

OFFICIAL



**NORTHUMBRIA
POLICE & CRIME
COMMISSIONER**

**violence
reduction
unit**

Improving lives to prevent crime

Police and Crime Commissioner for Northumbria

Statements of Account 2025/26



**NORTHUMBRIA
POLICE**

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Preface

Susan Dungworth – Police & Crime Commissioner, Northumbria

Over the last year I have continued working with Northumbria Police to deliver my plan for safer streets and stronger communities. Central to this has been ensuring the effective and efficient use of resources while remaining equipped to face evolving demands and modern policing challenges.

As ever, officer recruitment plays a big part in our plans, and here in Northumbria we are firmly on track significantly boosting neighbourhood officer numbers through the Neighbourhood Policing Guarantee.

Nationally, there is a drive to deliver an additional 13,000 neighbourhood officers, PCSOs and special constables over the next four years. In Northumbria this means we'll have recruited an additional 95 police officers, 27 PCSOs and 30 Specials. Looking ahead to Year 2 of the Neighbourhood Policing Guarantee, we have had further Government funding allocated meaning 54 additional officers will be recruited by 31 March 2027.

This all helps Northumbria's strong neighbourhood policing approach which seeks to prioritise visibility and public engagement as well as delivering on priority one of my Police and Crime Plan around having an engaged and responsive police force.

But neighbourhood policing isn't the only area we need to fund and that is where the Precept can help with investment in other priority areas.

At the start of this year, we laid out plans to continuing to invest in improvements and services that matter most to our communities:

reducing crime and antisocial behaviour across all our communities through multi-agency hubs and strengthened offender management;

enhancing our ability to tackle motorcycle-related ASB and neighbourhood drug crime through drone capability;

investing in a single communications centre that will drive efficiencies and improve local responsiveness; and

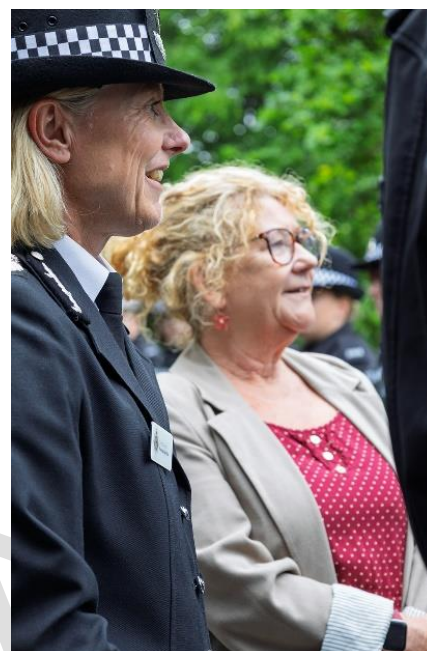
strengthening our safeguarding of women and girls through increased preventative activity and investigative capacity, particularly in relation to domestic abuse.

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. My new scrutiny programme means I also continually monitor resources and the financial position of the Force.

Both the Chief Constable and I remain fully committed to delivering the best possible service for local residents. As you'll see, these accounts set out the challenges that lie ahead, but these are challenges we are prepared so we are able to continue our work delivering 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 2026. 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 Report¹, 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 2025/26 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 2026. 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 delegation² 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)³ Board and approved by Financial Reporting Advisory Board (FRAB⁴). The Code constitutes proper accounting practice.

¹ Available on the PCCs website

² Available on the PCCs website

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

⁴ 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

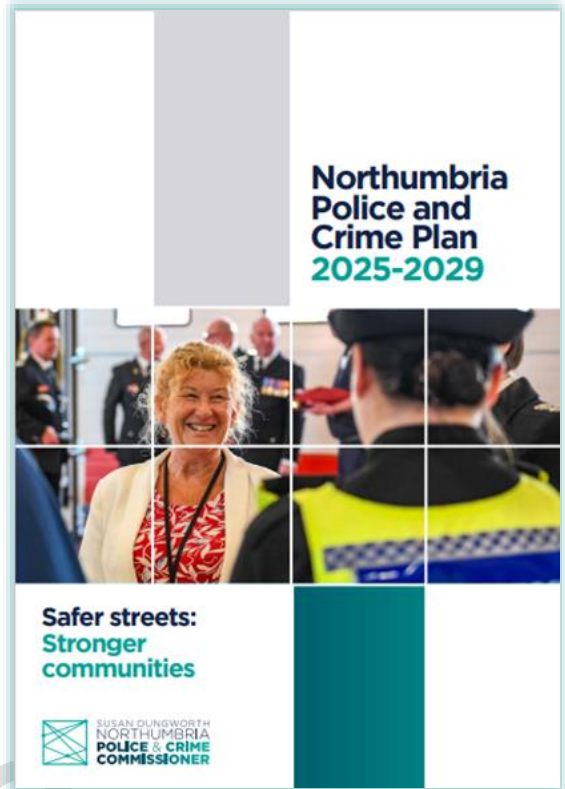
The Police and Crime Commissioner determines the priorities for policing within the Police and Crime Plan, through comprehensive engagement and consultation across our communities to ensure that the priorities reflect the expectations of the public. The Chief Constable and Police and Crime Commissioner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



Force Strategy

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

The **PURPOSE** of the Force was unchanged, ‘Keep people safe and fight crime’.

The Force simplified its **VISION**, ‘To be an outstanding police Force’.

Force **OBJECTIVES** set out 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 College of Policing Code of Ethics, **‘Do the right things, in the right way, for the right reasons.’**



Financial Performance 2025/26

Key Highlights

For 2025/26 the Northumbria Police revenue budget was originally set at £405.444 million which included grant income of £316.673 million from central government, Council Tax Precept income of £83.969 million and the planned use of £4.802m earmarked reserves.

At Quarter 1 the revenue budget was reduced by £4.664 million to £400.780 million, and the planned use of reserves was reduced to £0.138 million. The in-year realignment took into account new budget reductions identified, additional income, the Neighbourhood Policing Guarantee delivery profile and a reduction in capital financing costs reflecting increased investment returns and a lower borrowing requirement for 2025/26.

The Home Office provided 2025/26 grant funding to support year one of the Neighbourhood Policing Guarantee, which aims to place 13,000 officers, staff and specials into neighbourhood roles during this Parliament.

Northumbria received £6.272m, fully utilised to deliver 95 additional police officers, 27 PCSOs and 30 specials into neighbourhood policing.

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 £5.233 million.

During 2025/26 the capital programme delivered investment of £17.875 million in capital schemes delivering estates refurbishment, continued investment in vehicles and operational equipment, and in new digital policing systems and technologies.

In February 2026 the force delivered the largest organisational change it had seen in more than 40 years, with the successful launch of Niche, the new electronic records and case management system. Niche delivers smart, streamlined technology designed to transform policing, making our service more efficient, effective, and focused on keeping communities safer than ever.

Financial Context 2025/26

Whilst government funding for policing has increased over the last 6 years, increases have been primarily targeted at Uplift and Neighbourhood Policing targets, with limited inflationary increases to cover higher pay awards and other financial pressures. Northumbria are one of only a small number of forces yet to return to pre-austerity officer numbers.

Over the period of austerity covered by the Comprehensive Spending Review (CSR) 2010 and 2015, Northumbria experienced the largest impact of cuts because it receives more in grant in proportion to its Council Tax; around 79% in 2025/26 was funded by Home Office grant. In addition, Northumbria has the lowest Precept of any PCC in England and Wales, and a low yield.

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	31 March 2019	Reduction between 2010 and 2019		31 March 2026
	FTE	FTE	FTE	%	FTE
Police Officers	4,187	3,081	(1,106)	(26%)	3,932
Police Staff	2,534	1,717	(817)	(32%)	2,148
Workforce	6,721	4,798	(1,923)	(29%)	6,080

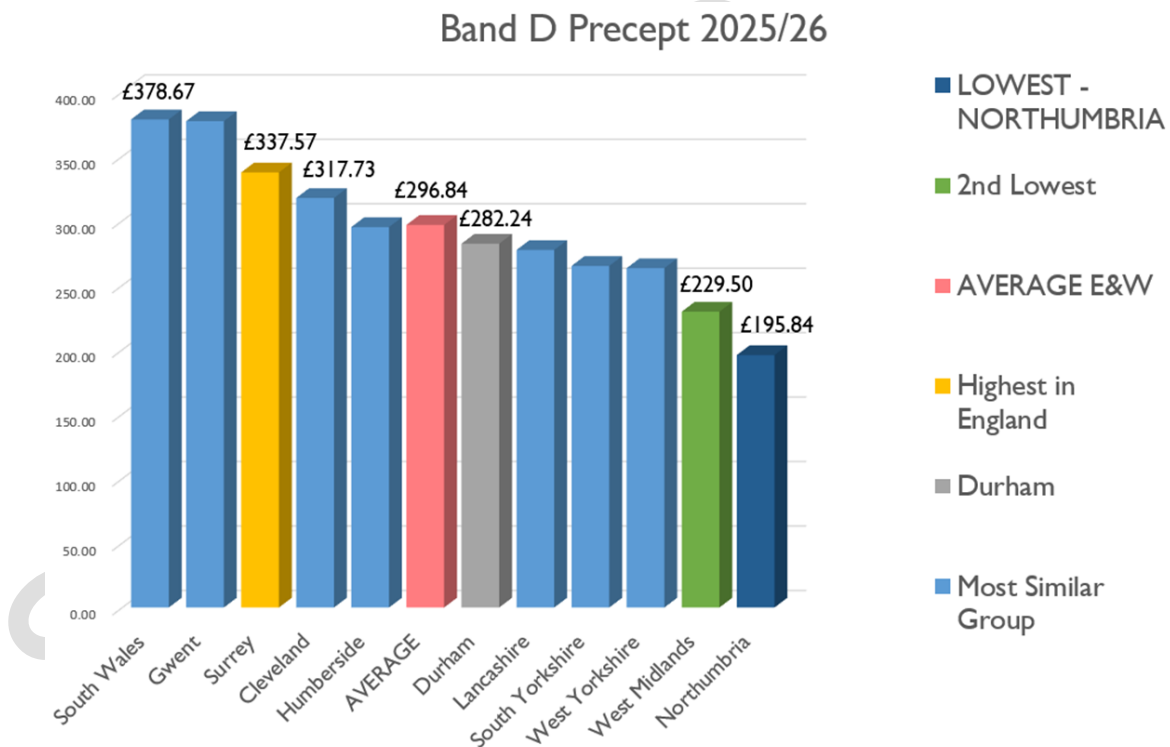
The increase in the precept for the financial years 2019/20 to 2025/26 has delivered vital new funding for Northumbria. This coupled with funding for the Police Officer Uplift and Neighbourhood Policing has enabled the Force to start re-investing in officers and staff, although still some way from the 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 an estimated £12.360 million over the medium-term. The actual balance on the General Reserve is £12.719m as a result of the confirmed revenue outturn position for 2025/26.

