment. The Group balance sheet also contains the short-term creditors as disclosed in the Chief Constable accounts of £6.938 million for 2024/25 (£7.002 million for 2023/24).

### Financial Instruments Gains and Losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments at amortised cost are as follows;

Financial Instruments Gains and Losses		
	2023/24	2024/25
	£000	£000
Interest and Investment Income	(1,933)	(1,873)
Interest Payable and Similar Charges	2,628	2,411
<b>Total</b>	<b>695</b>	<b>538</b>

### Fair Value of Assets and Liabilities carried at Amortised Cost

Financial liabilities and financial assets are carried on the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that take place over the remaining life of the instruments (level 2), using the following assumptions:

- For loans from the Public Works Loan Board (PWLB) payable, new borrowing rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures. As the Debt Management Office provides a transparent approach allowing the exit cost to be calculated without undertaking a repayment or transfer it is appropriate to disclose the exit price. As an alternative, we have assessed the cost of taking a new loan at PWLB new loan rates applicable to existing loans on Balance Sheet date (which can be viewed as a proxy for transfer value);
- For non-PWLB loans payable, PWLB prevailing market rates have been applied to provide the fair value under PWLB debt redemption procedures;
- For loans receivable prevailing benchmark market rates have been used to provide the fair value;
- No early repayment or impairment is recognised; and
- Where an instrument has a maturity of less than 12 months or is a trade or other receivable the fair value is taken to be the carrying amount or the billed amount.

The financial liabilities are held with PWLB and Market lenders. All of these investments and borrowings were not quoted on an active market and a Level 1 valuation is not available. To provide a fair value which provides a comparison to the carrying amount, we have used a financial model valuation provided by Mitsubishi UFJ Financial Group (MUFG). This valuation applies the Net Present Value approach, which provides an estimate of the value of payments in the future in today's terms as at the Balance Sheet date. This is a widely accepted valuation technique commonly used by the private sector. Our accounting policy uses New Borrowing Rates to discount the future cash flows.

<b>Fair Value of Assets and Liabilities</b>				
	As at March 2024		As at March 2025	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	25	25	27	27
<b>Total Financial Asset</b>	<b>25</b>	<b>25</b>	<b>27</b>	<b>27</b>
PWLB Debt	72,487	58,826	67,472	50,062
Non PWLB Debt	5,015	4,131	5,014	3,824
Main Current Account (Overdraft)	1,659	1,659	1,615	1,615
<b>Total Financial Liability</b>	<b>79,161</b>	<b>64,616</b>	<b>74,101</b>	<b>55,501</b>

The fair value of the liabilities is lower than the carrying amount because the Authority's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the rates available for similar loans in the market at the balance sheet date. This shows a notional future gain (based on economic conditions at 31 March 2025) arising from a commitment to pay interest to lenders below current market rates. The fair values at 31 March 2025 are lower than last year due to the repayment of a £5.000 million PWLB loan and the higher interest rate environment this year which impacts the prevailing market rates used in calculating fair value.

### **Nature and Extent of Risk Arising from Financial Instruments**

#### **Key Risks**

The Commissioner's borrowing and investment activities expose her to a variety of financial risks, the key risks being:

- Credit risk: the possibility that other parties might fail to pay amounts due to the Commissioner;
- Liquidity risk: the possibility that the Commissioner might not have the funds available to meet her commitments to make payments;
- Re-financing risk: the possibility that the Commissioner might be required to renew a financial instrument on maturity at disadvantageous interest rates or terms; and
- Market risk: the possibility that the Commissioner may suffer financial loss as a result of changes in such measures as interest rates.

### **Procedures for Managing Risk arising from Financial Instruments**

The Commissioner's overall risk management procedures focus on the unpredictability of financial markets, and seek to minimise potential adverse effects on the resources available to fund services.

The procedures for risk management are through a legal framework set out in the Local Government Act 2003 and the associated regulations. These require the Commissioner to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. Overall these procedures require the Commissioner to manage risk in the following ways:

- Formally adopting the requirements of the CIPFA Treasury Management Code of practice;
- The adoption of a Treasury Policy Statement;
- Approving an investment strategy for the forthcoming year setting out her criteria for both investing and selecting investments counterparties in compliance with government guidance; and

- d) Approving annually in advance prudential indicators for the following year, setting limits and boundaries for the Commissioner's:
- Overall borrowing;
  - Maximum and minimum exposures within the maturity structure of debt; and
  - Maximum annual exposures to investments maturing beyond a year.

The prudential indicators are reported and approved as part of the Budget and Precept setting process each financial year. These items are then included within the annual Treasury Management Strategy which outlines the detailed approach to managing risk in relation to the Commissioner's financial instruments exposure. Actual performance is monitored throughout the year and reported twice-yearly to the Commissioner in the treasury management mid-year and annual reports.

Treasury Management services are provided by Northumbria Police Finance Department. They discharge these duties in accordance with the Commissioners Treasury Policy Statement & Treasury Strategy that includes principles for overall risk management, interest rate risk, credit risk, credit rating standards and the control of investment of surplus cash through Treasury Management Practices (TMPs). The Commissioner also receives advice, information and credit ratings from external Treasury Management advisors Mitsubishi UFJ Financial Group (MUFG). The Joint Independent Audit Committee reviews the Annual Treasury Management Performance mid-year report, annual report and the four-year Treasury Policy Statement & Treasury Strategy and recommends them for approval by the Commissioner.

### Credit Risk

Credit risk arises from deposits with banks, building societies, other local authorities and the Debt Management Office, as well as credit exposures to the Commissioner's customers. This risk is minimised through the Annual Investment Strategy, which requires that deposits are not placed with financial institutions that fail to meet the agreed minimum credit criteria. The Commissioner uses the creditworthiness service provided by Mitsubishi UFJ Financial Group (MUFG). This service uses a sophisticated modelling approach with credit ratings from all three rating agencies - Fitch, Moody's and Standard and Poor's, forming the core element. However, it does not rely solely on the current credit ratings of counterparties but also uses the following as overlays:

- Credit watches and credit outlooks from credit rating agencies;
- CDS (Credit Default Swap) spreads to give early warning of likely changes in credit ratings; and
- Sovereign ratings to select counterparties from only the most creditworthy countries.

The Annual Investment Strategy also stipulates the maximum amount and time limits in respect of each financial institution.

As at 31 March 2025, none of the Commissioner's bank deposits were held with a financial institution domiciled outside of the UK. However the Commissioner held a number of Money Market Funds which were domiciled outside of the UK (Instant Access Investments). These funds are AAA rated and used throughout the year to manage liquidity whilst achieving investment returns in-line with the Commissioner's Treasury Management Strategy.

The only financial instrument subject to impairment are trade debtors, trade debtors is adjusted for impairment but only on the amounts outstanding with customers that are not in the public sector, the Commissioner and Group predominantly deal with other local authorities and central government which are underwritten and cannot default therefore analysis is done to ensure expected credit loss impairment is calculated after omitting these values, of the £23.677 million only £0.360 million was considered to carry credit risk and therefore has been provided for to the value of £0.008 million on the Commissioners balance sheet (£0.010 million for financial year 2022/23).

Deposits with financial institutions are not subject to impairment as the Commissioner only deals with institutes that have credit ratings A or above, the Commissioner receives credit rating advice from Mitsubishi UFJ Financial Group (MUFG), and focuses on the long-term investment grade rating issued to each financial institution by Fitch. The highest possible rating is AAA and the lowest rating is BBB, the below table shows how the Commissioners deposits are split across the different ratings;

<b>Analysis of Credit Risk</b>		
<b>Rating</b>	<b>2023/24 £000</b>	<b>2024/25 £000</b>
AAA	16,105	11,154
AA	-	-
AA-	-	594
A+	200	244
A	-	-
<b>Total</b>	<b>16,305</b>	<b>11,992</b>

### Liquidity Risk

The Commissioner's liquidity position is managed through the risk management procedures above (the setting and approval of prudential and treasury indicators and the approval of the treasury and investment strategy reports), as well as through cash flow management procedures required by the CIPFA Code of practice. This seeks to ensure that cash is available when needed.

The Commissioner has ready access to borrowings from the money markets to cover any day-to-day cash flow need, and the Public Works Loans Board (PWLB) and money markets for access to longer term funds. The Commissioner is also required to provide a balanced budget through the Local Government Finance Act 1992, which ensures sufficient monies are raised to cover annual expenditure. There is therefore no significant risk that the Commissioner will be unable to raise finance to meet her commitments under financial instruments.

At 31 March 2025, all of the Commissioner's £11.992 million deposits were due to mature within 364 days.

### Refinancing and Maturity Risk

The Commissioner maintained a debt portfolio of £71.969 million and investment portfolio of £11.992 million at 31 March 2025. Whilst the cash flow procedures above are considered against the refinancing risk procedures, longer term risk to the Commissioner relates to managing the exposure to replacing financial instruments as they mature. This risk relates to both the maturing of longer term financial liabilities and longer term financial assets.

The approved treasury indicator limits for the maturity structure of debt and the limits on investments placed for greater than one year in duration are the key parameters used to address this risk. The Commissioner's approved treasury and investment strategies address the main risks and the treasury team address the operational risks within the approved parameters. This includes:

Monitoring the maturity profile of financial liabilities and amending the profile through either new borrowing or the rescheduling of the existing debt;

Monitoring the maturity profile of investments to ensure sufficient liquidity is available for the Commissioner's day to day cash flow needs, and the spread of longer term investments provide stability of maturities and returns in relation to the longer term cash flow needs.

The maturity profile of the Commissioner's financial liabilities is shown below:

<b>Maturity Profile of Financial Liabilities</b>					
<b>Maturity Period</b>	As at 31 March 2024		As at 31 March 2025		
	Approved Limits %	%	Approved Limits %	%	
< 1 Year	60.00	6.50	60.00	0.00	
1 - 2 Years	40.00	0.00	40.00	0.00	
2 - 5 Years	40.00	20.10	40.00	28.48	
5 - 10 Years	40.00	6.50	40.00	0.00	
>10 Years	80.00	66.90	80.00	71.52	

### Market Risk

**Interest rate risk** – The Commissioner is exposed to interest rate movements on her borrowings and investments. Movements in interest rates have a complex impact on the Commissioner, depending on how variable and fixed interest rates move across differing financial instrument periods.

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowing will not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowing and investments will affect the General Fund balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in the Comprehensive Income and Expenditure Statement.

The Commissioner is required to carry out a risk assessment on the impact of a change in interest rates on the surplus or deficit for the year. The assessment has been carried out assuming a 1% increase in interest rates (with all other variables such as principal, maturity period etc. being held constant). The increase in interest rates will only affect the rate applied to variable rate borrowing and investments. However, as the Commissioner had no variable rate borrowing as at 31 March 2025, there was only exposure to interest rate sensitivity on variable rate investments. The results of this assessment are shown in the following table:

<b>Analysis of 1% increase in Interest Rates</b>	
	£000
Increase in interest payable on variable rate borrowing	-
Increase in interest receivable on variable rate investments	(189)
<b>Impact on the (Surplus) / Deficit</b>	<b>(189)</b>
Decrease in the fair value of fixed rate investments	-
Decrease in the fair value of fixed rate borrowing	5,359

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

**Price Risk** – The Commissioner does not invest in equity shares, so has no exposure to loss arising from movements in equity shares.

**Foreign Exchange Risk** – The Commissioner has no financial assets or liabilities denominated in foreign currencies so has no exposure to loss arising from movements in exchange rates.

## 24. Employee Benefits

### Post-employment benefits (pensions)

Post-employment benefits are pensions offered as part of the terms and conditions of police officers and police staff. They are accounted for in accordance with IAS19 in which pension liabilities are recognised at the point at which employees earn their future entitlement. The pension liability is recognised in the Commissioner's Balance Sheet and the in-year movement in the liability recognised in her Comprehensive Income and Expenditure Statement.

### Defined Benefit Plan: Tyne and Wear Pension Fund

The Tyne and Wear Pension Fund (the "Fund") is a Local Government Pension Scheme (LGPS) administered by South Tyneside Council. This is a funded scheme, meaning that the Commissioner and employees pay contributions into the Fund calculated at a level estimated to balance the pension liabilities with investment assets.

In 2024/25, the Commissioner paid £0.307 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £0.285 million in 2023/24.

The scheme is classified as a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 01 April 2014 are based on a Career Average Revalued Earnings scheme (CARE). Scheme benefits are accrued in accordance with the requirements of International Accounting Standard 19 Employee Benefits (IAS 19). IAS 19 accounts for retirement benefits when they are committed to be given, even if the actual payment is many years into the future. IAS 19 also includes the Commissioners share of the fund's assets and liabilities.

The last actuarial valuation was at 31 March 2022 which determined the contributions to be paid from 01 April 2023 to 31 March 2026. The results from that valuation are set out in the Fund's Rates and Adjustment Certificate. The employer's standard contribution rate for 01 April 2023 to 31 March 2026 reduced from 16.8% to 16.0% as a result of the 2022 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2025 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2026. The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

### Assets

The assets allocated to the Commissioner in the Fund are notional and are assumed to be invested in line with the investments of the Fund for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole can be seen in the Analysis of Scheme Assets table in the disclosures below. Further information on the Tyne and Wear Pension Fund can be found in their Annual Report. All annual reports are available from South Tyneside Council's website.

### Transactions relating to retirement benefits

The Commissioner recognises the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when the benefit is paid as pensions. However, the charge which is made against the Police Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement as an appropriation.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

**Charges to Comprehensive Income and Expenditure Statement**

	Funded Liabilities as at	
	31 March 2024 £m	31 March 2025 £m
<b>Within Cost of Service</b>		
Current Service Cost	0.312	0.316
Past service cost (incl. curtailments)	-	-
<b>Financing, Investment Income &amp; Expenditure</b>		
Interest on net defined benefit Liability / (Asset)	(0.013)	(0.021)
Interest on unrecognised asset		0.015
<b>Pension expense recognised in CIES</b>	<b>0.299</b>	<b>0.310</b>
<b>Remeasurements in OCI</b>		
Return on plan assets (in excess of) / below that recognised in net interest	(0.084)	(0.189)
Actuarial (Gains) / Losses due to change in financial assumptions	(0.105)	(1.191)
Actuarial (Gains) / Losses due to change in demographic assumptions	(0.060)	(0.039)
Actuarial (Gains) / Losses due to liability experience	0.062	0.227
Adjustment loss (gain) due to restriction of surplus	0.312	1.189
<b>Total Amount recognised in OCI</b>	<b>0.125</b>	<b>(0.003)</b>
<b>Total Amount charged to CIES</b>	<b>0.424</b>	<b>0.307</b>

Allowance for admin expense included in current service costs £0.008m

**Assets and Liabilities in Relation to Post-Employment Benefits****Changes to the present value of the defined benefit obligation**

	Funded Liabilities as at	
	31 March 2024 £m	31 March 2025 £m
<b>Opening defined benefit obligation</b>	<b>3.926</b>	<b>4.421</b>
Current service cost	0.312	0.316
Interest expense on defined benefit obligation	0.183	0.211
Contributions by participants	0.123	0.132
Actuarial (Gains) / Losses on liabilities - financial assumptions	(0.105)	(1.191)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	(0.060)	(0.039)
Actuarial (Gains) / Losses on liabilities - experience	0.062	0.227
Net benefits paid out	(0.020)	(0.022)
Past service cost (incl. curtailments)	-	
<b>Closing defined benefit obligation</b>	<b>4.421</b>	<b>4.055</b>

<b>Changes to the fair value of assets during the period</b>		
	Funded Liabilities as at	
	31 March 2024 £m	31 March 2025 £m
<b>Opening fair value of assets</b>	<b>4.065</b>	<b>4.733</b>
Interest income on assets	0.196	0.232
Remeasurement Gains / (Losses) on assets	0.084	0.189
Contributions by the employer	0.285	0.307
Contributions by participants	0.123	0.132
Net benefits paid out	(0.020)	(0.022)
<b>Closing fair value of assets</b>	<b>4.733</b>	<b>5.571</b>

<b>Reconciliation of the present value of the defined benefit obligation and the fair value of fund assets to the assets and liabilities recognised in the balance sheet</b>		
	31 March 2024 £m	31 March 2025 £m
Fair Value of Assets (funded)	4.733	5.571
Present value of defined benefit obligation (funded)	(4.421)	(4.055)
Unrecognised asset	(0.312)	(1.516)
<b>Asset / (Liability) recognised on the balance sheet</b>	<b>-</b>	<b>-</b>

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

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

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

### Scheme Assets

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rate of return experienced on the respective markets. The actual return on scheme assets in the year was a gain of £0.421 million (£0.280 million gain in 2023/24)

<b>Analysis of Scheme Assets</b>				
Asset	Asset split at 31 March 2024	Quoted At 31 March 2025	Unquoted At 31 March 2025	Asset split at 31 March 2025
	(%)	(%)	(%)	(%)
Equities	50.6	36.3	11.8	48.1
Property	10.4	0.0	11.1	11.1
Government bonds	1.3	1.1	0.0	1.1
Corporate bonds	19.5	18.1	0.0	18.1
Cash	0.7	1.8	0.0	1.8
Other*	17.5	4.5	15.3	19.8
	<b>100.0</b>	<b>61.8</b>	<b>38.2</b>	<b>100.0</b>

\* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows

<b>Members</b>	<b>%</b>
Actives	94
Deferred Pensioners	0
Pensioners	6

### **Actuarial Assumptions**

Liabilities have been assessed on an actuarial basis to provide an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and discount rates. AON Solutions UK Limited, an independent firm of actuaries, has valued the Tyne and Wear Pension Fund's assets and liabilities in accordance with IAS 19 by using the latest actuarial valuation of the Fund as at 31 March 2022.