Council Tax

The Northumbria Council Tax Precept is by far the lowest of policing bodies in England and Wales at £195.84 per year (2025/26) 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 2025/26:



When calculating the overall settlement for policing in 2025/26 the Government set a precept increase maximum of £14.00 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 2025/26 was supported by the results of a public consultation during January 2025.

Narrative Statement

Therefore, the Commissioner approved an increase in the Council Tax Precept of £14.00 for a Band D property in 2025/26, resulting in a charge of £195.84 per year (£181.84 2024/25).

The additional income generated by the precept increase for 2025/26 was £5.925m, which was used to keep the force appropriately resourced and meet budgetary pressures while continuing to invest in services that matter most to our communities:

- 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.

Total Council Tax income for 2025/26 was £83.969 million of which £82.885 million is attributed to the Council Tax Precept, and £1.084 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 2025/26 was approved by the Commissioner on 28 February 2025 at £405.444 million. At Quarter 1 the revenue budget was reduced to £400.780 million, a reduction of £4.664 million. The planned use of earmarked reserves was reduced by the same amount to £0.138 million.

The revised revenue budget of £400.780 million provided for:

- Budget reductions identified after the original budget was approved.
- Additional budget pressures, approved investment, and a reduction in capital financing costs reflecting a lower borrowing requirement for the year.
- The impact of the Neighbourhood Policing Guarantee (NPG) delivery profile.

Throughout 2025/26 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 2025/26

The revised Group Revenue budget for 2025/26 was £400.780 million. Net revenue expenditure of £395.547 million for the year reflects an underspend of £5.233 million as set out in the following table:

Revenue Outturn 2025/26 (Group Position)					
	Budget 2025/26 £000	Expenditure 2025/26 £000	Income 2025/26 £000	Outturn 2025/26 £000	Variance 2025/26 £000
Chief Constable					
Chief Constable Revenue Budget	385,321	424,739	(41,673)	383,066	(2,255)
National Policing Capabilities (Hosted Services)	-	1,225	(1,699)	(474)	(474)
External Funding Schemes	-	9,300	(9,342)	(42)	(42)
Chief Constable Net Expenditure	385,321	435,264	(52,714)	382,550	(2,771)
Police and Crime Commissioner					
Office of the Police and Crime Commissioner	2,031	1,993	(14)	1,979	(52)
OPCC - Riot Compensation Act (RCA)	-	(13)	-	(13)	(13)
OPCC Supporting Services	1,540	1,350	(222)	1,128	(412)
OPCC Reserve Expenditure	-	-	-	-	-
Capital Financing	11,888	12,143	(1,968)	10,175	(1,713)
Total Expenditure	15,459	15,473	(2,204)	13,269	(2,190)
Specific Funds managed by the PCC:					
Commissioning of Victims Services	-	3,439	(3,439)	-	-
Violence Reduction Unit	-	2,546	(2,654)	(108)	(108)
Other Funding	-	2,502	(2,666)	(164)	(164)
Total Expenditure	-	8,487	(8,759)	(272)	(272)
Total Net Expenditure	400,780	459,224	(63,677)	395,547	(5,233)

Chief Constable

The Chief Constable has delivered policing services in Northumbria for 2025/26 within the budget allocated by the Commissioner for the financial year.

The underspend of £2.771 million includes income and expenditure relating to funded schemes and National Policing Capabilities/Hosted Services.

The underspend relates primarily to Digital Policing, Estates costs, Fleet, Forensics, and the Northumbria contribution to the North East Regional Organised Crime Unit (NEROCU). Additional income was received in year for the pay award, overhead recovery and the Asset Recovery Incentivisation Scheme (ARIS) which returns a portion of money seized under the Proceeds of Crime Act back to enforcement agencies and police forces.

The Home Office provided grant funding to police forces in 2025/26 to deliver against year 1 of their Neighbourhood Policing Guarantee which aims to allocate 13,000 officers, staff and specials into Neighbourhood roles during this parliament.

The total Grant received by Northumbria was £6.272m and was fully utilised in year to deliver an additional 95 Police Officers, 27 PCSOs and 30 Specials into Neighbourhoods.

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 2025/26 and the outturn position reflects a net transfer of £0.042 million to the external funding reserve and a transfer of £0.474 million to 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 £2.031 million was provided to meet the running costs of the Commissioner and her office, covering all administration and governance arrangements. Expenditure remained within budget and the underspend of £0.052 million was transferred to the General Reserve at year-end.

In addition, a transfer back to the General Reserve was made for an adjustment of £0.013 million against the provision raised in 2024/25 for claims made under the Riot Compensation Act (RCA).

The OPCC Supporting Services budget of £1.540 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 £0.412 million, of which £0.118 million will be allocated to the Commissioner's innovation reserve for use in 2026/27 with the balance of £0.294 million being transferred to the General Reserve at the year-end.

The Capital Financing budget for 2025/26 was £11.888 million, comprising interest on borrowing and investments, and the minimum revenue provision for repayment of borrowing. The outturn position is £10.175 million reflecting an underspend of £1.713 million which is primarily attributable to:

- Borrowing Interest was £1.043m lower than budget reflecting reduced capital spend, higher cash and reserve balances (the result of revenue and capital underspends) which have delivered a greater capacity for internal borrowing during the year.
- Investment interest was £0.602m higher than the budget, reflecting additional cash and reserve balances available for investment and higher rates achieved.

The underspend on the Capital Financing budget has been transferred to the Investment 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 £0.272 million which will be carried forward in reserves and used to continue that work in 2026/27.

Use of Reserves

The reserve movements as a result of the revenue outturn for 2025/26 are set out in the following table:

Police and Crime Commissioner Group - Use of Reserves

	Budget 2025/26 £000	Transfer to reserves £000	Transfer (from) reserves £000	Net Movement 2025/26 £000	Variance 2025/26 £000
Use of reserves to support the revenue budget					
General Reserve	-	359	-	359	359
Transfers To / (From) earmarked reserves					
Investment Reserve	(138)	3,969	(138)	3,831	3,969
External Funding Reserve	-	473	(159)	314	314
National Policing Capabilities (Hosted Services)	-	1,157	(684)	473	473
OPCC Innovation Reserve	-	118	-	118	118
Transfers To / (From) earmarked reserves	(138)	5,717	(981)	4,736	4,874
Total transfers To / (From) reserves	(138)	6,076	(981)	5,095	5,233

Reserve Movements

- Planned use of reserves for 2025/26 was **£0.138 million** shown against the Investment Reserve.
- The underspends against the Chief Constable's budget of **£2.255 million** and the Capital Financing budget of **£1.713 million** are transferred to the Investment Reserve, a total increase of **£3.969m**. Net movement on the Investment Reserve is an increase of **£3.831 million**.
- The net transfer of **£0.314 million** to the External Funding Reserve comprises the outturn position against the:
 - Chief Constable's funded schemes **£0.042 million**
 - Violence Reduction Unit (VRU) **£0.108 million**
 - External funded schemes managed by the OPCC **£0.164 million**
- The net transfer of **£0.473 million** to the National Policing Capabilities Reserve is reflective of the outturn position against these funds.
- The transfer of **£0.118 million** to the OPCC Innovation Reserve reflects part of the underspend against the OPCC Supporting Services budget which will be used to fund specific activity in 2026/27:
 - £0.050 million** to fund additional SARC costs
 - £0.068 million** to fund Criminal Justice (CJ) Navigators in the Force
- The transfer made to the General Reserve at the year-end of **£0.359 million** is made up of the adjustment on the RCA provision (**£0.013 million**), the OPCC underspend (**£0.052 million**) and the balance of the underspend against the OPCC Supporting Services budget (**£0.294 million**).

Earmarked Reserves

The total movement in earmarked reserves is an increase of **£3.072 million** as set out in the following table:

Police and Crime Commissioner Group - Transfers To / (From) Earmarked Reserves			
	Budget 2025/26 £000	Outturn 2025/26 £000	Variance 2025/26 £000
Transfers To / (From) Earmarked Reserves (Revenue)	(138)	4,736	4,874
Transfer To / (From) NE ROCU Reserve	-	737	737
Transfer To / (From) Operational Systems Reserve (Capital)	(2,400)	(2,400)	-
	(2,538)	3,072	5,611

Narrative Statement

The transfer to the North East Regional Organised Crime Unit (NE ROCU) reserve of £0.737 million is explained later in the Narrative Statement and shown in further detail in **Note 15** to the Single Entity Accounts.

The transfer from the Operational Systems Reserve of £2.400 million relates to capital financing and is explained later in the narrative statement under Capital Expenditure and again at **Note 8** to the accounts in the Analysis of Transfers to/from Reserves.

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 2025/26 year the net cost of services in the Group CIES is £338.392 million and the deficit on provision of services is £118.332 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 £3.072 million to earmarked reserves and the increase in the general reserve of £0.359 million for 2025/26:

Summary of 2025/26 Financial Position (Group)	
	Financial Position 2025/26 £000
Net Cost of Services	338,392
Other operating expenditure	425
Financing and investment income and expenditure	165,103
Taxation and non-specific grant income	(385,588)
(Surplus) / Deficit on Provision of Services	118,332
Adjustment between accounting basis and funding basis under regulations*	(121,763)
Net (Increase) / Decrease before transfer to / from earmarked reserves	(3,431)
Transfers To / (From) earmarked reserves	3,072
(Increase) / Decrease on General Reserve	(359)

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 £17.875 million in 2025/26, 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 2025/26 financial year this charge was £17.610 million (£14,494 million 2024/25)

Narrative Statement

The Commissioner approved a capital programme of £64,585 million in March 2025. This was revised by the Commissioner at Quarter 1 to £55.610 million to take into account the re-phasing of the capital programme for specific projects from 2024/25 and rephasing of a number of schemes into future years. A further adjustment was approved by the Commissioner at Quarter 3 to reduce the capital budget for the year to £27.290m reflecting major estates projects and Digital Policing refresh schemes rephased to 2026/27.

The final capital outturn for the year is £17,875 million. The underspend is mainly attributed to projects which have progressed at a slower pace and 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 2025/26				
	2025/26 Original Budget £000	2025/26 Revised Estimate £000	2025/26 Outturn £000	2025/26 Variance £000
Capital Investment				
Building Works	39,346	14,700	6,975	(7,725)
Digital Policing & Digital Transformation	16,897	6,333	5,744	(589)
Vehicles & Equipment	7,342	5,656	4,610	(1,046)
NEROCU Schemes - Northumbria	402	327	247	(80)
Contribution				
Funded Schemes	598	274	299	25
Total Capital Programme	64,585	27,290	17,875	(9,415)

Capital Financing

The following table sets out how the capital programme for 2025/26 was financed:

Capital Financing	
	2025/26 £000
Capital Grants and Other Contributions	299
Capital Receipts	4,641
Use of Reserves	2,400
Prudential Borrowing	10,535
Total Capital Financing	17,875

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 Manager 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 2025/26.

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 2025/26.
- The police settlement issued by the government for 2025/26 assumed that each PCC would increase the precept by the maximum of £14.00 per year for a Band D property. The Commissioner approved an increase of £14.00 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 £9.33 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 2025/26 was £5.925m, which was used to keep the force appropriately resourced and meet budgetary pressures while continuing to invest in services that matter most to our communities:
 - 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.
- 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.

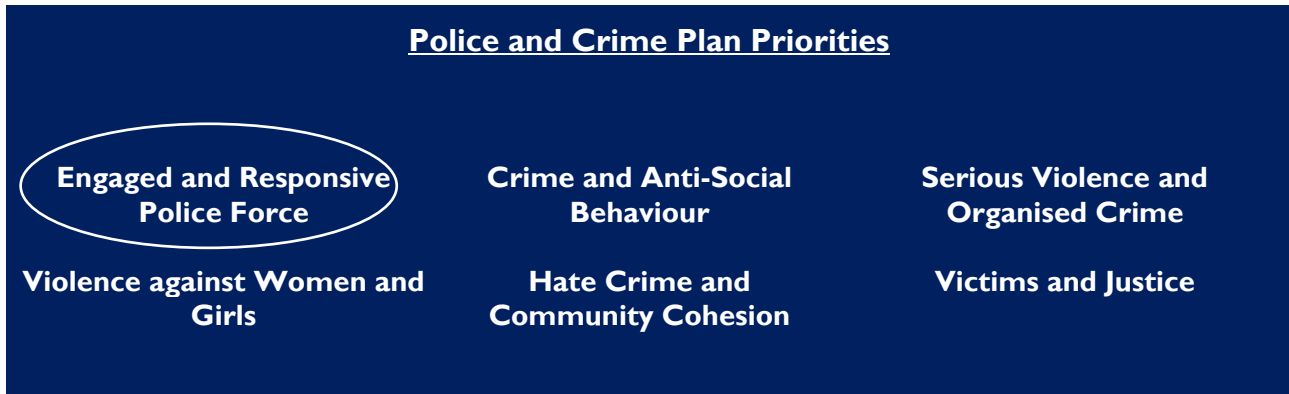
The Policing Protocol Order 2023 sets out respective roles of the PCC and of the Chief Constable, highlighting the PCC's responsibility for the totality of policing in the local area and a mandate to hold the Chief Constable to account.

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 2025/26



Call Handling

- There has been a 6% increase in the volume of 999 calls received for the 12 months to March 2026, from 271,276 to 286,322. The number of 101 non-emergency calls received was 2% lower over the same 12-month period; 208,136 to 203,387.
- Over this period, call answering times have been maintained, with 91% of 999 calls answered within 10 seconds (the service level agreement) with an average answer time of 5 seconds.
- The call abandonment rate for 101 non-emergency calls has improved over the 12 months to March 2026 to 9% compared to 11% for the previous year. The average answer time for 101 NE calls has increased to 4 minutes from 2 minutes 42 seconds.
- The satisfaction of volume crime and ASB victims with their initial contact with police remains high, although there has been a statistically significant reduction compared to the previous year, from 95% to 91% and 90% to 86% respectively.

Response Times

- Grade 1 incident demand has increased by 12% in the 12 months to March 2026 compared to the previous year, from 77,063 to 86,357. Over the same period grade 2 incident demand reduced by 4% compared with the previous year, from 100,495 to 96,331.
- Attendance rates for grade 1 incidents have improved with 87% of incidents attended within SLA, a 4-percentage point increase compare to the previous year. Median attendance time has also reduced; from 9 minutes 8 seconds to 8 minutes and 53 seconds.
- Attendance rates for grade 2 incidents have reduced slightly with 63% of incidents attended within SLA, a 1-percentage point reduction compared to the previous year. Median attendance time has increased; from 37 minutes 27 seconds to 38 minutes and 31 seconds.
- Satisfaction with response times has remained steady for volume crime and ASB at 87% and 85%, respectively, with no statistically significant change compared to the previous year.
- The force is undertaking a grading review which will simplify the incident grading model to ensure we deliver the right response, in the right way, within the right timescale.
- The review will design a streamlined, victim led, proportionate and agile grading system that supports effective triage, appropriate deployment, and efficient use of resources across the whole organisation.

Use of Police Powers

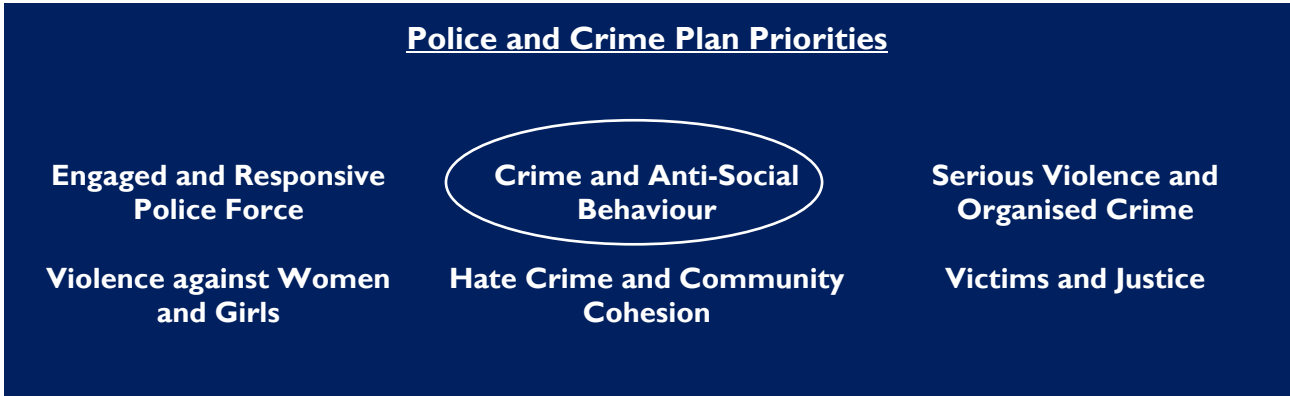
- For the 12 months to March 2026, the total volume of stop and search increased by 1% (109 incidents) compared to the previous year, to 10,202.

Narrative Statement

- The proportion resulting in a positive outcome has increased by 4 percentage points to 29% with sufficient grounds and body worn video usage increasing by 1 percentage point each to 96% and 91%, respectively.
- The stop and search disparity rate has increased for minority ethnic persons from 1.1 to 1.3 and black persons from 1.6 to 2.0. A black person is twice as likely to be stopped and searched than a white person.
- In the 12-months to March 2026 there were 28,074 use of force incidents, reduced by 4.4% (1,309 incidents) compared to the previous year. There is a disproportionate use of force for black persons (1.7) compared to 1.6 in the previous year.
- When examining disproportionality data between people from ethnic minority backgrounds and white people, a value of 1 means that there is no disparity. A value of less than 0.8 or higher than 1.25 indicates there is evidence of disparity.

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 (67%). Residents who rated police performance favourably referred to their own positive experiences with the service. Some expressed the belief that the 'police would be there if they need them' or perceived that the 'police do the best job they can with the resources they have.' Others perceived that the low level of crime in their local area could be evidence of effective policing.
- Data for the 12 months to December 2025 from the Crime Survey for England and Wales (CSEW) shows a variation of modest reductions and increases for the Northumbria Police Force area. There has been some variation in perceptions and confidence data, but due to the sample sizes it is not possible to determine whether the change is significant. Whilst there have been statistically significant increases in the proportion of residents who agree the police will treat you with respect, (86%, +7%), and who agree police understand local issues, (62%, +6%pts).
- Northumbria's current results continue to be similar to the results for the national average, with the exception of the 'police do a good or excellent job, (Northumbria -4%pts) and the 'police/council deal with crime and ASB issues that matter', (Northumbria -9%pts), measures.

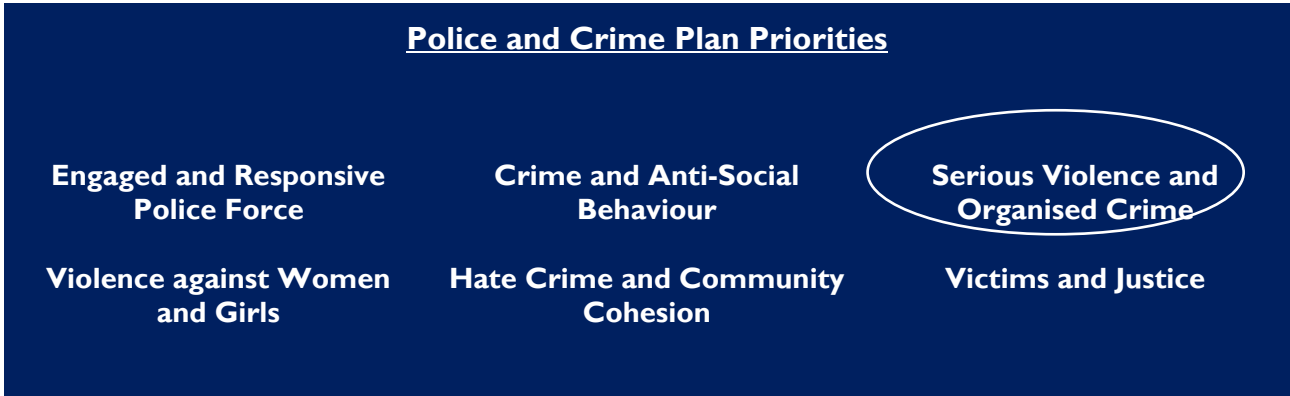


Recorded Crime

- For the 12 months to March 2026, total recorded crime has reduced by -2,158 crimes (-2%) compared to the previous year. Northumbria is placed 31st nationally and 3rd within its most similar group.
- The largest reduction is in vehicle crime, particularly theft from motor vehicle offences (-771 crimes, -21%).
- Robbery offences have increased by +946 crimes (+79%), with a significant increase in business robbery, which has increased by +356% (+933 crimes). This change is a result of a change to crime recording rules for shoplifting (from April 2025 shoplifting with an element of violence is now counted as business robbery). Personal robbery has reduced by -5% (-49 crimes).
- Sexual offences have increased; mainly due an 11% increase in rape due to multiple offences linked to two victims.
- There has been a 14% increase in other sexual offences (+165 crimes), which can be in part attributed to new crime codes introduced under the Online Offences Act 2023 relating to sharing and threatening to share images and an increase in offences of sexual assault on a female aged 13 and over.
- Volume crime victims’ satisfaction remains relatively stable compared to last year, except for initial contact satisfaction, where there has been a statistically significant reduction. Follow-up satisfaction has also reduced compared to last year, although this change is not statistically significant.
- The force has achieved notable reductions in crime and anti-social behaviour, supported by prevention led initiatives such as Operations Impact, Shield and Capio.