A building block approach is employed in determining the rate of return on fund assets. Historic markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in the (analysis of scheme assets) table on the previous page. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2025.

The principal financial and actuarial assumptions are set out in the following table:

<b>Principal financial and actuarial assumptions</b>		
	Funded Liabilities	
	2023/24	2024/25
<b>Financial assumptions (% per annum)</b>		
Discount Rate	4.7	5.8
Rate of Inflation (CPI)	2.6	2.5
Rate of increase in salaries	4.1	4.0
Rate of increase to pensions in payment	2.6	2.5
Pension accounts revaluation rate	2.6	2.5
<b>Mortality assumptions</b>		
Future lifetime from age 65 (Member aged 65 at accounting date)		
Men	21.0	20.9
Women	24.2	24.1
Future lifetime from age 65 (Member aged 45 at accounting date)		
Men	22.3	21.8
Women	25.6	25.2

#### Commutations

Year end 31 March 2024	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.
Year end 31 March 2025	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

The mortality assumptions are based on the actual mortality experience of members in the fund as identified in the actuary's disclosure report.

<b>Sensitivity to main assumptions (Funded Liabilities)</b>			
<b>Discount rate assumption</b>		<b>Adjustment to Rate</b>	
Adjustment to discount rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	3.970	4.055	4.144
Change in present value of total obligation	-2.1%		2.2%
Projected service cost (£M)	0.168	0.179	0.190
Approximate change in projected service cost	-6.1%		6.3%
<b>Rate of general increase in salaries</b>		<b>Adjustment to Rate</b>	
Adjustment to salary increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	4.071	4.055	4.039
Change in present value of total obligation	0.4%		-0.4%
Projected service cost (£M)	0.179	0.179	0.179
Approximate change in projected service cost	0.0%		0.0%
<b>Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption</b>		<b>Adjustment to Rate</b>	
Adjustment to pension increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	4.128	4.055	3.986
Change in present value of total obligation	1.8%		-1.7%
Projected service cost (£M)	0.190	0.179	0.168
Approximate change in projected service cost	6.3%		-6.1%
<b>Post retirement mortality assumption</b>		<b>Adjustment to Rate</b>	
Adjustment to mortality age rating assumption*	- 1 year	Base Figure	+ 1 year
Present value of total obligation (£M)	4.144	4.055	3.966
Change in present value of total obligation	2.2%		-2.2%
Projected service cost (£M)	0.186	0.179	0.172
Approximate change in projected service cost	4.0%		-4.0%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

### Expected Future Contributions

The expected contributions to be made to the Tyne and Wear Pension Fund by the Commissioner for the accounting period to 31 March 2026 are estimated to be £0.319million.

The duration of the employer's liabilities is the average period between the calculation date and the date at which benefit payments fall due. The duration of the scheme liabilities is estimated at 21.4 years for the funded benefits.

## 25. Trust Funds

These funds represent cash held by the Commissioner which do not represent the assets of the Commissioner. These balances are therefore excluded from cash and cash equivalents as recorded in the Balance Sheet.

<b>Trust Funds</b>	
31 March 2024 £000	31 March 2025 £000
(34) Northumbria Charities	(24)
(1,815) Proceeds of Crime Act 2002	(1,673)
<b>(1,849)</b>	<b>(1,697)</b>

## 26. Ministry of Justice Grant

In 2024/25 the Commissioner received a grant of £3.328 million from the Ministry of Justice (MOJ) (£3.298 million for 2023/24) to be used for local commissioning of Victims' Support Services.

The grant was fully utilised during the year to provide funding to organisations providing vital services to victims of crime in the Northumbria area.

The following tables set out all payments made from the MOJ grant during the 2024/25 financial year followed by the equivalent tables for 2023/24;

<b>Organisation / Project</b>	<b>Grant 2024/25 £000</b>	<b>Organisation / Project</b>	<b>Grant 2024/25 £000</b>
Acorns	42	Northumberland Domestic Abuse Services	25
Action for Children	46	Northumbria PCC Commissioning Staff	25
Advocacy After Fatal Domestic Abuse Ltd	5	Northumbria Victim and Witness Service	948
Alice Ruggles Trust	15	Oasis Aquilla Housing	95
Apna Ghar	15	Pride Action North	28
Bright Futures	11	Rape Crisis Tyneside and Northumberland	365
Changing Lives	207	Someone Cares	39
Children North East	70	Streetwise	71
Community Counselling Cooperative	92	Sunderland Counselling	40
Connected Voice (Advocacy Centre North)	69	SURT	36
Coquet Valley Cycling Club	1	The Angelou Centre	158
Cygnus Support	35	The Childrens Society	15
Harbour	187	Tyneside and Northumberland Mind	80
Impact Family Service	81	Tyneside Women's Health	25
Lucy Faithful Foundation	5	Urban River Creative Ltd	3
Newcastle Women's Aid	34	Wearside Women in Need	307
North East Law Centre	69	Women's Health in South Tyneside (WHiST)	84
<b>Total Grant Allocated</b>			<b>3,328</b>

<b>Organisation / Project</b>	<b>Grant 2023/24 £000</b>	<b>Organisation / Project</b>	<b>Grant 2023/24 £000</b>
Acorns	43	Northumberland Pride	28
Action for Children	80	North East Law Centre	71
Advocacy After Fatal Domestic Abuse Ltd	6	Northumbria PCC Commissioning Staff	21
Apna Ghar	15	Northumbria Victim and Witness Service	955
Bright Futures	11	Oasis Aquilla Housing	97
Changing Lives	93	Paladin National Stalking Advocacy Service (NSAS)	8
Children North East	256	Rape Crisis Tyneside and Northumberland	347
Community Counselling Cooperative	98	Someone Cares	39
Connected Voice (Advocacy Centre North)	37	Streetwise	73
Cygnus Support	35	Sunderland Counselling	49
Harbour	157	SURT	22
Impact Family Service	81	The Angelou Centre	160
Limeculture Community Interests Company	22	Tyneside and Northumberland Mind	83
Lucy Faithful Foundation	5	Tyneside Women's Health	25
NUFC	8	Wearside Women in Need	280
North East Business Resilience Centre	3	Women's Health in South Tyneside (WHiST)	86
Northumberland Domestic Abuse Services (NDAS)	31	NHSE - Funding contribution	(71)
Newcastle Women's Aid	44		
<b>Total Grant Allocated</b>			<b>3,298</b>

## 27. Events after the reporting period

### Virgin Media Case

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal. The Local Government Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Northumbria Police does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

### Police Reform

On 13 November 2025, the UK Government announced that Police and Crime Commissioners (PCCs) will be abolished at the end of the current electoral cycle in 2028, with their statutory functions transferring to regional mayors or, where no mayoral structure exists, to elected local council leaders. This reform forms part of wider national changes to police governance aimed at reducing bureaucracy and improving accountability, and is expected to deliver savings of at least £100 million across the current parliament. PCCs will continue to operate until the end of their current terms, after which the new governance arrangements will take effect.

## 28. Authorisation of accounts for issue

The Commissioner's Statements of Account for the financial year ended 31 March 2025 were approved by the Commissioner and authorised for issue on 27 February 2026.

# **Police and Crime Commissioner Group Financial Statements**

Comprising:

- Movement in Reserves Statements
- Comprehensive Income and Expenditure Statement
- Balance Sheet
- Cash Flow Statement
- Notes to the Single Entity Financial Statements

## Movement in Reserves - Group

<b>Movement in Reserves Statement 2024/25</b>											
Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000	PCC share of the usable reserves of the Chief Constable £000	PCC share of the unusable reserves of the Chief Constable £000	Total Group Reserves £000
<b>Balance as at 31 March 2024</b>	<b>11,031</b>	<b>34,209</b>	<b>45,240</b>	<b>11,925</b>	<b>361</b>	<b>57,526</b>	<b>(7,078)</b>	<b>50,448</b>	<b>-</b>	<b>(3,269,632)</b>	<b>(3,219,184)</b>
<b><u>Movement in reserves during 2024/25</u></b>											
<b>Total Comprehensive Income and Expenditure</b>	<b>435,682</b>	<b>-</b>	<b>435,682</b>	<b>-</b>	<b>-</b>	<b>435,682</b>	<b>967</b>	<b>436,649</b>	<b>(547,398)</b>	<b>404,179</b>	<b>293,430</b>
Adjustments between Group Accounts and PCC Single Entity Accounts	(433,514)	-	(433,514)	-	-	(433,514)	-	(433,514)	433,514	-	-
<b>Net Increase / (Decrease) before Transfers</b>	<b>2,168</b>	<b>-</b>	<b>2,168</b>	<b>-</b>	<b>-</b>	<b>2,168</b>	<b>967</b>	<b>3,135</b>	<b>(113,884)</b>	<b>404,179</b>	<b>293,430</b>
Adjustments between Accounting Basis & Funding Basis under regulations	6(a) 3,377	41	3,418	(5,653)	-	(2,235)	2,235	-	113,884	(113,884)	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>	<b>5,545</b>	<b>41</b>	<b>5,586</b>	<b>(5,653)</b>	<b>-</b>	<b>(67)</b>	<b>3,202</b>	<b>3,135</b>	<b>-</b>	<b>290,295</b>	<b>293,430</b>
Transfers (To) / From Earmarked Reserves	6(b) (4,216)	4,216	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>1,329</b>	<b>4,257</b>	<b>5,586</b>	<b>(5,653)</b>	<b>-</b>	<b>(67)</b>	<b>3,202</b>	<b>3,135</b>	<b>-</b>	<b>290,295</b>	<b>293,430</b>
<b>Balance at 31 March 2025</b>	<b>12,360</b>	<b>38,466</b>	<b>50,826</b>	<b>6,272</b>	<b>361</b>	<b>57,459</b>	<b>(3,876)</b>	<b>53,583</b>	<b>-</b>	<b>(2,979,337)</b>	<b>(2,925,754)</b>

## Movement in Reserves - Group

<b>Movement in Reserves Statement 2023/24</b>											
Note	General Reserve £000	Earmarked Reserves £000	Total General Fund Reserves £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000	Unusable Reserves £000	Total PCC Reserves £000	PCC share of the usable reserves of the Chief Constable £000	PCC share of the unusable reserves of the Chief Constable £000	Total Group Reserves £000
<b>Balance as at 31 March 2023</b>	<b>10,804</b>	<b>30,634</b>	<b>41,438</b>	<b>17,280</b>	<b>484</b>	<b>59,202</b>	<b>(6,295)</b>	<b>52,907</b>	<b>-</b>	<b>(3,254,450)</b>	<b>(3,201,543)</b>
<b><u>Movement in reserves during 2023/24</u></b>											
<b>Total Comprehensive Income and Expenditure</b>	<b>403,410</b>	<b>-</b>	<b>403,410</b>	<b>-</b>	<b>-</b>	<b>403,410</b>	<b>(1,107)</b>	<b>402,303</b>	<b>(531,094)</b>	<b>111,150</b>	<b>(17,641)</b>
Adjustments between Group Accounts and PCC Single Entity Accounts	(404,762)	-	(404,762)	-	-	(404,762)	-	(404,762)	404,762	-	-
<b>Net Increase / (Decrease) before Transfers</b>	<b>(1,352)</b>	<b>-</b>	<b>(1,352)</b>	<b>-</b>	<b>-</b>	<b>(1,352)</b>	<b>(1,107)</b>	<b>(2,459)</b>	<b>(126,332)</b>	<b>111,150</b>	<b>(17,641)</b>
Adjustments between Accounting Basis & Funding Basis under regulations	6(a) 5,154	-	5,154	(5,355)	(123)	(324)	324	-	126,332	(126,332)	-
<b>Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves</b>	<b>3,802</b>	<b>-</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>	<b>-</b>	<b>(15,182)</b>	<b>(17,641)</b>
Transfers (To) / From Earmarked Reserves	6(b) (3,575)	3,575	-	-	-	-	-	-	-	-	-
<b>Increase / (Decrease) in Year</b>	<b>227</b>	<b>3,575</b>	<b>3,802</b>	<b>(5,355)</b>	<b>(123)</b>	<b>(1,676)</b>	<b>(783)</b>	<b>(2,459)</b>	<b>-</b>	<b>(15,182)</b>	<b>(17,641)</b>
<b>Balance at 31 March 2024</b>	<b>11,031</b>	<b>34,209</b>	<b>45,240</b>	<b>11,925</b>	<b>361</b>	<b>57,526</b>	<b>(7,078)</b>	<b>50,448</b>	<b>-</b>	<b>(3,269,632)</b>	<b>(3,219,184)</b>

## Comprehensive Income and Expenditure Statement

2023/24			2024/25			Notes
Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	
<b>Service Expenditure Analysis</b>						
376,980	(57,371)	319,609	389,033	(66,108)	322,925	
5,924	(5,982)	(58)	5,647	(5,752)	(105)	
1,649	(14)	1,635	2,464	(88)	2,376	
1,177	(222)	955	1,331	(137)	1,194	
-	(121)	(121)	-	(118)	(118)	
3,370	(3,370)	-	3,555	(3,555)	-	
<b>389,100</b>	<b>(67,080)</b>	<b>322,020</b>	<b>402,030</b>	<b>(75,758)</b>	<b>326,272</b>	
		1,930			720	7
		148,872			152,301	7
		(345,138)			(367,577)	7
		<b>127,684</b>			<b>111,716</b>	
		982			(964)	
		(111,025)			(404,182)	
		<b>(110,043)</b>			<b>(405,146)</b>	
		<b>17,641</b>			<b>(293,430)</b>	

## Balance Sheet

31 March 2024 £000		31 March 2025 £000	Notes
98,088	Property, Plant & Equipment	70,166	
1,775	Investment Property	375	
2,747	Intangible Assets	2,526	
-	Right of use Assets	30,734	
31,220	Other Long-Term Assets (Pensions)	-	
<b>133,830</b>	<b>Long-Term Assets</b>	<b>103,801</b>	
-	Assets Held for Sale	1,100	
889	Inventories	1,130	
42,401	Short-Term Debtors	49,418	10
16,194	Cash and Cash Equivalents	11,962	
<b>59,484</b>	<b>Current Assets</b>	<b>63,610</b>	
(1,659)	Bank Overdraft	(1,615)	
(5,532)	Short-Term Borrowing	(517)	
-	Short-Term Lease Liabilities	(323)	
(326)	Short-Term Provision	(980)	12
(48,279)	Short-Term Creditors	(49,899)	11
<b>(55,796)</b>	<b>Current Liabilities</b>	<b>(53,334)</b>	
(1,923)	Long-Term Provisions	(2,023)	12
(71,969)	Long-Term Borrowing	(71,969)	
-	Long-Term Lease Liabilities	(1,089)	
(3,282,810)	Other Long-Term Liabilities (Pensions)	(2,964,750)	13
<b>(3,356,702)</b>	<b>Long-Term Liabilities</b>	<b>(3,039,831)</b>	
<b>(3,219,184)</b>	<b>Net Assets</b>	<b>(2,925,754)</b>	
<b>57,526</b>	<b>Total Usable Reserves</b>	<b>57,459</b>	6(b)
<b>(3,276,710)</b>	<b>Total Unusable Reserves</b>	<b>(2,983,213)</b>	6(b)
<b>(3,219,184)</b>	<b>Total Reserves</b>	<b>(2,925,754)</b>	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Group at 31 March 2025.



**Gail Thompson BSc (Hons) CGMA**      **Date: 27/02/2026**

**Treasurer**

<b>Cash Flow Statement</b>		
2024/25 £000		2024/25 £000
<b>127,684</b>	<b>(Surplus) / Deficit on the provision of services</b>	<b>111,716</b>
	<b>Adjustments to (Surplus) / Deficit on the provision of service for non-cash movements:</b>	
(9,898)	Depreciation of Non-Current Assets	(11,040)
(3,030)	Revaluation / Impairment of Non-Current Assets	(1,798)
(1,443)	Amortisation of Intangible Fixed Assets	(1,117)
(124,364)	Pension Fund Adjustments	(117,342)
-	(Increase) / Decrease in Provision for Bad Debts	(1)
(180)	Contributions To / (From) Provisions	(754)
(2,083)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold	(834)
(2,678)	Other Non-Cash Movement	2,289
<b>(143,676)</b>		<b>(130,597)</b>
	<b>Accruals Adjustments:</b>	
34	Increase / (Decrease) in Inventories	241
(6,424)	Increase / (Decrease) in Debtors	5,910
25	Increase / (Decrease) in Interest Debtors	(27)
(3,820)	(Increase) / Decrease in Creditors	(4,730)
52	(Increase) / Decrease in Interest Creditors	15
<b>(10,133)</b>		<b>1,409</b>
	<b>Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:</b>	
153	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets	114
1,106	Capital Grants Credited to Surplus or Deficit on the Provision of Services	1,480
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities	-
<b>1,259</b>		<b>1,594</b>
	<b>Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:</b>	
<b>(695)</b>	Reversal of amounts disclosed separately below	<b>(605)</b>
	<b>Cash Flows from Operating Activities includes the following items:</b>	
2,628	Interest Paid	2,478
(1,933)	Interest Received	(1,873)
<b>695</b>		<b>605</b>
<b>(24,866)</b>	<b>Net cash flows from Operating Activities</b>	<b>(15,878)</b>
	<b>Net Cash Flows from Investing Activities:</b>	
15,406	Purchase of PP&E, Investment Property and Intangible Assets	16,116
341,018	Purchase of Short-Term and Long-Term Investments	579,464
602	Other Payments for Investing Activities	540
(153)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(114)
(341,018)	Proceeds from the Sale of Short-Term and Long-Term Investments	(579,464)
(383)	Capital Grants Received (Government)	(83)
(727)	Capital Grants Received (Non-Government)	(1,397)
<b>14,745</b>	<b>Net cash flows from Investing Activities</b>	<b>15,062</b>
	<b>Net Cash Flows from Financing Activities:</b>	
(20,000)	Cash Receipts of Short-Term and Long-Term Borrowing	(10,000)
25,000	Repayments of Short-Term and Long-Term Borrowing	15,000
<b>5,000</b>	<b>Net cash flows from Financing Activities</b>	<b>5,000</b>
<b>(5,121)</b>	<b>Net (Increase) / Decrease in Cash and Cash Equivalents</b>	<b>4,184</b>
9,414	Cash and Cash Equivalents at the Beginning of the Period	14,535
14,535	Cash and Cash Equivalents at the End of the Period	10,351

Notes for the Commissioner's Accounts are set out on pages **34 to 85**. The following are provided for areas where different notes apply to the Group financial statements.