Anti-Social Behaviour

- There has been a 16% reduction in the number of anti-social behaviour incidents in the 12 months to March 2026 compared to 2024/25; 5,643 fewer anti-ASB incidents. This reduction has been across all ASB incident types.
- There has been a statistically significant increase in the percentage of residents who feel ASB is a problem in their neighbourhood, compared to the same period last year; from 22% to 25%.
- Criminal Behaviour orders (+27%), Community Protection Notices (+44%) and Community Protection Warnings (+42%) have increased when compared to the previous 12-month period. Dispersal notices (-28%), Dispersal orders (-2%) and Civil injunctions (-34%) have reduced.
- The satisfaction of ASB victims with their whole experience of service remains stable compared to the previous year.
- The force has introduced a motorbike unit within Force Coordination and Operations Department which increases proactive capability to tackle motorbike enabled crime and ASB. This gives reassurance to the public that the force can and will proactively target offenders and take positive action thus discouraging the behaviour.



Serious Violence

- For the 12 months to March 2026 serious violence offences have increased by 5% (+1,170 offences) compared to the previous 12-month period. This is mainly due to the large increase in robbery offences as the result of the change to crime recording rules as referenced in the previous section. The force ranks 37th nationally and 4th in its most similar group of forces.
- Knife enabled serious violence has increased by 11% (+113 offences) mainly due to the increase in robbery and assault with intent to cause serious harm and offences. Knife enabled serious violence accounted for 5% of the total serious violence offences in the 12 months to March 2026, which is comparable with previous periods. The force ranks 32nd nationally and 4th in its most similar group of forces.
- Homicides have reduced compared to the previous period. 11 in total for the 12 months to March 2026, reduced from 15 in the previous period. Five were female victims which is comparable to the previous period.
- The most recently available data (November 2025) shows that hospital admissions (under 25s for assault with a sharp object) have decreased by 33%.
- Northumbria Police has robust processes to identify and manage potentially dangerous persons (PDPs), who pose a significant risk of serious harm. Additional interventions including prevention programmes and the prevent process address broader influences on youth and violent behaviour, ensuring a proactive stance on managing risks.

Police and Crime Plan Priorities

Engaged and Responsive
Police Force

Violence against Women
and Girls

Crime and Anti-Social
Behaviour

Hate Crime and Community
Cohesion

Serious Violence and
Organised Crime

Victims and Justice

Violence against Women and Girls

- VAWG related offences increased by 3% (+854 offences) for the 12 months to March 2026 bringing the total volume to 27,254. VAWG offences account for 20% of total crime. 38% of the VAWG offences are related to domestic abuse.
- Other sexual offences increased by 18% (+304 offences) and can be in part attributed to new crime codes introduced under the Online Safety Act 2023 relating to sharing and threatening to share images and this crime group has also been impacted upon by a specific operation in the recent period.
- Kidnapping has increased by 39% (35 crimes). 76% of VAWG kidnapping offences were domestic related; the percentage increase has been in non-domestic related crimes, mainly false imprisonment.
- There has been a 119% (+51 crimes) increase in modern slavery. A number of things have impacted this, including changes in crime recording rules, increased officer awareness and a general increase in this crime type. The increase has largely been for the offence 'UK national arrange or facilitate the travel of another person with a view to exploitation' and mainly sexual exploitation.
- There has also been a 20% (+110 crimes) increase in threats to kill and is largely for non-domestic related crimes.
- The VAWG charge rate has reduced by 1 percentage point to 8% compared to the previous year.
- For the 12 months to March 2026 domestic abuse incidents have increased compared to the previous year by 3%, to 41,749.
- Domestic abuse victims' satisfaction with the service remains relatively high and stable compared to the 12 months to March 2025 period, with the exception of follow-up satisfaction, where there has been a statistically significant decrease (-5%pts) in the result to 84%.
- The focus from the force is to drive an offender focussed, victim centred, and context led approach. VAWG features heavily on the force's control strategy with Rape and Serious Sexual Offences (RaSSO), Domestic Abuse and Stalking being a pivotal part with alignment to the delivery of the Protecting Vulnerable People Strategy and the VAWG delivery plan.

Police and Crime Plan Priorities

**Engaged and Responsive
Police Force**

**Crime and Anti-Social
Behaviour**

**Serious Violence and
Organised Crime**

**Violence against Women
and Girls**

**Hate Crime and Community
Cohesion**

Victims and Justice

Hate Crime

- In the 12 months to March 2026 hate crime has increased by 2% (84 crimes) when compared to the previous 12 months. There have been increases in specific hate crime categories; race hate crime has increased by 6% (+147 crimes) and religion/belief hate crimes by 3% (+6 crimes). There have been reductions in all other hate crime categories; sexual orientation -5% (-29 crimes), transgender -13% (-15 crimes), and disability -11% (-36 crimes).
- The charge rate has remained consistent for Race (12%), Religion/Belief (13%) and Disability (3%)-related hate crimes; however, has increased for Transgender-related hate crimes (4%) and decreased for Sexual Orientation-related hate crimes (10%).
- Across all hate types, the most likely outcome for hate crime is where no suspect has been identified.
- Levels of hate crime victims' satisfaction with the main aspects of service are relatively stable compared to the same period last year.
- Across all six local authority areas, Northumbria Police has established Community Cohesion Monitoring Groups (CCMGs) that provide structured multiagency forums for assessing emerging issues, sharing intelligence, and coordinating appropriate responses.

Police and Crime Plan Priorities

**Engaged and Responsive
Police Force**

**Crime and Anti-Social
Behaviour**

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Organised Crime**

**Violence against Women
and Girls**

**Hate Crime and Community
Cohesion**

Victims and Justice

Positive Outcome Rate

- For the 12 months to March 2026 the positive outcome rate was 16.8% (compared to 16.3% for the previous 12 months (national average is 15.2%).
- The out of court resolution rate is 4.2%, compared to 4.4% for the previous 12-month period (national average is 4.6%).
- The force has reestablished its strategic Investigations and Criminal Justice Board which will focus on performance delivery across the force in relation to victim care, investigation standards and file quality.
- Raising Investigation Standards (RIS) programme continued to embed Plan Care Supervise Prevent, led through the investigations board.
- Following the successful pilot of the CoP PIP1 supervisors' course this is now being rolled out to all PIP1 supervisors, the focus continuing to be on supervisory oversight and management of investigations
- Crime audits reflect positive improvements and demonstrate that the ethos of Plan Care Supervise Prevent is becoming more embedded across the workforce.
- Capacity and capability across specialist crime teams is strong with high performance across SOC and major crime.

Victims' Code of Practice (VCOP)

- From latest data available (December 2025) one area of VCOP compliance has increased to 85% from 82% in the previous 12 months; percentage of victims (who require updates) informed when the suspect is charged (or OOC), and it is recorded on the victim log.
- The other 3 measures have decreased; the percentage of needs assessments completed within 48 hours has reduced by 1%pt, the percentage of those who state that they received a victim contract and percentage of victims (who require updates) informed when the suspect is arrested (or voluntary attended) and it is recorded on the victim log, both by 8%pts.
- The Northumbria Victim and Witness Service (NVWS) has significantly improved referral rates and accessibility through enhancements to the Victim Needs Assessment (VNA) and internal systems. However, challenges remain in achieving full Victims' Code of Practice (VCoP) compliance, particularly in areas such as written acknowledgements and Victim Personal Statements, which are being addressed through system upgrades and process reviews. Monitoring and automation are a priority and are being enhanced systems integration and performance dashboards.

Collaboration

During 2025/26 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 14** 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 2025/26 and the share attributable to Northumbria are set out in the following table:

NEROCU Outturn 2025/26		
	NEROCU £000	Northumbria £000
NEROCU Revenue Budget		
Expenditure	22,053	11,712
Income	(9,067)	(4,816)
Net Expenditure	12,986	6,896
Funded by:		
Force Contributions	14,373	7,633
Transfer to NEROCU Reserve	(1,387)	(737)
Total	12,986	6,896

Northumbria Police made a revenue contribution of £7.633 million to NEROCU for 2025/26 there has also been a transfer to reserves of £0.737 million which reflects additional government funding received in 2025/26 carried forward for use in 2026/27, following the withdrawal of the ROCU Core Grant for that year.

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 are a small number which remain subject to legal process and expected to be finalised in 2026/27. The balance on the provision at 31 March 2026 reflects a prudent estimate to cover the expected costs.

Riot Compensation Act (RCA) – The Commissioner made a provision of £0.756 million in 2024/25 as a result of the unrest in Summer 2024 and claims expected to be settled in 2025/26. Whilst a number of smaller cases

have concluded, there remain a small number of larger cases that will be settled in 2026/27. The value of the provision remaining at 31 March 2026 is £0.644 million.

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 Manager⁵. 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.

⁵ Public Service Pension Act 2013 (section 4)

Narrative Statement

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 regulations⁶ 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 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 2025/26 is £71.958 million (£69.594 million in 2025/26).

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 £2.788 billion (£2.965 billion in 2024/25) 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	31/03/2025 Long-Term (Liability)/Asset £000	31/03/2026 Long-Term (Liability)/Asset £000
OPCC Staff	-	-
Police Staff	(2,080)	(1,970)
Police Officers	(2,962,670)	(2,785,980)
Group Net Position (Liability)	(2,964,750)	(2,787,950)

As at 31 March 2026 the net pension liability for the Group is £2.788 billion.

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 MUFG (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 2025/26 to 2028/29 can be found on The Commissioners website.

The borrowing strategy during 2025/26 was to:

- Consider the use of short-term borrowing as a bridge until capital receipts are received.

⁶ Police Pension Fund Regulations 2007 (SI 2007/1932)

- Consider the use of market loans which are at least 20 basis points below the PWLB target rate, where they become available.
- Consider, where required, the use of PWLB loans where rates fall below Treasury Advisor, MUFG, trigger rates, 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 2026 was £86.969 million, which was within the operational borrowing limit of £155.000 million. This is a net increase of £15.000 million from the opening figure of £71.969 million, representing new PWLB borrowing to finance capital expenditure. Short-term temporary borrowing of £15.000 million was taken during the year, with loan durations of 36 days and 46 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 2025/26 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 33**) - 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 35**) - 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 36**) - 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 37**) - 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 38) - 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 98**) - 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 100**) - 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 101**) - 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 1002**) - 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 (Page 103) - 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 136) - This shows the Police Pension Fund Account for the year for which the Chief Constable is Scheme Manager⁷.

Annual Governance Statement (Page 139) - This statement, required by regulations⁸ to accompany the Statements of Account, outlines the Commissioner's approach to corporate governance and internal control⁹.

Independent Auditor's Report to the Police and Crime Commissioner (Page 153) - 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 2024/25

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

Outlook for 2026/27 and Beyond

The Commissioner has agreed a Medium-Term Financial Strategy (MTFS) which sets out the key financial issues over 2026/27 to 2029/30. 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.