## I. Expenditure and Funding Analysis (EFA)

The objective of the Expenditure and Funding Analysis is to demonstrate to Council Tax payers how the funding available to the Group (i.e. government grants, Council Tax) for the year has been used in providing services in comparison with those resources consumed by authorities in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between reportable segments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

<b>Expenditure and Funding Analysis</b>						
<b>2023/24</b>			<b>2024/25</b>			
Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000		Net Expenditure Chargeable to the General Fund £000	Adjustments between Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
<b>Service Expenditure Analysis</b>						
329,769	(10,160)	319,609	Police Services	357,679	(34,754)	322,925
(58)	-	(58)	Policing Funds (managed by the PCC)	(105)	-	(105)
1,757	(122)	1,635	Office of the Police and Crime Commissioner	2,550	(174)	2,376
955	-	955	OPCC Supporting Services	1,194	-	1,194
11,303	(11,424)	(121)	Capital Financing	10,974	(11,092)	(118)
-	-	-	Commissioning of Victim Services	-	-	-
<b>343,726</b>	<b>(21,706)</b>	<b>322,020</b>	<b>Net Cost of Services</b>	<b>372,292</b>	<b>(46,020)</b>	<b>326,272</b>
(347,528)	153,192	(194,336)	Other Income and Expenditure	(377,878)	163,322	(214,556)
<b>(3,802)</b>	<b>131,486</b>	<b>127,684</b>	<b>(Surplus) / Deficit on Provision of Services</b>	<b>(5,586)</b>	<b>117,302</b>	<b>111,716</b>
<b>41,438</b>			<b>Opening General Fund Balance at 31 March</b>	<b>45,240</b>		
3,802			Surplus / (Deficit) on General Fund in Year	5,586		
<b>45,240</b>			<b>Closing General Fund as 31 March</b>	<b>50,826</b>		

a) **Note to the EFA - Adjustment between funding and accounting basis**

The following table sets out the total adjustments between the financial performance of the Chief Constable under the funding position and the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

<b>2024/25</b>						
<b>Adjustments between Funding and Accounting Basis</b>						
<b>Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts</b>	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	(34,361)	(3,455)	-	3,062	(34,754)
Policing Funds (managed by the PCC)	-	-	-	-	-	-
Office of the Police and Crime Commissioner	14,494	9	-	-	(14,677)	(174)
OPCC Supporting Services	-	-	-	-	-	-
Capital Financing	(10,932)	-	-	-	(160)	(11,092)
Commissioning of Victim Services	-	-	-	-	-	-
<b>Net Cost of Services</b>	<b>3,562</b>	<b>(34,352)</b>	<b>(3,455)</b>	<b>-</b>	<b>(11,775)</b>	<b>(46,020)</b>
Other Income and Expenditure	(801)	151,694	-	654	11,775	163,322
<b>(Surplus) / Deficit on Provision of Services</b>	<b>2,761</b>	<b>117,342</b>	<b>(3,455)</b>	<b>654</b>	<b>-</b>	<b>117,302</b>

2023/24						
Adjustments between Funding and Accounting Basis						
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £000	Net Change for the Pensions Adjustments £000	Accumulated Absence £000	Council Tax £000	Adjustments between Service Lines £000	Total Adjustments £000
Police Services	-	(23,840)	1,982	-	11,698	(10,160)
Policing Funds (managed by the PCC)	-	-	-	-	-	-
Office of the Police and Crime Commissioner	14,973	27	-	-	(15,122)	(122)
OPCC Supporting Services	-	-	-	-	-	-
Capital Financing	(10,729)	-	-	-	(695)	(11,424)
Commissioning of Victim Services	-	-	-	-	-	-
<b>Net Cost of Services</b>	<b>4,244</b>	<b>(23,813)</b>	<b>1,982</b>	<b>-</b>	<b>(4,119)</b>	<b>(21,706)</b>
Other Income and Expenditure	824	148,177	-	72	4,119	153,192
<b>(Surplus) / Deficit on Provision of Services</b>	<b>5,068</b>	<b>124,364</b>	<b>1,982</b>	<b>72</b>	<b>-</b>	<b>131,486</b>

## 2. Expenditure and Income Analysed by Nature

The Code of Practice requires the Group to disclose information on the nature of expenses. The Group expenditure and income for 2024/25 and 2023/24 is analysed as follows:

<b>Expenditure and Income Analysed by Nature</b>		
<b>Expenditure / Income</b>	<b>2023/24</b> £000	<b>2024/25</b> £000
<b>Expenditure</b>		
Employee benefits expenses	307,830	319,267
Other employee expenses	8,591	8,127
Premises	12,266	11,419
Transport	6,250	5,849
Supplies and services	26,733	30,893
Third party payments	12,457	11,980
Depreciation, amortisation and impairment	14,371	13,954
Other capital charges	602	540
Loss on disposal of property, plant and equipment	1,930	720
Interest payments	2,628	2,480
Police pension fund deficit - payment to pension fund	65,906	69,594
Interest on the net defined benefit pension liability	148,190	154,175
Precept Accounting Adjustment	-	654
<b>Total Expenditure</b>	<b>607,754</b>	<b>629,652</b>
<b>Income</b>		
Fees, charges and other service income	(6,780)	(8,244)
Recharge receipts	(10,425)	(11,453)
Other operating Income	(1,539)	(2,192)
Revenue grants and contributions	(48,336)	(53,868)
Interest and investment income	(1,933)	(1,873)
Income from Council Tax	(69,718)	(76,600)
Police Grant income	(274,314)	(290,151)
Police pension fund deficit - grant income	(65,906)	(69,594)
Capital Grants and Contributions	(1,106)	(1,480)
Interest on the net defined benefit pension liability	(13)	(2,481)
<b>Total Income</b>	<b>(480,070)</b>	<b>(517,936)</b>
<b>(Surplus) / Deficit on the Provision of Services</b>	<b>127,684</b>	<b>111,716</b>

## 3. Accounting Policies

The accounting policies shown in the Commissioner's Single Entity Accounts are also applicable to the Group Accounts. As the Group Accounts include the Chief Constable the Group also adheres to any policies outlined by the Chief Constable. The only significant consideration in the Chief Constable Accounts that is not referenced in the Commissioner Single Entity Accounts, as it is not material, is that of Accounting for Pension Liabilities the following notes refer to this from the perspective of critical judgements and estimation uncertainty.

## 4. Critical Judgements in applying accounting policies

In applying its accounting policies, certain judgements have been made about the complex transactions or those involving uncertainty about future events. The most significant areas where judgements have been necessary within the Group Accounts are:

- Accounting for Pensions (Chief Constable and Group),
- Property valuations (Commissioner single entity and Group); and
- Accounting recognition of assets, liabilities, reserves, revenue and expenditure within the Group following introduction of the new governance arrangement under provisions of the Police Reform and Social Responsibility Act.

Where judgement has been applied, the key factors taken into consideration are disclosed in the accounting policies and the appropriate note in the financial statements.

## 5. Assumptions made about the future and other major sources of estimation uncertainty

The financial statements contain estimated figures that are based on assumptions made about the future or that are otherwise uncertain. Estimates are made 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 Group Balance Sheet as at 31 March 2024 for which there is significant risk of material adjustment in the forthcoming financial year are as outlined in **Note 8** to the Single Entity Accounts with the addition of the following:

### Pension Assets and Liabilities

Pension assets and/or liabilities included in the balance sheet are assessed on an actuarial basis. The estimation of the future liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in mortality rates, the age profile of members and retirement age, and expected return on pension fund assets for funded schemes.

The pension fund liabilities for the Police Pension Scheme (PPS) have been assessed by the Government Actuary's Department (GAD).

The pension fund assets and liabilities for the Tyne and Wear Pension Fund (TWPF) have been assessed by AON Solutions UK Limited (AON).

Both GAD and AON provide the Group with expert advice about the assumptions to be applied.

The effects on the net pension asset/liability of changes in individual assumptions can be measured and further information on the impact of such changes for both PPS and TWPF is presented in **Note 13** to the Group accounts. Some examples of the potential impact are set out below:

### Police Pension Scheme (PPS)

- A reduction in the discount rate assumption of 0.5% would result in a reduction in the pension liability of £213.000 million (7.0%).
- An increase in the salary inflation assumption of 0.5% would result in a reduction in the pension liability of £25.000 million (1.0%).

### Tyne and Wear Pension Fund (TWPF)

- A reduction in the discount rate assumption of 0.1% would result in an increase in the net pension asset of £6.100 million (1.7%).
- An increase in the rate of general salary increases assumption of 0.1% would result in an increase in the net pension asset of £0.720 million (0.2%).

Further details are included within the sensitivity analysis in the notes to the accounts (employee benefits).

## 6. Movement in Reserve Statement adjustments

The Movement in Reserves Statement details all movements in the Group usable reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and provides a summary of the movement in unusable reserves. The 'Surplus or Deficit on the provision of services' line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Reserve balance for Council Tax setting purposes. The 'Net (Increase) / Decrease before Transfers to Earmarked Reserves' line shows the statutory General Reserve balance before any discretionary transfers to or from earmarked reserves undertaken by the Group. The following tables provide further details of the amounts disclosed in the Movement in Reserves Statement.

### a) Adjustments between accounting basis and funding under regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure. The adjustments for 2024/25 and 2023/24 are set out in the following tables:

**Adjustments between Accounting Basis & Funding Basis under regulations 2024/25**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,837)	-	-	12,837
Amortisation of intangible assets	(1,117)	-	-	1,117
Revenue Expenditure Funded from Capital under Statute	(540)	-	-	540
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,480	-	-	(1,480)
Capital Expenditure charged in the year to the General Fund	41	-	-	(41)
Net (Gain) / Loss on sale of non-current assets	(720)	(114)	-	834
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,767	-	(5,767)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(654)	-	-	654
Reversal of IAS 19 Pension Charges	(191,350)	-	-	191,350
Contributions due under the pension scheme regulations	74,008	-	-	(74,008)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	3,455	-	-	(3,455)
Revenue provision for the repayment of debt	10,932	-	-	(10,932)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(117,302)</b>	<b>5,653</b>	<b>-</b>	<b>111,649</b>

**Adjustments between Accounting Basis & Funding Basis under regulations 2023/24**

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Unusable Reserves £000
Depreciation, amortisation & impairment of non-current assets and assets held for sale	(12,928)	-	-	12,928
Amortisation of intangible assets	(1,443)	-	-	1,443
Revenue Expenditure Funded from Capital under Statute	(602)	-	-	602
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,106	-	123	(1,229)
Capital Expenditure charged in the year to the General Fund	-	-	-	-
Net (Gain) / Loss on sale of non-current assets	(1,930)	(152)	-	2,082
Capital Expenditure Financed from Unapplied Capital Receipts	-	5,507	-	(5,507)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(72)	-	-	72
Reversal of IAS 19 Pension Charges	(188,119)	-	-	188,119
Contributions due under the pension scheme regulations	63,755	-	-	(63,755)
Amount by which officer remuneration charged to the Comprehensive Income & Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(1,982)	-	-	1,982
Revenue provision for the repayment of debt	10,729	-	-	(10,729)
<b>Total adjustments between Accounting Basis &amp; Funding Basis under regulations</b>	<b>(131,486)</b>	<b>5,355</b>	<b>123</b>	<b>126,008</b>

**b) Analysis of transfers (To) / From reserves**

The Group maintains a number of reserves, which are classified as either usable (backed by cash) or unusable (notional adjustment accounts not supported by cash).

The information on reserves relevant to the Group Accounts are those shown for the Commissioner's Single Entity Accounts at **Note 9** with the addition of the Accumulated Absences Account described below:

**Unusable reserves:**

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 is neutralised by transfers (To) / From the account

<b>Analysis of the transfers To / From reserves 2024/25</b>					
Balance as at 31 March 2024 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2025 £000
<b>Usable Reserves</b>					
11,031	<b>General Reserve</b>	2,098	(769)	1,329	12,360
<b>Earmarked Reserves:</b>					
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	(5,634)	(5,634)	-
11,937	Investment Reserve	11,228	-	11,228	23,165
1,146	Operational Reserve	-	(1,146)	(1,146)	-
2,053	Pay Inflation Reserve	-	-	-	2,053
805	OPCC Innovation Reserve	-	(65)	(65)	740
960	External Funding Reserve	307	(285)	22	982
926	National Policing Capabilities (Hosted Services)	712	(855)	(143)	783
428	NE ROCU Reserve	-	(5)	(5)	423
34,209	<b>Total Earmarked reserves</b>	<b>12,247</b>	<b>(7,990)</b>	<b>4,257</b>	<b>38,466</b>
11,925	<b>Capital Receipts Reserve</b>	114	(5,767)	(5,653)	6,272
361	<b>Capital Grants Unapplied</b>	1,480	(1,480)	-	361
<b>57,526</b>	<b>Total Usable Reserves</b>	<b>15,939</b>	<b>(16,006)</b>	<b>(67)</b>	<b>57,459</b>
<b>Unusable Reserves</b>					
28,700	Revaluation Reserve	964	(480)	484	29,184
(37,080)	Capital Adjustment Account	18,700	(15,328)	3,372	(33,708)
1,302	Collection Fund Adjustment Account	-	(654)	(654)	648
-	Deferred Capital Receipts	-	-	-	-
(18,042)	Accumulated Absences Account	-	3,455	3,455	(14,587)
(3,251,590)	Pensions Reserve	(117,343)	404,183	286,840	(2,964,750)
<b>(3,276,710)</b>	<b>Total Unusable Reserves</b>	<b>(97,679)</b>	<b>391,176</b>	<b>293,497</b>	<b>(2,983,213)</b>
<b>(3,219,184)</b>	<b>Total Reserves</b>	<b>(81,740)</b>	<b>375,170</b>	<b>293,430</b>	<b>(2,925,754)</b>

<b>Analysis of the transfers To / From reserves 2023/24</b>					
Balance as at 31 March 2023 £000		Transfers to reserve £00 0	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2024 £000
	<b>Usable Reserves</b>				
10,804	<b>General Reserve</b>	227	-	227	11,031
	<b>Earmarked Reserves:</b>				
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	-	-	3,400
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
5,634	Inflationary Risks Reserve	-	-	-	5,634
8,200	Investment Reserve	3,737	-	3,737	11,937
1,407	Operational Reserve	-	(261)	(261)	1,146
2,053	Pay Inflation Reserve	-	-	-	2,053
690	OPCC Innovation Reserve	115	-	115	805
1,929	External Funding Reserve	367	(1,336)	(969)	960
-	National Policing Capabilities (Hosted Services)	1,210	(284)	926	926
401	NE ROCU Reserve	73	(46)	27	428
30,634	<b>Total Earmarked reserves</b>	<b>5,502</b>	<b>(1,927)</b>	<b>3,575</b>	<b>34,209</b>
17,280	<b>Capital Receipts Reserve</b>	152	(5,507)	(5,355)	11,925
484	<b>Capital Grants Unapplied</b>	1,106	(1,229)	(123)	361
<b>59,202</b>	<b>Total Usable Reserves</b>	<b>6,987</b>	<b>(8,663)</b>	<b>(1,676)</b>	<b>57,526</b>
	<b>Unusable Reserves</b>				
30,188	Revaluation Reserve	(982)	(506)	(1,488)	28,700
(37,996)	Capital Adjustment Account	17,971	(17,055)	916	(37,080)
1,374	Collection Fund Adjustment Account	-	(72)	(72)	1,302
-	Deferred Capital Receipts	-	-	-	-
(16,060)	Accumulated Absences Account	-	(1,982)	(1,982)	(18,042)
(3,238,251)	Pensions Reserve	111,025	(124,364)	(13,339)	(3,251,590)
<b>(3,260,745)</b>	<b>Total Unusable Reserves</b>	<b>128,014</b>	<b>(143,979)</b>	<b>(15,965)</b>	<b>(3,276,710)</b>
<b>(3,201,543)</b>	<b>Total Reserves</b>	<b>135,001</b>	<b>(152,642)</b>	<b>(17,641)</b>	<b>(3,219,184)</b>

## Notes to the Group Financial Statements

## Movement on Unusable Reserves

Unusable Reserves - Revaluation Reserve					
Balance as at 31 March 2024 £000	Revaluation Reserve	Transfers To/(From) Reserves			Balance as at 31 March 2025 £000
		Upward revaluations of property, plant and equipment £000	Historic cost depreciation adjustment (HCDA) £000	Total £000	
<b>28,700</b>		964	(480)	<b>484</b>	<b>29,184</b>

Unusable Reserves - Capital Adjustment Account				
	Transfers To/(From) Reserves		Total movement on reserve £000	Capital Adjustment Account £000
	Transfers to reserve £000	Transfers from reserve £000		
<b>Balance as at 31 March 2024</b>				<b>(37,080)</b>
Amortisation of Intangible Assets		(1,117)	(1,117)	
Depreciation		(11,040)	(11,040)	
Downward Revaluation		(1,798)	(1,798)	
Revenue expenditure funded by capital under statute (REFCUS)		(540)	(540)	
Net Gain/(Loss) on Sale of NCA's		(833)	(833)	
MRP for financing of Capital Investment	10,932		10,932	
Capital expenditure charged to the General Fund (Reserves)	41		41	
Capital Receipts applied to finance capital expenditure	5,767		5,767	
Historic cost depreciation adjustment (HCDA)	480		480	
Trf from CGU to CAA	1,480		1,480	
<b>Total Movement on Reserve</b>	<b>18,700</b>	<b>(15,328)</b>		<b>3,372</b>
<b>Balance as at 31 March 2025</b>				<b>(33,708)</b>

## Notes to the Group Financial Statements

<b>Unusable Reserves - Pensions Reserve</b>					
<b>Transfers To/(From) Reserves</b>					
Balance as at 31 March 2024 £000		Re-measurements of the net defined benefit pension liability £000	Reverse the net impact of IAS19 charges on the General Fund £000	Total Movement £000	Balance as at 31 March 2025 £000
	<b>Pensions Reserve</b>				
-	Police and Crime Commissioner LGPS	3	(3)	-	-
31,220	Chief Constable LGPS	(34,420)	1,120	<b>(33,300)</b>	<b>(2,080)</b>
(3,282,810)	Chief Constable Police Pension Scheme (PPS)	438,600	(118,460)	<b>320,140</b>	<b>(2,962,670)</b>
<b>(3,251,590)</b>	<b>Total Reserves</b>	<b>404,183</b>	<b>(117,343)</b>	<b>286,840</b>	<b>(2,964,750)</b>

## 7. Information to be presented either in the Comprehensive Income and Expenditure Statement or in the Notes

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Commissioners raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement in Reserves Statement.