⁷ Public Service Pension Act 2013 (section 4)

⁸ Regulation 10 of Accounts and Audit (England) Regulations 2015 (available online)

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



The MTFs 2026/27 to 2029/30 will continue to deliver and build upon the investment in policing for Northumbria residents approved by the Commissioner in 2025/26. The Strategy will assist the Force to become better prepared to meet future demand; maintain the much-welcomed boost to Neighbourhood Policing by the 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 Strategy will ensure that the Force continues to review and transform policing services making efficient and effective use of resources and the best use of total funding available over the medium-term. The Strategy is set against a financial backdrop of a decade's worth of cuts and underfunding for policing, higher levels of pay and non-pay inflation, ongoing conflict across the middle east, disrupted energy supply chains, a rise in interest rates for borrowing, and economic uncertainty. The financial climate remains challenging, and the force is planning to use reserves and targeted efficiencies alongside the vital increase in Council Tax income from local residents to balance the books each year.

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 including delivery of the Neighbourhood Policing Guarantee, support the Purpose, Vision and Objectives of the Northumbria Force Strategy and meet the requirements of the National Strategic Policing Requirement.

The Commissioner's MTFs was established to make the best use of the financial settlement 2026/27, 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 2026/27 confirmed a £432.000m increase in government grant which includes:

- An increase of £382 million to Core Grant.
- £50 million to support the Government's neighbourhood policing objectives, delivering a further 1,750 neighbourhood posts nationally by March 2027.

The actual settlement increase for Northumbria was £10.871 million. The increase is explained in further detail in the following table:

Northumbria Settlement	£m
Net Increase to Core Grant	22.257
Neighbourhood Policing Ringfence Grant	11.266
Removal of all Uplift Grants and Year 1 Neighbourhood Policing Grant	(22.685)
Small increase to National Insurance Compensation Grant	0.033
Total Increase in Funding	10.871

Whilst the increase in Core Grant appears significant, it is substantially offset by the removal of previous grant funding for the national Uplift and Year 1 NPG.

Funding of £11.266m is allocated as Neighbourhood Policing Ringfence Grant which is conditional funding. In addition to maintaining the NPG Year 1 investment of 95 police officers, 27 PCSOs and 30 specials the force will be required to deliver the NPG Year 2 target, a further 54 officers and PCSOs assigned to neighbourhood policing, by 31 March 2027.

Capital grant funding allocated by the Government for Northumbria is nil, as for 2025/26. 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 £152.000m 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

Despite a national increase in police funding, the settlement for Northumbria delivers a significant shortfall due to the withdrawal of the Home Office Uplift grant, combined with the redistribution of national funding. This has created a gap that cannot be sustainably bridged locally.

The Home Office acknowledged this challenge and approved an exceptional precept referendum limit for Northumbria of £18.50 per year for a Band D property, which was approved by the Commissioner following consultation with local residents and agreement by the Police and Crime Panel.

The additional income generated by the precept increase is £7.958 million which will allow Northumbria Police to remain resilient while continuing to invest in improvements and services that matter most to our communities:

- reducing crime and antisocial behaviour across all our communities through multi-agency hubs and strengthened offender management;
- enhancing our ability to tackle motorcycle-related ASB and neighbourhood drug crime through drone capability;
- investing in a single communications centre that will drive efficiencies and improve local responsiveness; and
- strengthening our safeguarding of women and girls through increased preventative activity and investigative capacity, particularly in relation to domestic abuse.

Due to the scale of inflationary and budget pressures and uncertainty around future government funding it has been necessary to identify continued efficiency plans to bridge the projected financial gap including an additional efficiency target of £6.0m.

Earmarked reserves of £24.1m have been profiled over the 4-years of the MTFS to period to support investment and mitigate the impact of inflationary and cost pressures on the revenue budget, as appropriate efficiency programmes are implemented to meet the budgetary gap.

Throughout the MTFS period savings and efficiencies will continue to be delivered, to sustain the investment in policing, deliver transformation programmes and to continue to support local policing services:

- Annual Priority Based Budgeting (PBB) exercise.
- Participation in the Police Efficiency and Collaboration Programme (PECP).
- Procurement savings through the continued use of national frameworks.
- Maximising income generation wherever possible.

The Commissioner's MTFS for 2026/27 through to 2029/30 demonstrates a balanced sustainable financial position can be achieved over the medium term. However, the Strategy is predicated on many key assumptions around resource requirements, future costs, and the level of total funding. Due to the challenging economic and financial climate and limited funding information available beyond the current settlement year, there remains a level of risk throughout the period of the MTFS and the financial context for Northumbria Police remains extremely challenging.

The MTFS can be found on the Commissioners website.

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. PCCs will continue to operate until the end of their current terms, after which the new governance arrangements will take effect.

In January 2026, the Government published its policing reform White Paper, *From Local to National: A New Model for Policing*, introducing a shift toward a more national model designed to reduce fragmentation, improve consistency, and modernise capability across England and Wales. It proposes the creation of a National Police Service to centralise specialist functions such as serious and complex crime, digital forensics, and procurement, relieving local forces of costly duplication and enabling resources to be redirected into neighbourhood policing and frontline visibility. The White Paper also outlines potential consolidation of police forces, stronger national performance standards, workforce and leadership reforms, and a renewed emphasis on restoring local policing presence—all of which signal substantial future implications for funding, workforce planning, digital investment, and organisational change for every force.

Whilst specific outcomes of the White Paper cannot be predicted for Northumbria, the force has undertaken an impact assessment to consider the impact of potential mergers with neighbouring Forces from an Estates Strategy and local policing estate perspective. The outcome of the assessment by the Estates Board concludes that the planned capital investment in the force estate over the medium-term remains appropriate.

The Assistant Chief Constable (ACC) for Regional Collaboration and Transformation is an executive level post created in 2026/27 to lead on collaboration, national policing reform and the transition strategy across the three forces of Northumbria, Durham and Cleveland.

Events after the reporting period

There are no relevant events to report.

Further Information

This publication provides a review of the financial performance of the Group for 2025/26, a summary of which will be included in the Annual Report for 2025/26 available on the Commissioner's website.



Gail Thompson BSc (Hons) CGMA Date: 30/06/2026

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.

This will be signed by the Commissioner after the external audit

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 2026, 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 2026 and of her income and expenditure for the year-ended 31 March 2026.



Gail Thompson BSc (Hons) CGMA

Date: 30/06/2026

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 2025/26

	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
Balance as at 31 March 2025		12,360	38,466	50,826	6,272	361	57,459	(3,876)	53,583
<u>Movement in reserves during 2025/26</u>									
Total Comprehensive Income and Expenditure		(1,931)	-	(1,931)	-	-	(1,931)	1,267	(664)
Adjustments between Accounting Basis & Funding Basis under regulations	8(a)	7,762	(2,400)	5,362	(3,341)	983	3,004	(3,004)	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves		5,831	(2,400)	3,431	(3,341)	983	1,073	(1,737)	(664)
Transfers (To) / From Earmarked Reserves	8(b)	(5,472)	5,472	-	-	-	-	-	-
Increase or (Decrease) in Year		359	3,072	3,431	(3,341)	983	1,073	(1,737)	(664)
Balance as at 31 March 2026		12,719	41,538	54,257	2,931	1,344	58,532	(5,613)	52,919

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
Balance as at 31 March 2024		11,031	34,209	45,240	11,925	361	57,526	(7,078)	50,448
<u>Movement in reserves during 2024/25</u>									
Total Comprehensive Income and Expenditure		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	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves		5,545	41	5,586	(5,653)	-	(67)	3,202	3,135
Transfers (To) / From Earmarked Reserves	9(b)	(4,216)	4,216	-	-	-	-	-	-
Increase or (Decrease) in Year		1,329	4,257	5,586	(5,653)	-	(67)	3,202	3,135
Balance as at 31 March 2025		12,360	38,466	50,826	6,272	361	57,459	(3,876)	53,583

Comprehensive Income and Expenditure Statement							
2024/25				2025/26	Notes		
Gross Expenditure £000	Income £000	Net Expenditure £000	Service Expenditure Analysis	Gross Expenditure £000		Income £000	Net Expenditure £000
-	(66,108)	(66,108)	Police Services	-	(73,908)	(73,908)	
-	(5,752)	(5,752)	Policing Funds (managed by the PCC)	-	(5,319)	(5,319)	
2,464	(88)	2,376	Office of the Police and Crime Commissioner	1,763	(14)	1,749	
1,331	(137)	1,194	OPCC Supporting Services	1,350	(222)	1,128	
-	(118)	(118)	Capital Financing	-	(116)	(116)	
3,555	(3,555)	-	PCC Commissioning of Victim Services	3,439	(3,439)	-	
432,496	-	432,496	PCC Financing of Police Services	462,287	-	462,287	
439,846	(75,758)	364,088	Net Cost of Services	468,839	(83,018)	385,821	
		720	Other Operating Expenditure			425	} 9
		601	Financing and Investment Income and Expenditure			1,273	
		(367,577)	Taxation and Non-Specific Grant Income and Expenditure			(385,588)	
		(2,168)	(Surplus) / Deficit on Provision of Services			1,931	
		(964)	(Surplus) / Deficit on revaluation of non-current assets			(1,344)	
		(3)	Re-measurements of the net defined pension benefit Liability / Asset			77	
		(967)	Other Comprehensive (Income) and Expenditure			(1,267)	
		(3,135)	Total Comprehensive (Income) and Expenditure			664	

Balance Sheet			
31 March 2025		31 March 2026	Notes
£000		£000	
70,166	Property, Plant & Equipment	67,733	16
375	Investment Property	1,856	16
2,526	Intangible Assets	3,880	16
30,734	Right of use Assets	30,481	17
103,801	Long-Term Assets	103,950	
-	Short-Term Investments	3,862	20
1,100	Assets Held for Sale	-	16
1,130	Inventories	1,241	
49,024	Short-Term Debtors	48,337	18
11,962	Cash and Cash Equivalents	25,249	19
63,216	Current Assets	78,689	
(1,615)	Bank Overdraft	(1,839)	22
(517)	Short-Term Borrowing	(10,753)	22
(323)	Short-Term Lease Liabilities	(165)	
(756)	Short-Term Provision	(644)	21
(35,142)	Short-Term Creditors	(35,707)	20
(38,353)	Current Liabilities	(49,108)	
(2,023)	Long-Term Provisions	(2,992)	21
(71,969)	Long-Term Borrowing	(76,969)	20
-	Long-term creditors	-	18
(1,089)	Long-Term Lease Liabilities	(652)	
(75,081)	Long-Term Liabilities	(80,613)	
53,583	Net Assets	52,918	
57,459	Total Usable Reserves	58,531	8
(3,876)	Total Unusable Reserves	(5,613)	8
53,583	Total Reserves	52,918	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Commissioner at 31 March 2026.