An analysis of items included in the Comprehensive Income and Expenditure Statement below Cost of Services is detailed in the following table:

Other Operating Expenditure			
2023/24		2024/25	
Net Expenditure £000		Gross Expenditure £000	Gross Income £000
1,930	(Gains) / Losses on Disposal of Property Plant and Equipment	720	-
<b>1,930</b>	<b>Total Other Operating Expenditure</b>	<b>720</b>	<b>-</b>
			<b>Net Expenditure £000</b>
			<b>720</b>

Financing and Investment Income and Expenditure			
2023/24		2024/25	
Net Expenditure £000		Gross Expenditure £000	Gross Income £000
2,628	Interest on Borrowing	2,480	-
(1,933)	Interest Income	-	(1,873)
-	Loss / (Gain) on Revaluation of Investment Assets	154,160	(2,460)
148,177	Pensions Interest costs and expected return on assets	15	(21)
<b>148,872</b>	<b>Total Financing and Investment Income and Expenditure</b>	<b>156,655</b>	<b>(4,354)</b>
			<b>Net Expenditure £000</b>
			<b>152,301</b>

## 8. External Audit Costs

The below table shows the amount paid by the Group for the external auditors. The Group commission PSAA to tender for the external audit contract on a 5-year cycle. 2023/24 was the first year of the new contract which was awarded to Ernst & Young LLP.

External Audit Costs	
2023/24 £000	2024/25 £000
154	External Audit Services
49	Additional fees relating to the previous year's audit
2	Contribution to Pension Fund Audit
<b>205</b>	<b>Net Cost</b>
	<b>258</b>

## 9. Officer Remuneration

The following tables set out the remuneration for police staff and police officers whose total remuneration is more than £50,000 per year in 2024/25 and the equivalent disclosure for 2023/24.

Total remuneration for the purposes of the banding note requires the disclosure of all payments paid to or receivable by an individual during the year. This includes salary, overtime, fees and allowances, exit payments and any other payments.

Numbers of Employees receiving over £50,000		
Remuneration Band	Number of Employees	
	2023/24	2024/25
£50,000 - £54,999	590	829
£55,000 - £59,999	264	399
£60,000 - £64,999	196	229
£65,000 - £69,999	61	152
£70,000 - £74,999	13	23
£75,000 - £79,999	13	13
£80,000 - £84,999	9	13
£85,000 - £89,999	7	7
£90,000 - £94,999	7	8
£95,000 - £99,999	5	5
£100,000 - £104,999	3	5
£105,000 - £109,999	-	4
£110,000 - £114,999	-	2

The banding note above excludes remuneration for those individuals disclosed separately in the table for 'Remuneration of Senior Employees'.

The following table shows the total number and cost of exit packages for which the Group became demonstrably committed to during the year-ending 31 March 2025. The disclosure for exit packages is set out in-line with the CIPFA Code of Practice which requires an analysis between compulsory and other departures. The number of other departures includes voluntary redundancies and early retirements;

Exit packages 2024/25				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	1	2	3	30,907
£20,001 - £40,000	-	1	1	25,881
<b>Total</b>	<b>1</b>	<b>3</b>	<b>4</b>	<b>56,788</b>

There are no exit packages included for the OPCC in 2024/25. The exit packages disclosed for the Group are attributed to the Chief Constable single-entity accounts. The total cost of exit packages as set out above has been charged to the Group's Comprehensive Income and Expenditure Statement in the current year, with the exception of 1 which is charged to 2025/26. Due to the immaterial impact on the Chief Constables budget of the adjustment it has been deemed unnecessary to restate but is included in the above note. The comparative disclosure for the Group in 2023/24 is set out in the following table

<b>Exit packages 2023/24</b>				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	2	1	3	41,104
£20,001 - £40,000	-	1	1	24,421
£80,001 - £100,000	1	-	1	95,000
<b>Total</b>	<b>3</b>	<b>2</b>	<b>5</b>	<b>160,525</b>

## Notes to the Group Financial Statements

Remuneration of the senior employees of the Group and senior police officers is disclosed within the following tables:

<b>Remuneration of Senior Employees 2024/25</b>							
<b>Post holder information</b>	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2024/25 £
Police and Crime Commissioner - A	1	81,567	-	-	<b>81,567</b>	12,971	<b>94,538</b>
Police and Crime Commissioner - B	2	9,594	-	-	<b>9,594</b>	1,486	<b>11,080</b>
Deputy Police and Crime Commissioner	3	23,725	-	-	<b>23,725</b>	3,780	<b>27,505</b>
Chief of Staff and Monitoring Officer		84,364	-	-	<b>84,364</b>	13,466	<b>97,830</b>
Chief Finance Officer	4	103,776	-	-	<b>103,776</b>	16,324	<b>120,100</b>
Acting Chief Finance Officer	5	6,595	-	-	<b>6,595</b>	1,055	<b>7,650</b>
Chief Constable - Vanessa Jardine		200,284	1,080	13,533	<b>214,897</b>	69,492	<b>284,389</b>
Deputy Chief Constable - Jayne Meir		159,750	5,837	32,107	<b>197,694</b>	57,384	<b>255,078</b>
Assistant Chief Constable - A		127,010	1,080	-	<b>128,090</b>	44,835	<b>172,925</b>
Assistant Chief Constable - B		130,190	1,080	31,842	<b>163,112</b>	45,958	<b>209,070</b>
Assistant Chief Constable - C	6	90,758	-	-	<b>90,758</b>	31,704	<b>122,462</b>
Assistant Chief Constable - D	7	28,796	-	-	<b>28,796</b>	10,062	<b>38,858</b>
Assistant Chief Officer Corporate Services		140,541	-	-	<b>140,541</b>	20,887	<b>161,428</b>
Chief Information Officer	8	14,265	-	-	<b>14,265</b>	1,447	<b>15,712</b>
<b>Total</b>		<b>1,201,215</b>	<b>9,077</b>	<b>77,482</b>	<b>1,287,774</b>	<b>330,850</b>	<b>1,618,624</b>

Note 1: Police and Crime Commissioner A from 09/05/2024

Note 2: Police and Crime Commissioner B until 08/05/2024

Note 3: Deputy Police and Crime Commissioner from 02/09/2024

Note 4: Chief Finance Officer until 28/02/2025

Note 5: Acting Chief Finance Officer from 28/02/2025

Note 6: Assistant Chief Officer until 06/01/2025

Note 7: Assistant Chief Officer from 06/01/2025

Note 8 Chief Information Officer until 27/04/2024

## Remuneration of Senior Employees 2023/24

Post holder information	Notes	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2023/24 £
Police and Crime Commissioner - Kim McGuinness		88,602	-	-	<b>88,602</b>	14,176	<b>102,778</b>
Chief of Staff and Monitoring Officer		79,710	-	-	<b>79,710</b>	12,754	<b>92,464</b>
Chief Finance Officer		105,257	-	-	<b>105,257</b>	16,841	<b>122,098</b>
Chief Constable - Vanessa Jardine		189,755	-	-	<b>189,755</b>	57,763	<b>247,518</b>
Chief Constable - Winton Keenan	1	8,325	-	-	<b>8,325</b>	-	<b>8,325</b>
Deputy Chief Constable - A	2	69,901	-	-	<b>69,901</b>	21,669	<b>91,570</b>
Deputy Chief Constable - B	3	86,456	-	-	<b>86,456</b>	26,440	<b>112,896</b>
Assistant Chief Constable - C		113,144	-	-	<b>113,144</b>	35,075	<b>148,219</b>
Assistant Chief Constable - D	4	39,867	-	-	<b>39,867</b>	-	<b>39,867</b>
Assistant Chief Constable - E	5	29,066	-	-	<b>29,066</b>	8,915	<b>37,981</b>
Assistant Chief Constable - F	6	114,512	-	-	<b>114,512</b>	34,585	<b>149,097</b>
Assistant Chief Constable - G	7	86,960	-	-	<b>86,960</b>	24,292	<b>111,252</b>
Assistant Chief Officer Corporate Services		129,471	-	-	<b>129,471</b>	19,769	<b>149,240</b>
Chief Information Officer		107,258	-	-	<b>107,258</b>	17,161	<b>124,419</b>
<b>Total</b>		<b>1,248,284</b>	<b>-</b>	<b>-</b>	<b>1,248,284</b>	<b>289,440</b>	<b>1,537,724</b>

Note 1: Chief Constable until 14/04/2023

Note 2: Deputy Chief Constable from 23/10/2023

Note 3: Deputy Chief Constable until 24/10/2023

Note 4: Assistant Chief Constable from 02/01/2024

Note 5: Assistant Chief Constable from 01/01/2024

Note 6: Assistant Chief Constable until 20/02/2024

Note 7: Assistant Chief Constable until 08/12/2023

## 10. Debtors

These amounts represent sums due from a number of sources, such as other local authorities and government departments. Short-term debtors may also include payments in advance, such as invoices spanning financial periods. A material debtor included in the balance is the Police Pension Fund top-up payment due from Central Government which is £10.847 million (£8.314 million in 2023/24).

The bad debt provision includes £5.430 million (£5.382 million in 2023/24) in relation to the Commissioner's share of the local collection authorities' Council Tax provisions for bad debts.

At the end of the financial year the Group had no long-term debtors meaning all amounts are due within the next 12 months

<b>Short-Term Debtors</b>		
31 March 2024		31 March 2025
£000		£000
23,276	Central government bodies	26,652
325	NHS bodies	573
19,842	Other local authorities	21,468
6	Public corporations and trading funds	10
4,345	Bodies external to general government	6,156
(5,393)	- Less bad debt provision	(5,441)
<b>42,401</b>		<b>49,418</b>

## 11. Creditors

These amounts represent sums owed to a number of different entities, such as other local authorities and government departments, as well as short-term borrowing disclosed separately

<b>Short-Term Creditors</b>		
31 March 2024		31 March 2025
£000		£000
(8,272)	Central government bodies	(10,198)
(83)	NHS bodies	(85)
(8,464)	Other local authorities	(10,513)
(3)	Public corporations and trading funds	-
(31,457)	Bodies external to general government	(29,103)
<b>(48,279)</b>		<b>(49,899)</b>

Under International Accounting Standard 19, the Group has a long-term liability in relation to future pension commitments. More detail is provided in **Note 13**

## 12. Provisions and Contingent Liabilities

### Provisions

Provisions					
31 March 2024 £000		Additional Provisions Made £000	Provisions Used £000	Reversals £000	31 March 2025 £000
	<b>Long-term provisions</b>				
(1,923)	Insurance	(1,424)	1,324	-	(2,023)
	<b>Short-term provisions</b>				
-	Riot Compensation	(756)	-	-	(756)
(326)	Employee remuneration	-	2	100	(224)
<b>(2,249)</b>	<b>Total</b>	<b>(2,180)</b>	<b>1,326</b>	<b>100</b>	<b>(3,003)</b>

The insurance provision is made for known, outstanding liability claims, the costs of which have been estimated by the Commissioner's insurers. The timing of payments from the insurance provision will be determined by the settlement of claims and is therefore unknown at present. The increase in the provision reflects the estimate of outstanding claims at 31 March 2025.

A number of Forces including Northumbria are currently dealing with legal claims from serving and retired officers which relate to a specialist area of policing. These claims are for remuneration in relation to past service under police regulations. The Chief Constable has a number of such claims and whilst the majority of cases have been settled as at the balance sheet date, there remain a small number of claims and costs outstanding which are expected to be finalised in 2025/26.

The balance on the employee remuneration provision at 31 March 2025 is set at a prudent level estimated to settle all such claims.

### Contingent Liabilities

At 31 March 2025, the Group has identified the following contingent liabilities, there is no estimate for the financial impact as it is not practicable to do so:

- **Municipal Mutual Insurance - (MMI)** was a mutual insurance provider that supplied some 90 to 95 per cent of local government insurance policies. MMI had long catered for the insurance needs of local authorities. However, it became technically insolvent in 1992 when it did not have the resources to cover its anticipated liabilities.

To protect the insurance liabilities of the local authorities that MMI had originally contracted with, a scheme of arrangement was agreed with its creditors. This would allow for a managed and solvent run-off and enable MMI to continue to settle insurance claims.

The Scheme of Administration was approved and was legally binding on the creditors, most of whom were local authorities. The former Police Authority was also a creditor. The liabilities of the former Authority, including the contractual provisions in respect of the MMI Scheme of Arrangement, passed to the PCC.

MMI had underwritten and paid £2.528 million of the former Police Authority's insurance claims.

To date the Commissioner has paid a total levy of £0.620 million equivalent to 25% of the claims settled by MMI; £0.372 million in May 2015 and a further £0.248 million in June 2016.

The levy calculated in respect of the last payment (June 2016) represented the scheme administrator's best estimate of the sums required to cover MMI's liabilities. We therefore do not expect any further levy or need to make provision within our accounts at this time. Whilst a future levy is possible it is not probable, and is therefore noted as a Contingent Liability in the 2024/25 Statements of Account.

- **Employee remuneration** - A provision has been made in relation to a number of claims that have been received from serving and retired officers in relation to past service under police regulations. The claims are in relation to a number of officers that worked in a specialist area and at this time each case is subject to legal review. A contingent liability is also disclosed here in relation to other remuneration issues and in particular the potential for further claims to be submitted over and above those included within the provision calculated at 31 March 2025.
- **McCloud/Sargeant judgement** – The Chief Constable along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015.

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

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement.

On 19 July 2021 the Public Service Pensions and Judicial Offices Act 2022 was taken to the House of Lords. This got royal assent on 10 March 2022 and the Act came into force from 1 April 2022. The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force from 1 October 2023. The Home Office have consulted during 2023 on the secondary regulations to bring the policy determined by the act into force from 1 October 2023.

- **Impact on Pension Liability** – Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. Scheme actuaries originally estimated the increase in scheme liabilities for the Northumbria Chief Constable through a past service cost of £182.720 million recognised in the 2018/19 accounts, followed by a reduction of £12.080 million in 2019/20 accounts resulting from the eligibility criteria for members set out in HM Treasury's consultation. The additional liability expected for affected members during 2020/21 to 2024/25 is included within the current service cost for those financial years.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The most recent Police Pension valuation was reported in 2023/24, and this has resulted in an increase in the Employer contribution rate from 31.0% to 35.3% from 1 April 2024. Government have provided additional funding to forces to compensate for the additional cost in 2024/25.

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

- **Compensation Claims** – In respect of the McCloud Pension case, there are a number of claimants that have lodged compensation claims for ‘injury to feelings.’ Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

**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 brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. 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, but a contingent liability is noted.

### 13. Employee Benefits

#### Benefits payable during employment

The table below shows the cost of holiday entitlements and lieu time earned by police officers and police staff but not taken by the year-end. The cost of employee benefits are charged to the Group accounts under Net Cost of Services in the CIES and the reserve associated with the short-term liability is shown under the Group Unusable Reserves

Benefits payable during employment		
2023/24 £000		2024/25 £000
18,042	Police Services	14,587
<b>18,042</b>	<b>Total employee benefits accrued at the Balance Sheet date</b>	<b>14,587</b>

#### Post-employment benefits (pensions)

Post-employment benefits are pensions offered as part of the terms and conditions of police officers and police staff. They are accounted for in accordance with IAS19 in which pension liabilities are recognised at the point at which employees earn their future entitlement. The pension liability is recognised in the Group Balance Sheet and the in-year movement in the liability recognised in the Group Comprehensive Income and Expenditure Statement

##### a) Defined Benefit Plan: Tyne and Wear Pension Fund

The Tyne and Wear Pension Fund (the “Fund”) is a Local Government Pension Scheme (LGPS) administered by South Tyneside Council. This is a funded scheme, meaning that the Group and employees pay contributions into the fund calculated at a level estimated to balance the pension liabilities with investment assets.

In 2024/25, the Group paid £12.970 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £11.770 million in 2023/24 (16.0% of pensionable pay).

The pension scheme is classified as a funded defined benefit plan with benefits earned up to 31 March 2014 being linked to final salary. Benefits after 31 March 2014 are based on a Career Average Re-valued Earnings (CARE) scheme. Scheme benefits are accrued in accordance with the requirements of International Accounting Standard 19 Employee Benefits (IAS 19). IAS 19 accounts for retirement benefits when they are committed to be given, even if the actual payment is many years into the future. IAS 19 also includes the Groups share of the fund’s assets and liabilities.

The last actuarial valuation was at 31 March 2022 which determined the contributions to be paid from 01 April 2023 to 31 March 2026. The results from that valuation are set out in the Fund's Rates and Adjustment Certificate. The employer's standard contribution rate for 01 April 2023 to 31 March 2026 reduced from 16.8% to 16.0% as a result of the 2022 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2025 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2026. The Fund Administering Authority, South Tyneside Council, is responsible for the governance of the Fund.

### **Assets**

The assets allocated to the Group in the Fund are notional and are assumed to be invested in line with the investments of the Fund, for the purposes of calculating the return to be applied to those notional assets over the accounting period. The Fund is large and holds a significant proportion of its assets in liquid investments. As a consequence, there will be no significant restriction on realising assets if a large payment is required to be paid from the fund in relation to an employer's liabilities. The assets are invested in a diversified spread of investments and the approximate split of assets for the Fund as a whole can be seen in the Analysis of Scheme Assets table in the disclosures below. Further information on the Tyne and Wear Pension Fund can be found in their Annual Report. All annual reports are available from South Tyneside Council's website.

### **Transactions relating to retirement benefits**

The Group recognise the cost of retirement benefits in the Cost of Services when they are earned by employees, rather than when benefits are paid out as pensions. However, the charge which is made against the Police Fund is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Comprehensive Income and Expenditure Statement as an appropriation.

The following transactions have been made in the Comprehensive Income and Expenditure Statement during the year:

**Charges to Comprehensive Income and Expenditure Statement**

	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2024 £m	31 March 2025 £m	31 March 2024 £m	31 March 2025 £m
<b>Within Cost of Service</b>				
Current Service Cost	13.58	13.31	-	-
Past service cost (incl. curtailments)	-	0.05	-	-
<b>Financing, Investment Income &amp; Expenditure</b>				
Interest on net defined benefit Liability / (Asset)	(1.08)	(2.59)	0.11	0.11
Interest on unrecognised asset		0.68		
<b>Pension expense recognised in CIES</b>	<b>12.50</b>	<b>11.45</b>	<b>0.11</b>	<b>0.11</b>
<b>Remeasurements in OCI</b>				
Return on plan assets (in excess of) / below that recognised in net interest	(13.36)	9.72	-	-
Actuarial (Gains) / Losses due to change in financial assumptions	(16.32)	(80.80)	(0.02)	(0.15)
Actuarial (Gains) / Losses due to change in demographic assumptions	(6.43)	(3.15)	(0.07)	(0.01)
Actuarial (Gains) / Losses due to liability experience	4.53	(0.40)	0.10	(0.01)
Adjustment loss (gain) due to restriction of surplus	14.24	109.22	-	-
<b>Total Amount recognised in OCI</b>	<b>(17.34)</b>	<b>34.59</b>	<b>0.01</b>	<b>(0.17)</b>
<b>Total Amount charged to CIES</b>	<b>(4.84)</b>	<b>46.04</b>	<b>0.12</b>	<b>(0.06)</b>

## Assets and Liabilities in Relation to Post-Employment Benefits

**Changes to the present value of the defined benefit obligation**

	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2024 £m	31 March 2025 £m	31 March 2024 £m	31 March 2025 £m
<b>Opening defined benefit obligation</b>	<b>416.40</b>	<b>422.57</b>	<b>2.52</b>	<b>2.39</b>
Current service cost	13.58	13.31	-	-
Interest expense on defined benefit obligation	19.37	20.07	0.11	0.11
Contributions by participants	4.64	4.95	-	-
Actuarial (Gains) / Losses on liabilities - financial assumptions	(16.32)	(80.80)	(0.02)	(0.15)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	(6.43)	(3.15)	(0.07)	(0.01)
Actuarial (Gains) / Losses on liabilities - experience	4.53	(0.40)	0.10	(0.01)
Net benefits paid out	(13.21)	(13.87)	(0.25)	(0.25)
Past service cost (incl. curtailments)	-	0.05	-	-
<b>Closing defined benefit obligation</b>	<b>422.56</b>	<b>362.73</b>	<b>2.39</b>	<b>2.08</b>

**Changes to the fair value of assets during the period**

	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2024	31 March 2025	31 March 2024	31 March 2025
	£m	£m	£m	£m
<b>Opening fair value of assets</b>	<b>433.66</b>	<b>470.43</b>	-	-
Interest income on assets	20.46	22.66	-	-
Re-measurement Gains / (Losses) on assets	13.36	(9.72)	-	-
Contributions by the employer	11.52	12.43	0.25	0.25
Contributions by participants	4.64	4.95	-	-
Net benefits paid out	(13.21)	(13.87)	(0.25)	(0.25)
<b>Closing fair value of assets</b>	<b>470.43</b>	<b>486.88</b>	-	-

**Reconciliation of the present value of the defined benefit obligation and the fair value of fund assets to the assets and liabilities recognised in the balance sheet**

	31 March 2024	31 March 2025
	£m	£m
Fair Value of Assets (funded)	470.43	486.87
Fair Value of Assets (unfunded)	-	-
Present value of defined benefit obligation (funded)	(422.56)	(362.73)
Unrecognised asset	(14.26)	(124.15)
Present value of defined benefit obligation (unfunded)	(2.39)	(2.08)
<b>Asset / (Liability) recognised on the balance sheet</b>	<b>31.22</b>	<b>(2.08)</b>

The above table is compliant with the requirements of IAS 19 for the disclosure of any unrecognised assets when detailing the position held on the balance sheet in relation to the pension fund. The group position for 2023/24 included an asset recognised on the balance sheet, which was subject to a partial asset restriction of £14.260m, the balance being £31.220m. The asset restriction for 2024/25 is £124.280 million, with a liability value of £2.080 million being recognised on the Group balance sheet.

**Scheme Assets**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rate of return experienced on the respective markets. The actual return on scheme assets in the year was a gain of £33.540 million (£33.540 million gain in 2023/24).

<b>Analysis of Scheme Assets</b>				
	Asset split at 31 March 2024	Quoted At 31 March 2025	Unquoted At 31 March 2025	Asset split at 31 March 2025
<b>Asset</b>	(%)	(%)	(%)	(%)
Equities	50.6	36.3	11.8	48.1
Property	10.4	0.0	11.1	11.1
Government bonds	1.3	1.1	0.0	1.1
Corporate bonds	19.5	18.1	0.0	18.1
Cash	0.7	1.8	0.0	1.8
Other*	17.5	4.5	15.3	19.8
	<b>100.0</b>	<b>61.8</b>	<b>38.2</b>	<b>100.0</b>

\* Other holdings may include hedge funds, currency holdings, asset allocation futures and other financial instruments. It is assumed that these will get a return in line with equities

The split of the defined benefit obligation at the last valuation date between the various categories of members was as follows:

<b>Members</b>	<b>%</b>
Actives	45
Deferred Pensioners	15
Pensioners	40

### **Actuarial Assumptions**

Liabilities have been assessed on an actuarial basis to provide an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels and discount rates. AON Solutions UK Limited, an independent firm of actuaries, has valued the Tyne and Wear Pension Fund's assets and liabilities in accordance with IAS 19 by using the latest actuarial valuation of the Fund as at 31 March 2022. The liabilities for unfunded benefits are based on an actuarial valuation which took place on 31 March 2024.

A building block approach is employed in determining the rate of return on fund assets. Historic markets are studied and assets with higher volatility are assumed to generate higher returns consistent with widely accepted capital market principles. The assumed rate of return on each asset class is set out in the (analysis of scheme assets) table on the previous page. The overall expected rate of return on assets is then derived by aggregating the expected return for each asset class over the actual asset allocation for the fund at 31 March 2025.

The principal financial and actuarial assumptions are set out in the following table:

<b>Principal financial and actuarial assumptions</b>				
	Funded Liabilities		Unfunded Liabilities	
	2023/24	2024/25	2023/24	2024/25
<b>Financial assumptions (% per annum)</b>				
Discount Rate	4.8	5.8	4.8	5.8
Rate of Inflation (CPI)	2.6	2.5	2.6	2.5
Rate of increase in salaries	4.1	4.0	n/a	n/a
Rate of increase to pensions in payment	2.6	2.5	2.6	2.5
Pension accounts revaluation rate	2.6	2.5	n/a	n/a
<b>Mortality assumptions</b>				
Future lifetime from age 65 (Member aged 65 at accounting date)				
Men	21.0	20.9	21.0	20.9
Women	24.2	24.1	24.2	24.1
Future lifetime from age 65 (Member aged 45 at accounting date)				
Men	22.3	21.8	n/a	n/a
Women	25.6	25.2	n/a	n/a

The mortality assumptions are based on the actual mortality experienced of members in the fund as identified in the actuary's disclosure report .

#### **Commutations**

Year ended 31 March 2024	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.
Year ended 31 March 2025	Each member is assumed to surrender pension on retirement, such that the total cash received (including any accrued lump sum from pre 2008 service) is 75% of the permitted maximum.

### Sensitivity to main assumptions

The following table shows the approximate impact of changing the key assumptions on the present value of the funded benefit obligations as at 31 March 2025 and the projected service cost for the year-ending 31 March 2025. In each case, only the assumption mentioned is altered; all other assumptions remain the same.

Sensitivity to main assumptions (Funded Liabilities)			
Discount rate assumption	Adjustment to Rate		
Adjustment to discount rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	356.54	362.73	368.91
Change in present value of total obligation	-1.7%		1.7%
Projected service cost (£M)	8.00	8.45	8.91
Approximate change in projected service cost	-5.3%		5.5%
Rate of general increase in salaries	Adjustment to Rate		
Adjustment to salary increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	363.46	362.73	361.99
Change in present value of total obligation	0.2%		-0.2%
Projected service cost (£M)	8.45	8.45	8.45
Approximate change in projected service cost	0.0%		0.0%
Rate of increase to pensions in payment and deferred pensions assumption, and rate of revaluation of pension accounts assumption	Adjustment to Rate		
Adjustment to pension increase rate	+0.1% p.a.	Base Figure	-0.1% p.a.
Present value of total obligation (£M)	368.18	362.73	357.28
Change in present value of total obligation	1.5%		-1.5%
Projected service cost (£M)	8.91	8.45	8.00
Approximate change in projected service cost	5.5%		-5.3%
Post retirement mortality assumption	Adjustment to Rate		
Adjustment to mortality age rating assumption*	- 1 year	Base Figure	+ 1 year
Present value of total obligation (£M)	370.70	362.73	354.75
Change in present value of total obligation	2.2%		-2.2%
Projected service cost (£M)	8.76	8.45	8.13
Approximate change in projected service cost	3.6%		-3.8%

\* A rating of +1 year means that members are assumed to follow the mortality pattern of the base table for an individual that is 1 year older than them.

### Expected Future Contributions

The expected contributions to be made to the Tyne and Wear Pension Fund by the Group for the accounting period to 31 March 2026 are estimated to be £13.129 million. In addition, strain on the fund contributions may be required as a result of voluntary redundancies and early retirements.

### Duration of Liabilities

The duration of the employer's liabilities is the average period between the calculation date and the date at which benefit payments fall due. The duration of the scheme liabilities is estimated at 16.8 years for funded benefits.

### b) Defined Benefit Plan: Police Pension Fund

The Police Pension Schemes are wholly unfunded defined benefit schemes. Contributions and pensions are made to and paid from the Police Pension Fund, which is balanced to nil at the end of each financial year by receipt of a top-up pension grant from the Home Office. There are no investment assets built up to meet

the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall due.

The results have been calculated by carrying out a detailed valuation of the data provided as at 31 March 2020, for the latest funding valuation. This has then been rolled forward to reflect the position as at March 2024, allowing for additional service accrued between 01 April 2020 and 31 March 2024, and known pension and salary increases that would have applied. The transactions shown below have been made during the year

#### Charges to Comprehensive Income and Expenditure Statement

	31 March 2024 £m	31 March 2025 £m
<b>Net Cost of Service</b>		
Current service cost	26.42	26.30
Past service cost	(0.06)	-
<b>Financing and investment income and expenditure</b>		
Pension interest cost	149.15	153.49
<b>Total charge to Provision of Services</b>	<b>175.51</b>	<b>179.79</b>
Re-measurement of the net defined benefit liability / (asset)	(93.70)	(438.60)
<b>Total IAS 19 charge to Comprehensive Income and Expenditure</b>	<b>81.81</b>	<b>(258.81)</b>

#### Present value of the defined benefit obligation

The present values of the scheme's liabilities are shown in the following table:

#### History of scheme liability

	2020/21 £m	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m
Present value of the defined benefit obligation	(4,363.62)	(4,436.49)	(3,252.99)	(3,282.81)	(2,962.67)
Surplus / (Deficit) in the Scheme	(4,363.62)	(4,436.49)	(3,252.99)	(3,282.81)	(2,962.67)

#### Reconciliation of the fair value of scheme assets

#### Reconciliation of the fair value of scheme assets

	31 March 2024 £m	31 March 2025 £m
<b>Opening fair value of assets</b>	-	-
Actuarial Gains and (Losses) on assets	66.19	69.16
Contributions by employer	51.99	61.33
Contributions by participants	19.98	21.03
Transfers in	1.21	0.69
Net benefits paid	(139.37)	(152.21)
<b>Closing fair value of assets</b>	<b>-</b>	<b>-</b>

**Analysis of movements in scheme liability**

<b>Analysis of the movement in scheme liability</b>		
	31 March 2024	31 March 2025
	£m	£m
<b>Net Surplus / (Deficit) at the beginning of year</b>	<b>(3,252.99)</b>	<b>(3,282.81)</b>
Current service cost	(26.42)	(26.30)
Cost covered by employee contributions	(19.98)	(21.03)
Past service cost	0.06	-
Pension transfers in	(1.21)	(0.69)
Net interest on the net defined benefit Liability / (Asset)	(149.15)	(153.49)
Net benefits paid	139.37	152.21
Remeasurements of the net defined Liability / (Asset)	27.51	369.44
<b>Net Surplus / (Deficit) at the end of year</b>	<b>(3,282.81)</b>	<b>(2,962.67)</b>

The weighted average duration of the defined benefit obligation for the Police Pension Scheme 2015 is around 27 years, the New Police Pension Scheme 2006 is around 28 years, and for the Police Pension Scheme 1987 it is around 14 years.

The weighted average duration of the defined benefit obligation for all police officer Pension Schemes, on a consolidated basis are around 16 years.

The Police Pension Scheme has no investment assets to cover its liabilities; these are met as they fall due

**Expected Future Contributions**

The expected contributions to be made to the Police Pension Scheme by the Chief Constable for the accounting period to 31 March 2026 are estimated to be £58.407 million compared to £55.711 million paid in 2024/25.

**Actuarial Assumptions**

Liabilities have been assessed on an actuarial basis using the Projected Unit Credit Method (PUCM), an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc.

<b>Principal Financial and Actuarial Assumptions</b>		
	31 March 2024	31 March 2025
Discount rate (Rate of Return)	4.75%	5.65%
Rate of inflation - pension increases (CPI)	2.60%	2.70%
Salary Inflation	3.85%	3.45%
CARE revaluation rate	3.85%	3.95%
<b>Rate of return in excess of:</b>		
Earning increases (long-term)	0.90%	2.20%
Pension increases	2.15%	2.95%

**Member with service in the following scheme:****Commutation Assumptions**

Police Pension Scheme 1987	25% of 1987 Scheme pensions are assumed to be commuted.
Police Pension Scheme 2006	Commutation is not available, no assumption required.
Mixed 1987 and 2015 Scheme	25% of 1987 Scheme pensions and 12% of 2015 Scheme pensions are assumed to be commuted.
Mixed 2006 and 2015 Scheme	20% of 2015 Scheme pensions are assumed to be commuted and nil in respect of the 2006 Scheme for which commutation is not available.
Police Pension Scheme 2015	20% of 2015 Scheme pensions are assumed to be commuted, except for members who also have 1987 Scheme pension for whom 12% are assumed to be commuted.