Gail Thompson BSc (Hons) CGMA

Date: 30/06/2026

Treasurer

Cash Flow Statement		
2024/25 £000		2025/26 £000
(2,168)	(Surplus) / Deficit on the provision of services	1,931
	Adjustments to (Surplus) / Deficit on the Provision of Service for Non-Cash Movements:	
(11,040)	Depreciation of Non-Current Assets	(10,211)
(1,798)	Revaluation / Impairment of Non-Current Assets	(5,845)
(1,117)	Amortisation of Intangible Fixed Assets	(1,426)
(3)	Pension Fund Adjustments	77
(1)	(Increase) / Decrease in Provision for Bad Debts	(2)
(856)	Contributions To / (From) Provisions	(857)
(834)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold	(1,725)
(1,167)	Other Non-Cash Movement	(668)
(16,816)		(20,657)
	Accruals Adjustments:	
241	Increase / (Decrease) in Inventories	112
5,743	Increase / (Decrease) in Debtors	(911)
(27)	Increase / (Decrease) in Interest Debtors	38
(4,460)	(Increase) / Decrease in Creditors	422
15	(Increase) / Decrease in Interest Creditors	(236)
1,512		(575)
	Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:	
114	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets	1,300
1,480	Capital Grants Credited to Surplus or Deficit on the Provision of Services	1,531
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities	-
1,594		2,831
	Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:	
(605)	Reversal of amounts disclosed separately below	(928)
	Cash Flows from Operating Activities includes the following items:	
2,478	Interest Paid	2,780
(1,873)	Interest Received	(1,852)
605		928
(15,878)	Net Cash Flows from Operating Activities	(16,470)
	Net Cash Flows from Investing Activities:	
16,116	Purchase of PP&E, Investment Property and Intangible Assets	16,934
579,464	Purchase of Short-Term and Long-Term Investments	1,172,874
540	Other Payments for Investing Activities	446
(114)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets	(1,300)
(579,464)	Proceeds from the Sale of Short-Term and Long-Term Investments	(1,169,012)
(83)	Capital Grants Received (Government)	(51)
(1,397)	Capital Grants Received (Non-Government)	(1,480)
15,062	Net Cash Flows from Investing Activities	18,411
	Net Cash Flows from Financing Activities:	
(10,000)	Cash Receipts of Short-Term and Long-Term Borrowing	(30,000)
15,000	Repayments of Short-Term and Long-Term Borrowing	15,000
5,000	Net Cash Flows from Financing Activities	(15,000)
4,184	Net (Increase) / Decrease in Cash and Cash Equivalents	(13,059)
14,535	Cash and Cash Equivalents at the Beginning of the Period	10,351
10,351	Cash and Cash Equivalents at the End of the Period	23,410

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 **£381.813 million** comprises the Chief Constables outturn position of **£382.550 million** minus the Northumbria share of the NEROCU outturn surplus of **£0.737million**.

Expenditure and Funding Analysis						
2024/25				2025/26		
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
Service Expenditure Analysis						
-	(65,832)	(65,832)	Police Services	-	(73,908)	(73,908)
(105)	(5,647)	(5,752)	Policing Funds (managed by the PCC)	(271)	(5,048)	(5,319)
2,551	(175)	2,376	Office of the Police and Crime Commissioner	1,966	(217)	1,749
1,193	-	1,193	OPCC Supporting Services	1,128	-	1,128
10,974	(11,092)	(118)	Capital Financing	10,175	(10,291)	(116)
-	-	-	PCC Commissioning of Victim Services	-	-	-
357,679	74,541	432,220	PCC Financing of Police Services	381,813	112,636	494,449
372,292	(8,205)	364,087	Net Cost of Services	394,811	23,172	417,983
(377,878)	11,623	(366,255)	Other Income and Expenditure	(398,242)	(17,810)	(416,052)
(5,586)	3,418	(2,168)	(Surplus) / Deficit on Provision of Services	(3,431)	5,362	1,931
45,240			Opening General Fund Balance at 31 March	50,826		
5,586			Surplus / (Deficit) on General Fund in Year	3,431		
50,826			Closing General Fund as 31 March	54,257		

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.

2025/26					
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	(125)	-	-	(73,783)	(73,908)
Policing Funds (managed by the PCC)	-	-	-	(5,048)	(5,048)
Office of the Police and Crime Commissioner	17,609	(69)	-	(17,757)	(217)
OPCC Supporting Services	-	-	-	-	-
Capital Financing	(9,363)	-	-	(928)	(10,291)
PCC Commissioning of Victim Services	-	-	-	-	-
PCC Financing of Police Services	-	-	-	112,636	112,636
Net Cost of Services	8,121	(69)	-	15,120	23,172
Other Income and Expenditure	(2,891)	(8)	209	(15,120)	(17,810)
(Surplus) / Deficit on Provision of Services	5,230	(77)	209	-	5,362

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
Net Cost of Services	3,562	9	-	(11,776)	(8,205)
Other Income and Expenditure	(801)	(6)	654	11,776	11,623
(Surplus) / Deficit on Provision of Services	2,761	3	654	-	3,418

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 2025/26 (and 2024/25 comparative) is analysed as follows:

Expenditure and Income Analysed by Nature		
Expenditure / Income	2024/25 £000	2025/26 £000
Expenditure		
Employee benefits expenses	1,319	1,480
Other employee expenses	12	75
Premises	215	215
Transport	22	4
Supplies and services	1,643	804
Third party payments	4,138	4,158
Depreciation, amortisation and impairment	13,954	17,164
Other capital charges	540	446
Loss on revaluation of investment property	-	319
Less: amounts charged to Chief Constable for use of assets	(14,494)	(17,610)
Financing of Police Services	432,496	462,287
Loss on disposal of property, plant and equipment	720	425
Interest payments	2,480	2,814
Police pension fund deficit - payment to pension fund	69,594	71,958
Interest on the net defined benefit pension liability	15	88
Precept Accounting Adjustment	654	209
Total Expenditure	513,308	544,836
Income		
Fees, charges and other service income	(8,244)	(13,869)
Recharge receipts	(11,453)	(5,453)
Other operating Income	(2,192)	(2,432)
Revenue grants and contributions	(53,868)	(61,298)
Gain on disposal of property, plant and equipment	-	(150)
Interest and investment income	(1,873)	(1,852)
Income from Council Tax	(76,600)	(83,970)
Police Grant income	(290,151)	(300,592)
Police pension fund deficit - grant income	(69,594)	(71,958)
Capital Grants and Contributions	(1,480)	(1,235)
Interest on the net defined benefit pension liability	(21)	(96)
Total Income	(515,476)	(542,905)
(Surplus) / Deficit on the Provision of Services	(2,168)	1,931

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 2025/26

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 2026, as reported in these statements, show the General Reserve at £12.719 million which reflects just over 2.9% of the revenue budget for 2026/27. The Commissioner's strategy for General Reserves is that these will be maintained at a minimum of 2.0% 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 £41.538 million as at 31 March 2026 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 2026, 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 - £17.609 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 - £0.176 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 2025/26.

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 no assets in this category, the asset held for sale at the year end 31 March 2025 has been sold within year 2025/26. Assets held for sale are disclosed separately in the Balance Sheet as current assets identified as assets held for sale and disclosed in Note 15 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 2025/26 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 22** 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.
- h) Right of Use Assets – initially valued under cost model and reviewed annually for material changes.

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. From 2025/26 the CIPFA code of practice requires the valuation of assets to be done every 5 years with indexation applied in the interim years. To implement this change the Force has decided to revalue all assets as at 31 March 2026 to align all assets to the same 5 year cycle.

Right of use assets do not require indexation due to being carried at cost model unless deemed appropriate in which case the treatment would default to that of owned 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, and none in the year of disposal. 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

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 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 21** to the single entity accounts and **Note 11** 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 2025/26 is shown at **Note 14**.

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 2025/26 IFRS 16 for lease accounting was fully implemented after the transition on 01 April 2024. This has an impact on the Chief Constable proxy charge for use of Capital Assets and full disclosure note can be found in the notes to the PCC Single Entity Accounts at Note 18.

In November 2025 CIPFA provided guidance on applying indexation to non-investment assets, this update to the code requires all owned assets to be valued every 5 years with the interim years being indexed. The indices is at the discretion of the Commissioner and Valuer. For the year end 31 March 2026 all assets that fall into this category have been valued to aligned them all to the same 5 year cycle.

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.

The following accounting standards have been introduced by the 2026/27 code and therefore require disclosure in 2025/26 financial statements; are:

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

None of these changes are anticipated to have a material impact on The Police and Crime Commissioner and Group accounts.

7. 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 2026 for which there is significant risk of material adjustment in the forthcoming financial year are as follows:

Fixed Asset Valuations

Asset valuations are required every 5 years under the new guidance from 2025/26 with indexation being applied in the interim years. This standard does not apply to, investment properties, assets held for sale or Right of Use assets carried under the cost model. The Commissioner and Group have decided to value all relevant assets at 31 March 2026 to align them all to the same 5 year cycle. The 2025/26 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 2026.

The NBV of Land and Buildings held on the balance sheet of the Commissioner totals £82.714 million (£52.234 million in PPE and £30.880 million in Right of Use Assets).

8. 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 2025/26 and 2024/25 are set out in the following tables;

Adjustments between Accounting Basis & Funding Basis under regulations 2025/26				
	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	(16,056)	-	-	16,056
Amortisation of intangible assets	(1,426)	-	-	1,426
Revenue Expenditure Funded from Capital under Statute	(446)	-	-	446
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,235	-	(983)	(252)
Capital Expenditure charged in the year to the General Fund	2,400	-	-	(2,400)
Net (Gain) / Loss on sale of non-current assets	(425)	(1,300)	-	1,725
Capital Expenditure Financed from Unapplied Capital Receipts	-	4,641	-	(4,641)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(209)	-	-	209
Reversal of IAS 19 Pension Charges	(220)	-	-	220
Contributions due under the pension scheme regulations	297	-	-	(297)
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	9,488	-	-	(9,488)
Total adjustments between Accounting Basis & Funding Basis under regulations	(5,362)	3,341	(983)	3,004

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)
Total adjustments between Accounting Basis & Funding Basis under regulations	(3,418)	5,653	-	(2,235)

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 and held a balance of £3.400 million of funding to ensure the swift delivery of major transformation schemes, including the replacement of operational police systems and costs associated with the Digital Policing strategy to migrate to Cloud based solutions. In 2025/26 £2.400 million has been used to finance Digital Policing capital expenditure with the balance of £1.000 million held at 31 March 2026

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 approved budget for 2019/20 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.

To reduce the extent of costs falling on the Force and to minimise the impact on operational policing, the implementation of ESN in Northumbria will be funded through a mix of prudential borrowing and the use of the 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 2028/29 and therefore the reserve balance is fully committed in that year.

The **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 was identified to support the investment in future years, to ensure that it would remain sustainable over the medium-term.

The balance on the Investment Reserve at 31 March 2026 is £26.995m.

The Investment Reserve will provide funding over the 4-year MTFS period to sustain investment in policing services whilst efficiency plans are developed to meet the budgetary gap. The forecast use of £24.100m has been profiled over the 4-year MTFS period through to 2029/30, which will leave a small balance remaining of £2.895m.

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 2026 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.