**Mortality Assumptions**

	Normal Health	
	2023/24 (years)	2024/25 (years)
<b>Future Lifetime at 65 for current pensioners</b>		
Men	21.90	21.90
Women	23.60	23.90
<b>Future Lifetime at 65 for future pensioners (currently aged 45)</b>		
Men	23.60	23.30
Women	25.10	25.20

The results of any actuarial calculations are inherently uncertain because of the assumptions which must be made under IAS19 to reflect market conditions at the valuation date. For 2022/23 there has been a significant reduction in the liability, this is due to all the key financial assumption rates moving in a direction that favours the Group as reflected in the principal Financial and Actuarial assumptions table. The principal change is an increase in the discount rate assumption from 2.65% to 4.65% (+2.0%) which reduces the net liability considerably as can be evidenced by the Sensitivity table below:

**Sensitivity to main assumptions**

Change in assumption*		Approximate effect on scheme liability	
		%	£m
Discount Rate	+ 0.5% a year	(7.00)	(213.00)
Salary Inflation	+ 0.5% a year	1.00	25.00
Pension Increases	+ 0.5% a year	7.00	212.00
Life Expectancy	All members and adult dependants assumed to be one year younger	2.00	65.00

\* Opposite changes in the assumptions will produce approximately equal and opposite changes in the DBO. Doubling the changes in the assumptions will produce approximately double the change in the DBO. The sensitivities show the change in assumption in isolation. In practice such assumptions rarely change in isolation and given the interdependencies between the assumptions the actual impact may be different from simply combining the changes above.

## 14. Events after the balance sheet date

### New Police and Crime Commissioner Susan Dungworth

On Thursday 2 May 2024 Susan Dungworth was elected as Police and Crime Commissioner for Northumbria in the 2024 local election. Susan replaces Kim McGuinness who has held the post for five years, after being elected in the Northumbria Force by-election in July 2019.

The local authorities which take part in the Northumbria election area are: Gateshead, Newcastle, North Tyneside, Northumberland, South Tyneside, and Sunderland.

PCCs aim to cut crime and deliver an effective and efficient police service within their police force area. They are elected by the public to hold Chief Constables and the Force to account, making the police answerable to the communities they serve.

Susan's manifesto commits to 'Safer Streets and Stronger Communities'. The priorities she cites include reducing serious and violent crime, tackling ASB and a focus on neighbourhood policing.

### Virgin Media Case

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal. The Local Government Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, Northumbria Police does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

## 15. Authorisation of accounts for issue

The Police and Crime Commissioner Group Statements of Account for the financial year ended 31 March 2025 were approved by the Commissioner and authorised for issue on 27 February 2026.

# Supplementary Financial Statements

Comprising:

- Police Pension Fund
- Notes to the Supplementary Financial Statements

## Supplementary Financial Statements

This statement shows the details of the Pension Fund Account for the Police Pension Scheme for 2024/25 and shows comparative figures for 2023/24.

<b>Police Pension Fund</b>		
<b>2023/24</b>	<b>FUND ACCOUNT</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
(46,338)	Normal	(55,251)
-	- Additional funding payable by the local policing body to meet the deficit for the year	-
(359)	Other (Ill Health Retirements)	(460)
<b>(46,697)</b>	<b>Contribution Receivable from Employer</b>	<b>(55,711)</b>
(20,028)	Contribution Receivable from Members	(21,391)
<b>(20,028)</b>	<b>Contribution Receivable from Members</b>	<b>(21,391)</b>
<b>(66,725)</b>	<b>Contributions Receivable</b>	<b>(77,102)</b>
(1,505)	Individual Transfers in from other schemes	(707)
<b>(1,505)</b>	<b>Transfers in</b>	<b>(707)</b>
112,422	Pensions	121,309
20,676	Commutations and Lump Sum Retirement Benefits	25,258
288	Lump Sum Death Benefits	414
433	Other (Inter Authority Adjustments / LTA Payments)	31
<b>133,819</b>	<b>Benefits Payable</b>	<b>147,012</b>
318	Refunds of Contributions	394
-	- Individual Transfers Out To Other Schemes	-
<b>318</b>	<b>Payments To and On Account of Leavers</b>	<b>394</b>
<b>134,137</b>	<b>Total Benefits Payable</b>	<b>147,406</b>
<b>65,907</b>	<b>Net amount payable for the year before contribution from the Police Fund</b>	<b>69,597</b>
<b>(65,907)</b>	<b>Contributions from Police Fund Income and Expenditure Account in respect of Deficit on the Police Pension Fund Account</b>	<b>(69,597)</b>
<b>-</b>	<b>Net Amount (Receivable) / Payable In Year</b>	<b>-</b>
<b>2023/24</b>	<b>Net Asset Statement</b>	<b>2024/25</b>
<b>£000</b>		<b>£000</b>
(167)	Lump Sums processed for April payment	(368)
167	Debtor Held on Commissioners Balance Sheet	368

## 1. Scheme description

The Police Pension Fund is a defined benefit scheme for police officers and comprises the Police Pension Scheme 1987, the Police Injury Benefit Scheme, the New Police Pension Scheme 2006 and the Police Pension Scheme 2015.

The scheme is wholly unfunded and balanced to nil at the end of each financial year by receipt of a top-up pension grant by the Commissioner from the Home Office or by paying the surplus over to the Home Office. There are no investment assets built up to meet the pensions' liabilities and cash has to be generated by the Home Office to meet the actual pension payments as they eventually fall.

Employees' and employers' contribution levels are based on percentages of pensionable pay set nationally by the Home Office and subject to triennial revaluation by the Government Actuary's Department (GAD).

## 2. Administration of the Fund

The Chief Constable is Scheme Manager<sup>10</sup> for the Police Pension Fund. The Chief Constable has a Police Pensions Board, established in 2015, under section 5 of the Public Service Pension Act, which provides local administration and governance for the Scheme.

## 3. Accounting Policies

The accounting policies detailed in this Statements of Account have been followed in dealing with items which are judged material in accounting for, or reporting on, the transactions and net assets of the fund. No significant estimation techniques have been adopted.

## 4. Future liabilities

The Funds' financial statements do not take account of liabilities to pay pensions and other benefits after the period end, which are the responsibility of the Chief Constable. Details of the long-term pension obligations can be found in the Notes to the Core Financial Statements for the Chief Constable, Employee benefits (Note 18) or in the Group (Note 13).

## 5. Events after the reporting period

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgement has now been upheld by the Court of Appeal. The Local Government Scheme is a contracted out defined benefit scheme, and amendments have been made during the period 1996 to 2016 which could impact member benefits. Work is being performed by the Government Actuary's Department as Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact on the assessed actuarial present value of the promised retirement benefits under IAS 26, or if it can be reliably estimated. As a result, the Police Pension Fund does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

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**10 Public Service Pension Act 2013 (section 4)**

# Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2024/25)

The Accounts and Audit Regulations 2015 require an Annual Governance Statement (AGS) to be published along with the annual Statements of Account and a narrative statement that sets out financial performance and economy, efficiency, and effectiveness in its use of resources.

This statement is prepared in accordance with the Chartered Institute of Public Finance and Accountancy (CIPFA)/Society of Local Authority Chief Executives (SOLACE) *'Good Governance: Framework'* (2016) and explains how the Commissioner for Northumbria has complied with this framework and meets the statutory requirements of regulations. It also continues to take into account the introduction of the CIPFA Financial Management Code 2019 (FM Code).

## Scope of Responsibility

The Police Reform and Social Responsibility (PRSR) Act 2011 sets out the accountability and governance arrangements for policing and crime matters. The Act establishes both the Police and Crime Commissioner (the 'Commissioner') and the Chief Constable as the *'Corporation Sole'* for their respective organisations. This means each is a separate legal entity, though the Chief Constable is accountable to the Commissioner. Both the Commissioner and Chief Constable are subject to the Accounts and Audit Regulations 2015; as such, both must prepare their Statements of Account in accordance with the CIPFA Code of Practice on Local Authority Accounting, and both must publish their individual AGS.

This statement covers the Commissioner's own office and the group position of the Commissioner and the Chief Constable. The Commissioner and Chief Constable share most core systems of control including: the finance systems, internal policies and processes, the Chief Finance Officer (CFO), internal audit and a Joint Independent Audit Committee (JIAC). Under the Commissioner's Governance Framework, most of the staff, officers and systems deployed in the systems of internal control are under the direction and control of the Chief Constable. The Commissioner has oversight and scrutiny of the Chief Constable's delivery including governance, risk management and systems of internal control.

The Chief Constable is responsible for the direction and control of the Force. In discharging this function, the Chief Constable is accountable to the Commissioner in ensuring their business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently, and effectively.

The Commissioner therefore places reliance and requirement on the Chief Constable to deliver and support the governance and risk management processes and the framework described in this statement.

The Chief Constable is also responsible for putting in place proper arrangements for the governance of the Force and ensuring that these arrangements comply with the Commissioner's Governance Framework. In so doing the Chief Constable is ensuring a sound system of internal control is maintained throughout the year, and that appropriate arrangements are in place for the management of risk.

The Chief Constable and Commissioner have adopted corporate governance principles which are consistent with the principles of the CIPFA/SOLACE *'Good Governance: Framework'*.

The PRSR Act 2011 requires the Commissioner and Chief Constable to each appoint a Chief Finance Officer with defined responsibilities and powers. The CIPFA Statement on the Role of the CFO appointed by the Commissioner, and the CFO appointed by the Chief Constable, gives detailed advice on how to apply CIPFA's overarching Public Services Statement. The revised 2014 Statement states:

*“That both the PCC and Chief Constable appoint separate CFOs, where under existing arrangements a joint CFO has been appointed the reasons should be explained publicly in the authority’s AGS, together with an explanation of how this arrangement delivers the same impact.”*

The Commissioner and Chief Constable have a Joint CFO for 2024/25 and consider that a joint CFO role provides both the Commissioner and Chief Constable with a single efficient, effective and economic financial management lead. The controls remain that there is an expectation that the CFO should advise the Commissioner and Chief Constable of any conflict of interest that should arise in the joint role, especially with section 151 responsibilities; and, the CFO acts in accordance with the requirements, standards and controls as set out in the CIPFA Statement on the Role of the Chief Financial Officer of the Commissioner and the Chief Finance Officer of the Chief Constable (the CIPFA Statement).

As part of the AGS assurance review, an annual assessment to the latest CIPFA Statement (2014) is carried out by the joint CFO and has been reviewed by the JIAC for 2024/25. It confirms that the role is complying with the requirements of the Statement. The Commissioner and the Chief Constable are also satisfied that the role is working efficiently, that the responsibilities set out in the Scheme of Governance are being completed effectively, and that potential conflicts are subject to continuous review. There are no issues of conflict to report.

### **The Governance Framework**

The governance framework in place throughout the 2024/25 financial year covers the period from 1 April 2024 to 31 March 2025 and any issues which arise up to the date of approval of the annual Statements of Account.

The framework is known as the Commissioner’s Scheme of Governance and it comprises the systems, processes, culture and values by which the Commissioner operates. It enables the Commissioner to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate and cost-effective services which provide value for money, which is a duty under the Local Government Act 1999.

The overall system of internal control is a significant part of that framework and is designed to manage risk to a reasonable and foreseeable level. It cannot, however, eliminate all risk of failure to achieve aims and objectives and therefore only provides reasonable and not absolute assurance of effectiveness. The system of internal control is an on-going process designed to identify and prioritise the risks to achieving the Commissioner’s and Chief Constable’s aims and objectives, evaluate the likelihood and impact of those risks being realised and manage them effectively, efficiently, and economically.

A copy of the Governance Framework is available on the OPCC website.

Although the Chief Constable is responsible for operational policing matters, direction of police personnel and making proper arrangements for the governance of the Force, the Commissioner is required to hold the post holder to account for the exercise of those functions. The Commissioner must therefore satisfy herself that the Force has appropriate mechanisms in place for the maintenance of good governance and that these operate in practice.

This statement provides a summary of the extent to which the Chief Constable is supporting the aspirations set out in the Commissioner’s Governance Framework. It is informed by internal assurances on the achievements of the principles set out in the CIPFA/SOLACE Framework (Delivering Good Governance in Local Government - Guidance Notes for Police Authorities 2016 Edition), for those areas where the Chief Constable has responsibility. It is also informed by on-going internal and external audit and inspection opinions.

The Commissioner’s six principles of good governance are:

1. Focusing on the purpose of the Commissioner, on the outcomes for the community and creating and implementing a vision for the local area.
2. Ensuring the Commissioner, officers of the Commissioner and partners work together to achieve a common purpose with clearly defined functions and roles.
3. Good conduct and behaviour.
4. Taking informed and transparent decisions which are subject to effective scrutiny and risk management.
5. Developing the capacity and capability of the Commissioner and officers to the Commissioner to be effective.
6. Engaging with local people and other stakeholders to ensure robust public accountability.

### **Focusing on the Purpose of the Force and on Outcomes for the Community, and Creating and Implementing a Vision for the Local Area**

The Commissioner has a Police and Crime Plan, Safer Streets: Stronger Communities, for the period 2025 to 2029. The plan was devised following consultation with thousands of local residents, partners, and commissioned services seeking their views on policing and crime, and their local priorities for Northumbria Police.

Residents had their concerns heard, and these have been reflected in the priorities chosen within the new Police and Crime plan. Tackling crime and anti-social behaviour remains the public's number one priority for Northumbria Police and our partners. Our communities want to feel safe and supported by the police, knowing that action is going to be taken to address their local concerns.

Support was shown for continuing the work we are already doing to tackle serious and organised crime – combining a preventative approach with young people on the cusp of criminality, with a robust proactive approach for those who look to exploit others and benefit from crime.

Matters such as; ensuring the force are engaged and responsive, providing the best support for victims, and tackling violence against women and girls continue to be areas of focus of the Police and Crime Plan, and key issues for our communities.

The Commissioner is passionate about building strong communities and ensuring that residents of all backgrounds are listened to, encouraged to report crime and supported by Northumbria Police. Tackling hate crime, and building community cohesion, was subsequently added as a key priority to the plan, and work is underway to build on the learning from the summer disorder experienced in August 2024. Through the plan the Commissioner will continue to strengthen communities in the fight against hate, giving victims another route to the right help and support.

#### **Police and Crime Plan Priorities:**

- **Priority 1 – Engaged and responsive police force**
- **Priority 2 – Crime and anti-social behaviour**
- **Priority 3 – Serious violence and organised crime**
- **Priority 4 – Violence against women and girls**
- **Priority 5 – Hate crime and community cohesion**
- **Priority 6 – Victims and justice**

The Plan also aims to support national policing priorities as set out in the Strategic Policing Requirement.

Delivery of the Police and Crime Plan is through partnership working between the OPCC and the Chief Constable and external stakeholders. The Force's Strategic Performance Board (SPB), chaired by the Deputy Chief Constable, is the Force's primary meeting to drive and manage performance and delivery of the Force's

purpose, vision and strategic objectives, supporting delivery of the Police and Crime Plan. This Board is underpinned by a range of portfolio governance and thematic boards.

The Commissioner scrutinises progress, along with performance, and holds the Chief Constable and her Executive Team to account at a regular Scrutiny meeting. Within the OPCC an Accountability Board made up of Scrutiny Support officers and OPCC Directors will consider a range of intelligence sources such as insights findings around community experience, HMICFRS reports, new and emerging service issues, and findings from external advisory panels. With this insight a series of questions will be provided to the CC around the delivery of priorities within the plan on a cyclical basis. Reports on strategic matters such as finance and workforce planning will also be provided to the PCC on a regular basis. Internally to the OPCC performance is also monitored through the Violence Reduction Unit (VRU) management board and the ASB Strategic Board.

Regular Joint Business Meetings manage progress on specific business issues. At these meetings the Commissioner and Chief Constable challenge performance where there are concerns, seek further information and analysis to understand where changes should be made, and/or direction given, to improve service delivery. A quarterly update on the financial position is presented by the joint Chief Finance Officer.

The performance management framework supports delivery of the plan and is refreshed annually to ensure it focuses on emerging priority area needs and, in particular, the needs of victims of crime and the vulnerable within our communities. Performance thresholds support this monitoring and scrutiny process.

The Commissioner and the Chief Constable will ensure that the resources available to Northumbria Police are used in the most effective manner that meet the needs of local communities. Funding remains a pressure, the Commissioner and Chief Constable continue to lobby the Government to ensure a fair and appropriate funding formula. Every effort is made to access additional funding to support service delivery; this includes specific grants made available by the Home Office and Ministry of Justice.

His Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS) carry out a programme of inspections, including thematic reports and a regular PEEL Assessment (Effectiveness, Efficiency and Legitimacy and Leadership). Forces are assessed on their effectiveness, efficiency and legitimacy based on inspection findings, analysis and His Majesty's Inspectors' (HMIs) professional judgment across the year.

The latest HMICFRS inspection report for Northumbria Police 'PEEL 2023/25 Police effectiveness, efficiency and legitimacy' was published in May 2025. The inspection assessed how good Northumbria Police is in nine areas of policing and graded judgements were made in eight areas; with seven adequate grades awarded and one area assessed as good. HM Chief Inspector of Constabulary's (HMCIC) overall assessment was that they were pleased with aspects of the performance of Northumbria Police in keeping people safe, reducing crime and providing victims with an effective service and were satisfied with most other aspects of the Force's performance, but highlighted some areas for improvement.

All HMICFRS inspection and investigation reports and other external inspection and audit reports are considered by the Force Executive Team. A lead is appointed to consider inspection findings and identify actions in response to any recommendations and areas for improvement. The Force position is reported to the Police and Crime Commissioner at the Joint Business Meeting, to inform any statutory response to inspection activity required under section 55 of the Police Act 1996. Delivery is overseen by the relevant Chief Officer lead, with further oversight at the bi-monthly Force Assurance Board and scrutiny at the Executive Board. Progress continues to be made against all recommendations and AFIs and is monitored at the Scrutiny Meeting of the OPCC and reported to the Joint Independent Audit Committee. There are currently no matters of exception in response to previous inspections.

## **Ensuring the Police Force and Partners Work Together to Achieve a Common Purpose with Clearly Defined Functions and Roles**

The Commissioner's Governance Framework sets out the roles of both the Chief Constable and Commissioner; they are clearly defined and demonstrate how they work together to ensure effective governance and internal control.

The Commissioner works closely with all six local authorities in the Force area and North of Tyne Elected Mayor and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police work with a range of partners and are represented on partnerships that focus on policing and crime including Community Safety Partnerships. They are also members of local children's and adult safeguarding boards that work to ensure the safety and wellbeing of vulnerable children and adults in the Force area. The Commissioner has developed a Violence Reduction Unit which takes a public health approach to tackling serious violence working with a range of partners.

The Commissioner is the Chair of the Local Criminal Justice Board, working with partners to deliver an effective and efficient local criminal justice system. Providing the best support possible for victims and witnesses and bringing offenders to justice and addressing the causes of their offending and reducing reoffending and has a Business Plan to support this work.

A Service Level Agreement between the Commissioner and the Chief Constable exists. This agreement identifies the services that will be shared in order to best fulfil the duties and responsibilities of each in an efficient and effective way.

Where collaboration between Forces is in place governance arrangements are set out in formal collaboration agreements and these are published on the OPCC website. Section 22a of the Police Act 1996 (which itself comes from section 5 the Policing and Crime Act 2009) places on the Commissioner and the Chief Constable a duty to publish copies of collaboration agreements to which they are party.

## **Promoting Values of Good Governance through Upholding High Standards of Conduct and Behaviour**

The Office of the Commissioner has a comprehensive website ([Northumbria PCC](#)) that includes:

- Information about the Commissioner and office, required by the Specified information Order 2011 (and subsequent amendments).
- Code of Conduct based on the Seven Principles of Public Life published by the Nolan Committee, signed by the Commissioner.
- The Commissioner's disclosure of interest document which is updated annually.
- An 'Ethical Checklist' signed by the Commissioner committing to standards required by the Committee for Standards in Public in Life.
- A register of the Commissioner's and the OPCC gifts, hospitality and business expenses.

In accordance with the Elected Local Policing Bodies (Complaints and Misconduct) Regulations 2012, the Police and Crime Panel (the 'Panel') make provision regarding the Panel's powers and duties in regard to complaints made about the conduct of the Commissioner. A procedure for dealing with complaints against the Commissioner was approved by panel members in February 2013, appointing the Chief Executive (now Chief of Staff) of the Office of the Commissioner as the Monitoring Officer. A quarterly report is provided to the Panel by the Monitoring Officer; since November 2012 there have been no complaints against the Commissioner that have been upheld.

The Commissioner is responsible for scrutinising the work of Northumbria Police in relation to complaints and conduct matters, as well as complying with the requirements of the Independent Office of Police Complaints. Professional Standards Department (PSD) provides a report to the Scrutiny Meeting on a six-

monthly basis outlining information including the volume and nature of complaints, appeal rates and other current issues.

The Commissioner is responsible for ensuring proper and effective investigation into complaints against the Chief Constable, while the Chief Constable is responsible for ensuring proper and effective investigation of complaints against all other officers and staff employed by Northumbria Police.

Following changes to legislation on the 1st February 2020, the PCC is now responsible for appeals in relation to complaints, complainants who are not satisfied with how their complaint has been handled by Northumbria Police can request a review, through the OPCC, the appeal determines if the complaint has been handled in a reasonable and proportionate manner together with an update on how the Force learn from complaints to further improve service delivery.

### **Taking Informed and Transparent Decisions Which are Subject to Effective Scrutiny and Risk Management**

The core purpose of good governance in public services is to ensure public bodies take informed, transparent decisions and manage risk; the Commissioner has a Decision Making and Recording Policy that supports these principles. All key decisions that have significant public interest regarding policing, crime and community safety in Northumbria along with those about the estate of Northumbria Police are published on the OPCC website. This ensures trust and confidence in Northumbria Police.

The Police and Crime Panel (the 'Panel') oversee the work of, and support, the Commissioner in the effective exercise of functions. The Panel is comprised of twelve local authority councillors, two from each of the six authorities in the Northumbria policing area, and two independent members.

The Joint Independent Audit Committee (JIAC) of the Commissioner and Chief Constable has 6 independent members who are appointees from within the Force area. The JIAC monitors internal control, risk and governance issues relating to both the OPCC and Force. This JIAC receives reports of both the internal and external auditors, as well as any other reports required to be referred to it under its established Terms of Reference. Minutes of the JIAC meetings are published on the Commissioners website. The Chair of the JIAC also provides annual assurance that the Committee have fulfilled their duties under the Terms of Reference.

The Commissioner and Chief Constable each have a Strategic Risk Register which has been designed to ensure the effective management of strategic risk. In both registers the strategic risk is assigned an owner from the Force's Executive Team or OPCC as appropriate, who has responsibility for the management of controls and the implementation of new controls where necessary. The Force's strategic risks are reported at the Force's Executive Board and reported alongside those of the OPCC at Joint Business Meeting on a quarterly basis. A Joint Strategic Risk Register is also presented to all meetings of the JIAC.

### **Developing the Capacity and Capability of Officers of the Force to be Effective**

The Commissioner and Chief Constable ensure that they have appropriate personal performance development processes for all staff that underpin and support the performance of the local policing area, their work and their own personal development. Objectives are aligned to the Commissioner's Police and Crime Plan, supported by the Northumbria Police Purpose, Vision and Objectives.

In 2024 the Chief Constable launched the new **Force Strategy**, following feedback from officers and staff in the Force Survey that they wanted 'clear and simple direction'.

The **PURPOSE** of the Force is unchanged, 'Keep people safe and fight crime'.

The Force has simplified its **VISION**, 'To be an outstanding police force'.

New force **OBJECTIVES** introduce three key areas for all officers and staff to concentrate on:

- Focus on prevention.
- Be there when the public needs us.
- Deliver an outstanding service.

The Force Strategy is underpinned by the principles outlined in the newly revived College of Policing Code of Ethics, **'Do the right things, in the right way, for the right reasons.'**

In March 2024 the Force announced the new Police Leadership Framework (PLF) in Northumbria, developed by the College of Policing.

The Framework includes different programme levels which are tailored to individual roles and stages of leadership. Each programme of learning seeks to improve core leadership skills which include:

- Problem solving
- Leading high performing teams
- Effective communication
- Decision making
- Team wellbeing
- Resilience
- Challenging unacceptable behaviour

The Police Leadership Framework has been developed to change the way forces deliver leadership across policing, with training based on leadership standards that are derived from the Code of Ethics.

The Force has kickstarted training under the new Framework with the launch of the mandatory 'Everyone as a Leader' training module, providing everyone in the Force with an introduction to leadership.

The training serves as an introduction to the national leadership standards and the leadership development framework. The Force aim is to improve people's leadership skills and confidence, regardless of their role. To be an outstanding force, we want our people to feel confident as leaders – doing the right things, in the right way for the right reasons.

In 2024/25 new officers have entered policing in Northumbria through a number of entry routes including the Police Constable Degree Apprenticeship (PCDA), the Degree Holder Entry Programme (DHEP), the Graduate Detective Programme (GDP) and the Initial Police Learning Development Programme (IPLDP). The Force has also recruited through the Police Constable Entry Programme (PCEP) a new programme within the suite of existing police constable entry routes, available to all forces from April 2024.

The recruitment drive by Northumbria Police received praise in a previous report from His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS), highlighting the Force's successful innovative approach to attracting candidates from under-represented groups.

### **Engaging with local people and other stakeholders to ensure robust public accountability**

The Commissioner has operated a comprehensive engagement programme during 2024/25 with local, regional, and national representation and engagement via the press and through active social media channels and external advisory groups that represent local communities and groups. The Commissioner has also visited a range of community and voluntary sector organisations that work within our communities to support vulnerable people and those with protected characteristics. Through these engagement channels, the Commissioner can ensure that the service provided reflects the changing needs of local communities,

The Commissioner has consulted with community and partner agencies across the following issues:

- Precept
- Police and Crime Plan
- OPCC equality objectives 2025-2029
- Local Neighbourhood Surveys
- Work to tackle violence against women and girls with a focus on the areas of prevention, pursuing perpetrators, supporting victim-survivors and creating stronger systems.
- Development of Safer Streets Projects - Women's Safety in Public Places and Safety on Public transport
- Engagement and collaboration has continued through the VRU engagement group and via our work with the Youth Panel.
- Feelings of safety in key ASB and serious violence hotspot areas across Northumbria
- In respect of victim services commissioning and creating a more victim focused criminal justice system, consultation with service providers, the public and the 'voice of the victim' has informed our work in this area.

An annual report provides an overview of the Commissioner's activity over the year and is published on the Commissioners website.

### **Value for Money and Reliable Financial and Performance Statements Are Reported and Internal Financial Controls Followed**

Financial control involves the existence of a control structure which ensures that all resources are used as efficiently and effectively as possible to attain the Chief Constable's and Commissioner's overall objectives and targets. Internal financial control systems are in place to minimise the risk of loss, unlawful expenditure or poor value for money, and to maximise the use of those assets and resources.

The Internal Audit Service, provided under an agreement with Gateshead Council, is required to objectively examine, evaluate and report upon the adequacy of the control environment as a contribution to the proper, economic, efficient and effective use of the Commissioner and Chief Constable's resources.

This is achieved through the delivery of a risk based annual audit plan which is monitored by the JIAC at each meeting. The Internal Audit Executive also prepares an annual report based on the work of the Internal Audit Service which provides an independent and objective opinion on the internal control, governance and risk environments of the Commissioner and Chief Constable based on the work undertaken by the Internal Audit Service throughout 2024/25.

The financial management and performance reporting framework follows national and/or professional best practice and its key elements are set out below:

- Financial Regulations establish the principles of financial control. They are designed to ensure that the Commissioner conducts financial affairs in a way which complies with statutory provision and reflects best professional practice. Contract Standing Orders set-out the rules to be followed in respect of contracts for the supply of goods and services.
- Responsibility and accountability for resources rest with managers who are responsible for service provision.
- The Commissioner has adopted the CIPFA Code of Practice on Treasury Management requiring the Commissioner to consider, approve and publish an annual treasury management strategy including an annual investment strategy.
- In accordance with the Prudential Code and proper accounting practice, each year the Commissioner produces a four-year Medium Term Financial Strategy (MTFS), Capital Strategy and a Reserves Strategy Statement. These are reviewed on an on-going basis and form the core of resource planning, setting the precept level, the annual revenue budget, use of reserves and capital programme.

- The annual revenue budget provides an estimate of the annual income and expenditure requirements for the OPCC and the Chief Constable. It provides the authority to incur expenditure and the basis to manage financial performance throughout the year.
- Capital expenditure is an important element in the development of the Commissioner's service since it represents major investment in new and improved assets. The Commissioner approves a four-year capital programme each year with the MTFS and monitors its implementation and funding closely at management meetings.
- The Commissioner approved a balanced budget for 2024/25. The police settlement issued by the government for 2024/25 assumed that each PCC would increase the precept by the maximum of £13.00 per year for a Band D property. The Commissioner approved an increase of £13.00 per year for a Band D property, but for the majority of residents in Northumbria, those in a Band A property, the actual increase was only £8.67 per year. However, the Northumbria Council Tax Precept remains by far the lowest of policing bodies in England and Wales.
- The additional income generated by the precept increase for 2024/25 was £5.384m and was used to:
  - Allow Northumbria Police to introduce a force-wide Motorbike ASB Unit.
  - Allow the force to safeguard and hire new investigators, including digital forensic specialists.
  - Avoid the need for further cuts to the frontline police budget.
- Financial performance reports are presented to each of the Commissioner and Chief Constable on a monthly basis. A combined Group financial monitoring report is presented to the Commissioner and Chief Constable's joint Business Meeting on a quarterly basis and published for wider scrutiny of financial performance by the public. The quarterly reports are published as key decisions on the OPCC website.
- Performance reports are presented and discussed with the Commissioner regularly.

### Review of Effectiveness

The Commissioner has a responsibility to ensure, at least annually, that an evaluation of the effectiveness of the governance framework, including the system of internal audit and system of internal control is undertaken. This is informed by the internal audit assurance, information gathered from the Commissioner and Chief Constable's senior management, external audit opinions and reviews conducted by other agencies and inspectorates.

For 2024/25 the review process has been led by the Commissioner and Chief Constable's Joint Governance Monitoring Group and considered by the JIAC and has taken account of:

- The system of internal Audit
- Senior manager's assurance statements
- Governance arrangements
- Financial Controls - An assessment of the role of the CFO in accordance with best practice
- Views of the external auditor
- HMICFRS and other external inspectorates
- The legal and regulatory framework
- Risk management arrangements

## Annual Governance Statement

- Performance management and data quality
- Other 'Thematic Assurance'
  - Business Planning
  - Partnership arrangements and governance
  - Digital Policing Arrangements
  - Fraud, Corruption and Money Laundering
  - Wellbeing
- CIPFA Financial Management Code self-assessment

Included within the above assurance review is the CIPFA Financial Management Code self-assessment which was first introduced in 2020/21 and became mandatory from 2021/22. The Code is based on a series of principles supported by specific standards which are considered necessary to provide a strong foundation to manage the short, medium, and long-term finances of a public body, manage financial resilience to meet unforeseen demands on services and manage unexpected changes in financial circumstances.

The assessment has been divided into seven specific sections; each has been assigned a Red, Amber, or Green (RAG) rating in-line with the scale of the improvements required for full compliance. A Red rating indicates that significant improvements are required; an Amber rating indicates that moderate improvements are required; and a Green rating indicates that no improvements or minor improvements may be required. The RAG assessment ratings against each section are noted below:

- |   |         |
|---|---------|
| • The Responsibilities of the Chief Finance Officer and Leadership Team | (Green) |
| • Governance and Financial Management Style                             | (Green) |
| • Long to Medium Term Financial Management                              | (Green) |
| • The Annual Budget   | (Green) |
| • Stakeholder Engagement and Business Plans                             | (Green) |
| • Monitoring Financial Performance                                      | (Green) |
| • External Financial Reporting  | (Green) |

From the overall review of effectiveness, no issues were identified as governance issues, which required disclosure within this AGS. For the senior managers' assurance statements, each area of responsibility was assessed using a standard governance questionnaire.

There were no areas of non-compliance identified for disclosure in the AGS.

### Auditors Annual Report (AAR) 2024/25

In November 2025, the external auditors issued their Draft Joint Auditors Annual Report (AAR) for 2024/25, which includes an assessment of whether the Commissioner and Chief Constable have appropriate arrangements in place to secure economy, efficiency, and effectiveness in the use of resources. In line with National Audit Office requirements, this assessment covers three key areas: Financial Sustainability, Governance, and Improving Economy, Efficiency and Effectiveness.

The Draft AAR for 2024/25, concluded that there were no significant weaknesses and no improvement recommendations in respect of Financial Sustainability or arrangements to improve Economy, Efficiency and Effectiveness. These findings demonstrate the continued robustness of financial planning processes and the effectiveness of ongoing improvement activity across the organisation.

However, a significant governance weakness was identified in relation to capacity within the Finance function. During 2025, the Finance team faced considerable resourcing pressures, including vacancies, sickness absence, and maternity leave. Despite proactive efforts to manage these challenges, the reduced capacity affected service delivery. The auditors were kept fully informed throughout, and, as a result, elements of planned audit work were paused. This meant the original target date for completion of the audit in December 2025 could not be met, and the Joint Independent Audit Committee (JIAC) received an update on the position in November 2025.

Management accepted the audit findings and committed to a comprehensive set of actions to address the capacity issues and build greater resilience within the Finance team. Additional staff were deployed to support the completion of outstanding work and to strengthen resources ahead of the 2025/26 financial year-end. This included bringing in external staff to supplement internal capacity. These measures were implemented to ensure that the Chief Constable and Commissioner were fully able to meet the statutory audit and accounts Backstop publication date of 27 February 2026, and to prevent recurrence of the issues identified.

### **Internal Audit Overall Assessment & Independent Opinion**

The assessment by Internal Audit of the Commissioner and Chief Constable's internal control environment and governance arrangements makes up a fundamental element of assurance for the AGS.

There were 29 audits within the 2024/25 audit plan, all of which are complete. Of the 29 reports, 27 audits concluded that systems and procedures were operating well, and 2 audits concluded that systems and procedures were operating satisfactorily. There were no audits assessed as having significant weaknesses.

Based on the evidence arising from internal audit activity during 2024/25, including advice on governance arrangements, the Commissioner and Chief Constable's internal control systems and risk management and governance arrangements are considered to be effective.

As part of the 2024/25 audit plan, approved by the JIAC, the audit of governance was completed. The audit found systems and controls are operating well and no findings were raised.

### **Actions from the 2023/24 Statement**

There are no actions outstanding from the 2023/24 Statement.

### **2024/25 Governance Issues**

The review has identified one governance issue that needs to be included within the 2024/25 Annual Governance Statement.

The Draft Joint Auditors Annual Report (AAR) for 2024/25 identified a significant weakness in relation to capacity within the Finance function and set out key recommendations:

- Review the capacity of the Finance Team.
- Ensure that there is the appropriate strength and depth in the finance team to establish robust contingency plans to ensure the finance team's functions continue during unexpected absences or resource constraints.
- Consideration of cross-training staff so critical roles can be covered, defining clear protocols for prioritizing essential financial reporting and audit support tasks and implementing quality control processes.

**Conclusion**

No system of internal control can provide absolute assurance against material misstatement or loss; this statement is intended to provide reasonable assurance.