Analysis of the transfers To / From reserves 2025/26

Balance as at 31 March 2025 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2026 £000
Usable Reserves					
12,360	General Reserve	359	-	359	12,719
Earmarked Reserves:					
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	(2,400)	(2,400)	1,000
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
23,165	Investment Reserve	3,968	(138)	3,830	26,995
2,053	Pay Inflation Reserve	-	-	-	2,053
740	OPCC Innovation Reserve	118	-	118	858
982	External Funding Reserve	473	(159)	314	1,296
783	National Policing Capabilities (Hosted Services)	1,157	(684)	473	1,256
423	NE ROCU Reserve	737	-	737	1,160
38,466	Total Earmarked reserves	6,453	(3,381)	3,072	41,538
6,272	Capital Receipts Reserve	1,299	(4,641)	(3,342)	2,930
361	Capital Grants Unapplied	983	-	983	1,344
57,459	Total Usable Reserves	9,094	(8,022)	1,072	58,531
Unusable Reserves					
29,184	Revaluation Reserve	1,698	(1,402)	296	29,480
(33,708)	Capital Adjustment Account	(19,829)	18,005	(1,824)	(35,532)
648	Collection Fund Adjustment Account	-	(209)	(209)	439
-	Deferred Capital Receipts	-	-	-	-
-	Pension Reserve	(165)	165	-	-
(3,876)	Total Unusable Reserves	(18,296)	16,559	(1,737)	(5,613)
53,583	Total Reserves	(9,202)	8,537	(665)	52,918

Analysis of the transfers To / From reserves 2024/25					
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
	Usable Reserves				
11,031	General Reserve	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
34,209	Total Earmarked reserves	12,247	(7,990)	4,257	38,466
11,925	Capital Receipts Reserve	114	(5,767)	(5,653)	6,272
361	Capital Grants Unapplied	1,480	(1,480)	-	361
57,526	Total Usable Reserves	15,939	(16,006)	(67)	57,459
	Unusable Reserves				
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	-	-	-	-
(7,078)	Total Unusable Reserves	19,664	(16,462)	3,202	(3,876)
50,448	Total Reserves	35,603	(32,468)	3,135	53,583

Transfers To / From Unusable Reserves

Unusable Reserves - 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	Balance as at 31 March 2026 £000
29,184	Revaluation Reserve	1,698	(1,402)	296	29,480

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
Balance as at 31 March 2025				(33,708)
Amortisation of Intangible Assets	(1,426)	-	(1,426)	
Depreciation	(10,211)	-	(10,211)	
Downward Revaluation	(5,845)	-	(5,845)	
Revenue expenditure funded by capital under statute (REFCUS)	(446)	-	(446)	
Net Gain/(Loss) on Sale of NCA's	(1,725)	-	(1,725)	
Capital expenditure charged to the General Fund (Reserves)	-	2,400	2,400	
MRP for financing of Capital Investment	-	9,488	9,488	
Capital Receipts applied to finance capital expenditure	-	4,641	4,641	
Historic cost depreciation adjustment (HCDA)	-	1,048	1,048	
Trf from CGU to CAA	-	252	252	
Total Movement on Reserve	(19,653)	17,829		(1,824)
Balance as at 31 March 2026				(35,532)

Transfers To/(From) Reserves

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	Total Movement £000	Balance as at 31 March 2026 £000
	Pensions Reserve				
-	Police and Crime Commissioner LGPS	(165)	165	-	-
		(165)	165	-	-

Subject to Audit

9. 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				
2024/25		2025/26		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
720	(Gains) / Losses on Disposal of Property Plant and Equipment	425	-	425
720	Total Other Operating Expenditure	425	-	425

Financing and Investment Income and Expenditure				
2024/25		2025/26		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,480	Interest on Borrowing	2,814	-	2,814
(1,873)	Interest Income	-	(1,852)	(1,852)
-	Loss / (Gain) on Revaluation of Investment Assets	319	-	319
(6)	Pensions Interest costs and expected return on assets	88	(96)	(8)
601	Total Financing and Investment Income and Expenditure	3,221	(1,948)	1,273

Taxation and Non Specific Grant Income and Expenditure				
2024/25		2025/26		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
(149,281)	Home Office Grant	-	(154,805)	(154,805)
(132,702)	Ex - DCLG Formula Grant	-	(137,619)	(137,619)
(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)
(75,946)	Proceeds of PCC Precepts	209	(83,970)	(83,761)
-	Receipts/payments to Police Pension Fund	71,958	(71,958)	-
(1,480)	Capital grants and contributions	-	(1,235)	(1,235)
(367,577)	Total Taxation and Non Specific Grant Income	72,167	(457,755)	(385,588)

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.

10. 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.

External Audit Costs		
2024/25 £000		2025/26 £000
101	External Audit Services	112
79	Additional fees relating to the previous year's audit	106
180	Net Cost	218

II. Government and non-government grants and contributions

Government and Non-Government Grants				
2024/25			2025/26	
Revenue £000	Capital £000		Revenue £000	Capital £000
		General Government Grant not attributable to Services		
149,281	-	Home Office Grant	154,805	-
132,702	-	Ex - DCLG Formula Grant	137,619	-
6,867	-	Council Tax Support Grant	6,867	-
912	-	Council Tax Freeze Grant 2011/12	912	-
389	-	Council Tax Freeze Grant 2014/15	389	-
69,594	-	Pension Top-up Grant	71,958	-
359,745	-	Total	372,550	-
		Specific Government Grant attributable to Services		
11,168	-	Police Special Pension Grant	10,345	-
-	-	National Insurance Contributions Grant	5,736	-
18,323	-	Police Officer Uplift	16,614	-
-	-	Neighbourhood Policing Grant	6,272	-
1,865	-	Serious Violence Funding	1,865	-
2,295	-	Violence Reduction Unit Funding	2,495	-
1,602	-	Counter Terrorism Grants	1,786	-
118	-	Loan Charges Grant	116	-
3,328	-	Victim Services Grant	3,282	-
1,837	-	Other Specific Policing Funds Managed by the PCC	1,334	-
2,090	-	Apprenticeship Grant	1,241	-
1,477	83	Home Office NE ROCU Funding	2,245	51
177	-	National Rural Crime Unit	1,067	-
360	-	Specific Operations	169	-
21	-	National Audit funding	21	-
5,043	-	Pay Award	3,695	-
1,662	-	Operation Navette	-	-
51,366	83	Total	58,283	51
		Non-Government grant and contributions attributable to Services		
2,502	1,397	Other contributions	3,016	1,184
2,502	1,397	Total	3,016	1,184
413,613	1,480	Total Government and Non-Government contributions recognised in the Comprehensive Income & Expenditure Statement	433,849	1,235

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;

Council Tax Precept				
	Total 2024/25 £000	Precept (in accordance with regulation) 2025/26 £000	Share of Surplus / (Deficit) at 31 March 2026 £000	Total 2025/26 £000
Gateshead Council	9,853	10,659	(59)	10,600
Newcastle City Council	13,154	13,856	590	14,446
North Tyneside Council	12,098	12,720	201	12,921
Northumberland County Council	7,270	22,913	193	23,106
South Tyneside Council	13,488	7,767	134	7,901
Sunderland City Council	20,737	14,971	25	14,996
	76,600	82,886	1,084	83,970

12. 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 2025/26 and the equivalent disclosure for 2024/25.

Remuneration Band	Numbers of Employees receiving over £50,000	
	2024/25	2025/26
£50,000 - £54,999	5	6
£55,000 - £59,999	3	1
£60,000 - £64,999	-	1
£65,000 - £69,999	1	-
£70,000 - £74,999	-	1
£75,000 - £79,999	2	1
£80,000 - £84,999	1	2

Exit Packages

There were no exit packages for the Commissioners Single Entity employees during 2025/26 or 2024/25.

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 2025/26								
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 2025/26 £
Police and Crime Commissioner		92,011	1,221	-	-	93,232	13,475	106,707
Deputy Police and Crime Commissioner		43,795	-	-	-	43,795	7,007	50,803
Chief of Staff and Monitoring Officer		95,057	-	-	-	95,057	15,209	110,266
Total		230,864	1,221	-	-	232,084	35,691	267,775

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 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
Total		199,250	-	-	-	199,250	31,703	230,953

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

13. Related Party Transactions

The Commissioner is required to disclose material transactions with related parties, these are 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. This declaration is made under guidance specifically in relation to the final accounts preparation, this does not require employees to state all business interests as the Force has a separate internal procedure for this which all employees are required to follow.

There are no related party transactions to disclose for 2025/26.

Other Public Bodies

Gateshead Council

During 2025/26 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 £0.056 million in (£0.103 million in 2024/25).

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

14. 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 Force Contributions, Home Office Grants (direct and indirect) and funding under specific arrangements, the NEROCU is 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 into each of the collaboration forces from Home Office grants plus Council Tax income. The contribution proportions made for 2025/26 are set out in the table below:

Force	Contribution
Northumbria	53.11%
Durham	22.81%
Cleveland	24.08%

The final outturn position for NEROCU was £12.986 million with Northumbria's share of the net cost being £6.896 million as set out in the following table:

	NEROCU Outturn		Northumbria	
	2024/25 £000	2025/26 £000	2024/25 £000	2025/26 £000
Employee Pay and Pensions	17,643	19,572	9,343	10,392
Premises Costs	511	481	271	256
Vehicles and Fuel	301	302	159	161
Travel and Accommodation	191	198	101	105
Communications and Computing	884	681	468	362
Training and Conference Fees	220	265	117	141
Supplies and Services	528	436	280	232
Other Expenses	115	118	61	63
Total Expenditure	20,393	22,053	10,800	11,712
Home Office Grant	(2,789)	(4,226)	(1,477)	(2,245)
Other Income	(4,214)	(4,841)	(2,231)	(2,571)
Total Income	(7,003)	(9,067)	(3,708)	(4,816)
Net Expenditure	13,390	12,986	7,092	6,896

The accounting treatment for NEROCU is that expenditure is shown as £11.712 million (£10.800 million 2024/25) in the Chief Constable's accounts with income of £4.816 million (£3.708 million 2024/25) being accounted for in the Commissioners Single Entity accounts. The net cost to the Commissioner and Group is therefore £6.896 million (£7.092 million 2024/25). In addition to the above and as detailed in the narrative statement there has been a one off arrangement with the home office for ROCUs to claim additional funding in 2025/26 to permit them to carry forwards in reserves funding to cover the shortfall from the announcement that there will be no PSG (Public Safety Grant) for the year 2026/27.

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 £1.160 million as at 31 March 2026.

15. 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.