However, on the basis of the review of the sources of assurance set out in this statement, the undersigned are satisfied that the Commissioner for Northumbria has in place satisfactory systems of internal control which facilitate the effective exercise of their functions, and which include arrangements for governance, control and the management of risk.



**SIGNED**

**Police and Crime Commissioner**



**SIGNED**

**Chief of Staff**



**SIGNED**

**Chief Finance Officer**

**Date: 27/02/2026**

## **INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR NORTHUMBRIA**

### **Qualified opinion**

We have audited the financial statements of the Police and Crime Commissioner for Northumbria for the year ended 31 March 2025 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Police and Crime Commissioner for Northumbria and Group Movement in Reserves Statement;
- Police and Crime Commissioner for Northumbria and Group Comprehensive Income and Expenditure Statement;
- Police and Crime Commissioner for Northumbria and Group Balance Sheet;
- Police and Crime Commissioner for Northumbria and Group Cash Flow Statement;
- Police and Crime Commissioner for Northumbria related notes 1 to 28, and Group related notes 1 to 15, including material accounting policy information; and
- Police and Crime Commissioner for Northumbria Pension Fund Account Statements; and its related notes 1 to 5.

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

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Northumbria and the Group as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared properly in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

### **Basis for qualified opinion**

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date'). Where that date is missed, the Regulations require the accountability statements to be published as soon as reasonably practicable.

The CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 ('the Code') requires that, after initial recognition, right-of-use assets are measured on the same measurement basis as owned assets of the same class, in accordance with the requirements for property, plant and equipment. For operational assets, this requires measurement at current value (being existing use value, or depreciated replacement cost, as appropriate), unless a specific exception applies.

The Police and Crime Commissioner for Northumbria and the Group has measured some of its right-of-use assets (£1.71 million out of £30.73 million) using a basis other than current value and has not aligned the subsequent measurement of these assets with the valuation approach applied to comparable owned property, plant and equipment. As a result, right-of-use assets are carried at amounts that do not reflect the measurement basis required by the CIPFA/LASAAC Code. Management have also not been able to provide an explanation to support their use of any exception to the CIPFA/LASAAC Code. Consequently, we cannot conclude that the measurement of all right-of-use assets are in accordance with proper accounting practices as set out in the CIPFA/LASAAC Code. In the absence of valuations

prepared on the appropriate basis, we are unable to conclude on whether the amounts reported are materially misstated.

In addition, the Code requires lease liabilities to be measured at the present value of future lease payments, discounted using either the interest rate implicit in the lease or the lessee's incremental borrowing rate, and to be subsequently measured at amortised cost, with remeasurement required when relevant changes occur (such as lease term, assessment of renewal options, index-linked cash flows, or residual value guarantees). Management has not been able to provide sufficient, appropriate evidence to support key valuation inputs used in measuring lease liabilities. This includes evidence to support the determination of lease terms, assessments of extension or renewal options and documentation for certain lease payments that were excluded from the initial lease schedule. Because of the absence of sufficient appropriate audit evidence, we are unable to obtain assurance that lease liabilities are free from material misstatement.

These matters also give rise to a potential consequential impact on unusable reserves, depreciation charges, financing costs and the surplus or deficit on the provision of services.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report below. We are independent of the Police and Crime Commissioner for Northumbria and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the Chief Financial Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.

### **Other information**

The other information comprises the information included in the Statements of Account, other than the financial statements and our auditor's report thereon. The Chief Financial Officer is responsible for the other information contained within the Statements of Account.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent

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

We have nothing to report in this regard.

### **Matters on which we report by exception**

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the entity;
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended);
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended);
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects

In respect of the following, we have matters to report by exception:

- Report on the Police and Crime Commissioner for Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

### **Report on the Police and Crime Commissioner for Northumbria's proper arrangements for securing economy, efficiency and effectiveness in the use of resources**

We report to you, if we are not satisfied that the Police and Crime Commissioner for Northumbria has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

On the basis of our work, having regard to the Code of Audit Practice 2024 and the guidance issued by the Comptroller and Auditor General in November 2024, we have identified the following significant weakness in the Police and Crime Commissioner for Northumbria's arrangements for the year ended 31 March 2025.

### **Significant weakness in arrangements**

#### **Capacity constraints of the finance team of the Police and Crime Commissioner for Northumbria for 2024/25**

#### Our judgement on the nature of the weakness identified

Severe and prolonged capacity constraints within the finance team - arising from vacancies in key roles, unexpected staff absences, and structural gaps - resulted in substantial delays in the audit timetable and affected the quality and timeliness of provision of sufficient and appropriate evidence for audit. The loss of key senior staff, combined with vacancies and periods of reduced availability, left the finance function without sufficient capacity to support the audit.

### The evidence on which our view is based

Audit logs and correspondence documenting repeated delays in the provision of audit evidence between July 2025 to January 2026 and meetings with management.

### The impact on the Police and Crime Commissioner for Northumbria

Failure to improve the Police and Crime Commissioner's processes to support the external audit and provide audit evidence on a timely basis may impact its ability to meet its statutory financial reporting deadlines.

### The action the Police and Crime Commissioner for Northumbria needs to take to address the weakness

The Police and Crime Commissioner for Northumbria should regularly review the capacity of the finance team to ensure that they are satisfied that there is the appropriate strength and depth in the finance team to effectively support the timely delivery of the external audit.

This issue is evidence of weaknesses in proper arrangements for how the Police and Crime Commissioner ensures effective processes and systems are in place to support its statutory financial reporting requirements.

### **Responsibility of the Chief Finance Officer**

As explained more fully in the Statement of Responsibilities set out on page 30, the Chief Finance Officer is responsible for the preparation of the Statements of Account, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and the Group either intend to cease operations, or have no realistic alternative but to do so.

The Police and Crime Commissioner and the Group are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

### **Auditor's responsibilities for the audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

### ***Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud***

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

including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the Group and determined that the most significant are:
  - Local Government Act 1972,
  - Local Government Act 2003,
  - The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
  - The Local Audit and Accountability Act 2014 (as amended),
  - The Accounts and Audit Regulations 2015,
  - The Police Reform and Social Responsibility Act 2011,
  - Anti-social behaviour, Police and Crime Act 2014,
  - Police Pensions scheme regulations 1987,
  - Police Pensions regulations 2006; and
  - Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner and the Group have to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, procurement and health & safety.

- We understood how Police and Crime Commissioner and the Group are complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Police and Crime Commissioner's and the Group's committee minutes and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.
- We assessed the susceptibility of the Police and Crime Commissioner's and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.
- To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Police and Crime Commissioner's and the Group's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.
- To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We also tested estimates for evidence of management bias and performed procedures to identify any significant or unusual transactions in the accounts for testing.

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

## **Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources**

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner and the Group had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people. The Comptroller and Auditor General determined these criteria as that necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner and the Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Police and Crime Commissioner and the Group had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's and the Group's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

## **Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of Police and Crime Commissioner and the Group.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

## **Use of our report**

This report is made solely to Police and Crime Commissioner for Northumbria and the Group, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Northumbria and the Group, for our audit work, for this report, or for the opinions we have formed.

*Claire Mellons*  
*Ernst & Young LLP*

Claire Mellons (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Newcastle Upon Tyne  
27 March 2026

# Glossary of Terms

**Accounting policies** are those principles, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

Recognising;

- Selecting measurement bases for; and
- Presenting assets, liabilities, gains, losses and changes to reserves.
- Accounting policies do not include estimation techniques.
- Accounting policies define the process whereby transactions and other events are reflected in financial statements.

**Accruals:** the accruals basis of accounting is where transactions and other economic events are reported in the period of activity to which they relate rather than when cash is received or paid.

**Actuarial gains and losses:** Actuarial gain or loss refers to an increase or a decrease in the projections used to value a defined benefit pension plan obligations.

**Amortisation:** is the process of writing-off an intangible asset over its projected life. It is analogous to depreciation of tangible non-current assets.

**Assets:** an asset is “a resource controlled by the entity as a result of past events and from which future economic benefits are expected to flow to the entity” (IASB definition)

**Budgets:** a statement of the Chief Constable’s forecast of net revenue and capital expenditure over a period of time, i.e. A financial year.

**Capital charges:** are charges to the Comprehensive Income & Expenditure to reflect the cost of using assets. They are based upon depreciation, which represents the cost of using the asset.

**Capital expenditure:** is expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

**Capital receipts:** are proceeds from the sale of the Commissioner’s buildings or from the repayment of loans and advances.

**Cash:** comprises cash in hand and demand deposits.

**Cash equivalents:** are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**CIPFA:** (the Chartered Institute of Public Finance and Accountancy) provides guidance in the interest of public services. It is the professional body for accountants working in the UK public sector. It provides financial and statistical information for local authorities and other public sector bodies, and advises Central Government and other bodies on public finance.

**Constructive obligation:** is an obligation that derives from an entity’s actions where:

By an established pattern of past practice, published policies or a sufficiently specific current statement, the authority has indicated to other parties that it will accept certain responsibilities, and as a result, the authority has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

**Contingencies:** are funds set aside as a reserve to meet the cost of unforeseen items of expenditure, or shortfalls in income and to provide for inflation. This is not included in individual budgets because their precise value cannot be determined in advance.

**Contingent assets:** are possible assets arising from past events, whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner’s control.

Contingent liabilities are either:

Possible obligations arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Commissioner's control; or

Present obligations arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

**Corporate & Democratic Core:** comprises democratic representation, governance and management by the office of the Commissioner. Corporate Management costs concerns those activities and costs that provide the infrastructure that allows services to be provided and the information that is required for public accountability, for example, treasury management and external audit.

**Corporate governance:** is the system by which an organisation directs and controls its functions and relates them to its communities.

**Creditors:** are amounts owed for goods and services received but where payment has not been made at the end of the financial year (i.e. 31 March).

**Current assets:** cash and other assets likely to be converted to cash or consumed within one year

**Current liabilities:** are amounts owed to individuals or organisations that will be paid within twelve months of the Balance Sheet date.

**Current service cost (pensions):** is the increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**Debtors:** are amounts owed to the Commissioner for goods and services supplied but where payment has not been received at the end of the financial year.

**Deferred liabilities:** are liabilities that should have been paid to an individual or an organisation during the year but have been deferred to a later date.

**Defined benefit scheme:** is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**Defined contribution scheme:** is a pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

**Discretionary benefits:** are retirement benefits, which the employer has no legal, contractual or constructive obligation to award and are awarded under the Chief Constable's discretionary powers, such as the Local Government (Discretionary Payments) Regulations 1996.

**Estimates:** are amounts that the Commissioner expects to spend or receive as income during an accounting period:

**Original Estimates** are the estimates for a financial year approved by the Commissioner before the start of the financial year.

**Revised Estimates** are an updated revision of the estimates for a financial year prepared within the financial year.

**Estimation techniques:** are methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains, losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. A policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. They include, for example:

Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a non-current asset consumed in a period; and

Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

**Events after the Reporting Period:** are those events, favourable and unfavourable, that occur between the Balance Sheet date and the date when the Statements of Account are authorised for issue.

**Exceptional items:** are material items which derive from events or transactions that fall within the ordinary activities of the Chief Constable and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

**Formula grant:** is the general grant given by the Home Office to spending on services.

**General Fund:** holds the police fund and is the main reserve into which Council Tax Precept, government grant and other income is paid into and from which meets the day-today cost of providing services.

**Government grant:** is assistance by government, inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to the Commissioner in return for past or future compliance with certain conditions relating to the activities of the authority.

**Gross expenditure:** is the total cost of providing the Commissioner's services before taking into account income.

**IAS (International Accounting Standards):** are accounting pronouncements issued by the International Accounting Standards Board. They have been adopted by the UK public sector in a move to make it more comparable with both the private sector and the international community as a whole.

**IFRSs (International Financial Reporting Standards):** are accounting pronouncements issued by the IASB. They have been adopted (or, in some cases, interpreted or adapted) by the UK public sector in an attempt to make it more comparable with both the private sector and the international community as a whole.

**Liabilities:** Money owed or the obligation to transfer economic benefit at some point in the future.

**Local Government Pension Scheme (LGPS):** is a nationwide public sector pension scheme for employees working in local government. It is administered locally for participating employers through many regional pension funds. South Tyneside Council is the Fund Administering Authority for the LGPS offered to employees by the Chief Constable and is responsible for the governance of the Fund.

**Materiality:** an item of information is material if its omission or misstatement from the accounts might reasonably affect the assessment of the authority's stewardship, economic decisions or comparison with other entities. Materiality is dependent on the size and nature of the item in question.

**Non-current assets:** are those that yield benefits to an entity and the services it provides for a period of more than one year.

**Past service cost:** for a defined benefit pension scheme, is the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Pension fund:** an employees' pension fund which is maintained by an authority, or group of authorities, in order to make pension payments on retirement of participants. It is financed from contributions from the employing authority, the employee and investment income.

**Police and Crime Commissioner (Commissioner / PCC):** a person elected who is accountable to the public for ensuring an effective and efficient police Force.

## Glossary of Terms

**Police Fund:** is the fund into which all receipts of a Police and Crime Commissioner must be paid and from which all expenditure must be paid out of.

**Police Grant:** is grant paid by the Home Office to police and crime commissioners as part of the Local Government Finance Settlement.

**Police Pension Scheme:** is the collective term used for the pension schemes for police officers and comprises the Police Pension Scheme 1987, the New Police Pension Scheme 2006, the Police Pension Scheme 2015, and the Police Injury Benefit Scheme. The rules of which are set out in The Police Pension Regulations 1987, The Police Pension Regulations 2006, The Police Pension Regulations 2015, and The Police (Injury Benefit) Regulations 2006, and subsequent amendments.

**Police staff:** includes staff under the direction and control of the Chief Constable.

**Precepts:** the demands made by the Police and Crime Commissioner on councils to finance police expenditure.

**Prior period adjustments:** are material adjustments applicable to prior years arising from changes in accounting policies or from the correction of material errors. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

**Provisions:** are amounts set aside in the accounts for liabilities that are likely to be incurred or assets that are likely to be received but where the amounts or the dates on which they will arise are uncertain.

**Prudential borrowing:** all borrowing must remain within the Commissioner's prudential borrowing limits (see Prudential Code), which are agreed annually by Commissioner.

**Prudential Code for Capital Finance in Local Authorities:** this replaced the previous regulatory frameworks in England, Wales and Scotland. The 2003 Code introduced a need for local authorities to consider capital spending plans with reference to affordability (implications for Council Tax), prudence and sustainability, value for money, stewardship of assets, strategic objectives and the practicality of the plans.

**Related parties:** a related party is a person or entity that is related to the entity that is preparing its financial statements.

A person or a close member of that person's family is related to a reporting entity if that person:

1. Has control or joint control over the reporting entity;
2. Has significant influence over the reporting entity; or
3. Is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.

An entity is related to a reporting entity if any of the following conditions apply:

1. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
2. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
3. Both entities are joint ventures of the same third party
4. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
5. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
6. The entity is controlled or jointly controlled by a person identified as a related party.
7. A person identified as a related party has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Examples of related parties of an authority include:

1. Central Government.

2. Local authorities and other bodies Precepting or levying demands on the Council Tax.
3. Its subsidiaries and associated companies.
4. Its joint ventures and joint venture partners.
5. Its members.
6. Its chief officers.
7. Its pension fund.

**Related party transaction:** is a transfer of resources or obligations between a reporting entity and a related party, regardless of whether a price is charged. Related party transactions exclude transactions with any other entity that is a related party solely because of its economic dependence on the authority or the government of which it forms part.

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

**Reserves:** are monies set aside by the Commissioner for future police purposes or to cover contingencies.

**Retirement benefits:** are all forms of consideration given by the Commissioner in exchange for services rendered by employees that are payable after the completion of employment. Retirement benefits do not include termination benefits 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, because these are not given in exchange for services rendered by employees.

**Revenue expenditure:** is incurred on the day-to-day running of the Chief Constable's activities; the costs principally include employee expenses, premises costs, supplies and transport.

**Scheme liabilities:** (of a defined benefit scheme) are outgoings due after the valuation date. They are measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

**Service Reporting Code of Practice (SeRCOP):** provides guidance on financial reporting to ensure data consistency and comparability between authorities. It was introduced by CIPFA in response to the demand placed upon authorities to secure and demonstrate best value in the provision of services to the community.

**Short Term Accumulating Absences Account:** represents the estimated financial value of untaken short-term employee benefits, e.g. Annual leave, at the end of the financial period.

**Strain on the Fund:** when a member of the Local Government Pension Fund is allowed to retire early (e.g. Efficiency, redundancy or with the Chief Constable's consent) employee and employer pension contributions stop but benefits become payable earlier than assumed and will be paid for a longer period. To meet the additional cost to the fund, the employer must make additional payments called strain costs.

**Support services:** or overheads, are those services that support the delivery of front line services.

**Unusable reserves:** are those reserves that the Chief Constable is not able to use to provide services. This category of reserves includes reserves that hold unrealisable gains and losses, where amounts would only become available to provide services if the assets are sold and reserves that hold timing differences. **Note 9** provides further information on the individual reserves in this category.

**Usable reserves:** are those reserves that the Chief Constable may use to provide services, they can also be described as 'cash-backed'. **Note 9c** provides further information on the individual reserves in this category.

**Useful life:** or useful economic life, is the period over which an entity will derive benefits from the use of a fixed asset.

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[www.northumbria-pcc.gov.uk](http://www.northumbria-pcc.gov.uk)

Image sources

Northumbria Police and Crime Commissioner