Capital Expenditure and Capital Financing						
2024/25 £000				2025/26 £000		
Debt	Leases	Total		Debt	Leases	Total
110,993	-	110,993	Opening Capital Financing Requirement	108,018	1,411	109,429
			Capital investment			
12,308		12,308	Property, Plant and Equipment	14,390		14,390
1,561		1,561	Intangible Assets	3,021		3,021
540		540	Revenue Funded from Capital Under Statute	467		467
104	2,143	2,247	Right of Use Assets	-	(713)	(713)
		-	Sources of finance			
(5,767)		(5,767)	Capital receipts	(4,641)		(4,641)
(1,127)	(353)	(1,480)	Government grants and other contributions	(299)	47	(252)
(41)	-	(41)	Use of Reserves	(2,400)		(2,400)
(10,553)	(379)	(10,932)	Minimum Revenue Provision	(9,363)	(125)	(9,488)
108,018	1,411	109,429	Closing Capital Financing Requirement	109,193	620	109,813

Explanation of movements in year

(2,975)	1,411	(1,564)	Increase/(Decrease) in underlying need to borrowing (unsupported by government financial assistance)	1,175	(791)	384
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In the above table to improve consistency the leases column only contains information about leases held under the cost model as permitted by the CIPFA code. The Commissioner and Group currently hold one asset that is not deemed appropriate to be held under the cost model and therefore costs in year associated with this asset are shown in the debt column against Right of Use Assets.

Capital Commitments

At 31 March 2026, the Commissioner has capital commitments of approximately £3.957 million relating primarily to Building Works and Digital Policing contracts.

16. Non-Current Assets

Cost or Valuation	Non-current assets movements							Total Non-Current Asset £000
	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	
Balance at 31 March 2024	83,497	55,748	-	139,245	-	1,775	8,312	149,332
Impact from IFRS 16 implementation	(29,131)	-	-	(29,131)	31,274	-	-	2,143
Reclassifications	-	-	-	-	-	(1,400)	-	(1,400)
Balance at 01 April 2024	54,366	55,748	-	110,114	31,274	375	8,312	150,075
Additions	3,616	8,692	-	12,308	104	-	1,561	13,973
Disposals	-	(11,792)	-	(11,792)	-	-	(1,465)	(13,257)
Revaluation Increase / (Decrease) to:				-				-
Revaluation Reserve	(155)	-	-	(155)	(209)	-	-	(364)
Comprehensive I&E	(1,768)	-	-	(1,768)	-	-	-	(1,768)
Balance at 31 March 2025	56,059	52,648	-	108,707	31,169	375	8,408	148,659
Reclassifications	(982)	(597)	-	(1,579)	-	1,580	(1)	-
Balance at 01 April 2025	55,077	52,051	-	107,128	31,169	1,955	8,407	148,659
Additions	5,031	7,530	1,454	14,015	518	54	3,021	17,608
Disposals	-	(8,523)	-	(8,523)	(451)	-	(1,924)	(10,897)
Revaluation Increase / (Decrease) to:				-				-
Revaluation Reserve Movement	(741)	-	-	(741)	149	(153)	-	(745)
Revaluation increase/(decrease) of Peppercorn Lease	-	-	-	-	(114)	-	-	(114)
Revaluation increase/(decrease) to Lease Liability	-	-	-	-	(424)	-	-	(424)
Comprehensive I&E	(6,328)	-	-	(6,328)	-	-	-	(6,328)
Balance at 31 March 2026	53,039	51,059	1,454	105,551	30,847	1,856	9,505	147,759

Non-current assets movements (continued)								
	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
Accumulated depreciation and impairment								
Balance at 31 March 2024	(264)	(40,893)	-	(41,157)	-	-	(5,565)	(46,722)
Impact from IFRS 16 implementation	-	-	-	-	-	-	-	-
Reclassifications	-	-	-	-	-	-	-	-
Balance at 01 April 2024	(264)	(40,893)	-	(41,157)	-	-	(5,565)	(46,722)
Eliminated on disposals of assets	-	11,624	-	11,624	-	-	800	12,424
Eliminated on revaluation:								
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)
Balance at 31 March 2025	(351)	(38,190)	-	(38,541)	(435)	-	(5,882)	(44,858)
Reclassifications	(87)	116	-	29	-	(29)	-	-
Balance at 01 April 2025	(438)	(38,074)	-	(38,512)	(435)	(29)	(5,882)	(44,858)
Eliminated on disposals of assets	-	8,412	-	8,412	176	-	1,683	10,271
Eliminated on revaluation:								
Depreciation and Amortisation written out to Revaluation Reserve	914	-	-	914	618	29	-	1,561
Depreciation written out to for Peppercorn Lease	-	-	-	-	60	-	-	60
Depreciation written out to Lease Liability	-	-	-	-	148	-	-	148
Depreciation and Amortisation written out to Comprehensive I&E	608	-	-	608	-	-	-	608
Depreciation and Amortisation	(1,889)	(7,351)	-	(9,240)	(934)	-	(1,426)	(11,600)
Balance at 31 March 2026	(805)	(37,013)	-	(37,818)	(367)	-	(5,625)	(43,810)

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 31/03/2025	55,708	14,458	-	70,166	30,734	375	2,526	103,801
Net Book Value at 31/03/2026	52,234	14,046	1,454	67,733	30,480	1,856	3,880	103,950

Valuations

Updates to the code of practice for 2025/26 include the requirement to value assets once every 5 years only, with indexation applied in the interim years. Therefore the Commissioner and Group have decided, with their valuer, to revalue all relevant assets as at 31 March 2026 to align them all to the same quinquennial cycle. In addition those categorised as 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 2025/26 financial year and those held at historic cost are set out in the following table

Valuations (PPE and Right of Use Assets)

	Land and Buildings £000	Vehicles, Plant and Equipment £000	Assets under construction £000	Investment Property £000	Intangible Assets £000	Right of Use Assets £000	Total Non- Current Assets £000
Carried at Historical Cost		14,046	1,454	-	3,880	1,014	20,393
Valued in 2025/26	52,234			1,856		29,466	83,556
Total Net Book Value at 31 March 2025	52,234	14,046	1,454	1,856	3,880	30,480	103,950

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 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 2024 published by the Royal Institute of Chartered Surveyors.

All assets that were held for sale at 31 March 2025 have been sold through the 2025/26 year

Assets Held for Sale

	2024/25 £000	2025/26 £000
Net Book Value		
Balance as at 01 April	-	1,100
Reclassification of Property, Plant & Equipment	1,400	-
Additions	-	-
Disposals	-	(1,100)
Revaluation	(300)	-
Balance as at 31 March	1,100	-

17. Leases

IFRS 16 Leases

from 1 April 2024 it was mandatory under the CIPFA code of practice to adopt IFRS 16 for lease accounting, this was effective in the 2024/25 financial year for transition and the 2025/26 accounts are the first full year post implementation.

The Commissioner has assessed all lease agreement under IFS 16 standards and has recognised all those that fall in scope.

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. With a net impact to the CIES in 2024/25 of £0.447 million

At the year end a full review was completed to assess any movements and ensure assumptions applied were still valid. This piece of work concluded that the Commissioner had overstated those assets brought onto the balance sheet due to assumptions about future lease potential. The full portfolio of leases was therefore revalued at 01 April 2024, 31 March 2025 and 31 March 2026. The result of this work has meant a reduction in the number of leases recognised on the balance sheet however the financial impact to the balance sheet was considered immaterial and these updates have been processed as corrections in the 2025/26 year.

The Commissioner and Group consider lease arrangements to be exempt if there is no commitment beyond 12 months or if the assessment of the underlying asset is low value. When determining materiality under IFRS 16 if the underlying right of use asset is less than £0.010 million the asset will be considered low value exempt.

The right of use assets are valued under the cost model which considers the current value of future cash flows as determined by the lease agreement. The discounted value is used to recognised a right of use asset and an equal liability for lease payments on the balance sheet. The Force has used its internal weighted average cost of borrowing for discounting future cashflows as this was deemed appropriate under the CIPFA code of practice as the most relevant rate for the entity to apply using its actual debt portfolio.

Leases that contain a peppercorn rent arrangement (low or no rental payments) a value of current market rent has been used to determine the value of the right of use asset which is recognised under the same rules as a donated asset.

All right of use assets will be depreciated in the year of acquisition on a straight line basis over the term of the lease resulting in no depreciation charge in the year of disposal.

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
Balance at 31 March 2025	30,734	-	30,734
Additions	518	-	518
Revaluations	(389)	-	(389)
Depreciation and Amortisation	(934)	-	(934)
Disposals	(275)	-	(275)
Depreciation written out on Revaluation	826	-	826
Balance at 31 March 2026	30,480	-	30,480

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

2024/25 £000		2025/26 £000
Comprehensive income and expenditure statement		
(69)	Interest expense on lease liabilities	(34)
(378)	Expense relating to short-term leases	(231)
-	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	-
Cash flow statement		
447	Total cash outflow for leases	265

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.

Maturity profile of lease repayments and associated cash flows		
2024/25 £000		2025/26 £000
529	Less than one year	191
1,018	One to five years	547
464	more than five years	455
2,011	Total undiscounted liability	1,193

18. 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 £11.958 million in 2024/25 (£10.847 million in 2024/25).

The bad debt provision includes £7.351 million (£5.430 million in 2024/25) 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

Short-Term Debtors		
31 March 2025 £000		31 March 2026 £000
26,644	Central government bodies	24,502
573	NHS bodies	402
21,468	Other local authorities	20,704
10	Public corporations and trading funds	329
5,770	Bodies external to general government	9,764
(5,441)	- Less bad debt provision	(7,364)
49,024		48,337

19. 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 Commissioners 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:

Cash and Cash Equivalents		
31 March 2025		31 March 2026
£000		£000
27	Cash held by the Commissioner	26
11,935	Short Term Deposits	25,225
11,962		25,251

20. 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 2025		31 March 2026
£000		£000
(1,847)	Central government bodies	(898)
(63)	NHS bodies	(135)
(9,196)	Other local authorities	(9,030)
-	Public corporations and trading funds	(2,699)
(9,663)	Bodies external to general government	(8,775)
(20,769)		(21,537)
(14,373)	Chief Constable	(14,056)
(35,142)		(35,593)

Under IAS19 Employee Benefits, the Commissioner has a long-term liability in relation to future pension commitments. More details are provided in **Note 23**.

21. Provisions and Contingent Liabilities

Provisions

Provisions					
31 March 2025		Additional Provisions Made	Provisions Used	Reversals	31 March 2026
£000		£000	£000	£000	£000
	Long-term provisions				
(2,023)	Insurance	(1,994)	1,025	-	(2,992)
	Short-term provisions				
(756)	Riot Compensation	(6)	99	19	(644)
(2,779)	Total	(2,000)	1,124	19	(3,636)

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 2026.

The **Riot Compensation provision** is in relation to the unrest in Summer 2024, there have been some smaller claims settled in 2025/26 with the rest of the claims anticipated to be settled by 31 March 2026.

Contingent Liabilities

At 31 March 2026, 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.

22. 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 2025	As at 31 March 2026	As at 31 March 2025	As at 31 March 2026
	£000	£000	£000	£000
Financial Assets (at amortised cost);				
Fixed Term Investments	-	-	-	3,862,391
Instant Access Investments	-	-	11,935	25,225
Service Specific Current Accounts	-	-	-	-
Cash	-	-	27	26
Trade Debtors	-	-	25,459	20,571
Total Financial Assets	-	-	37,421	3,908,213
Financial Liabilities (at amortised cost);				
Borrowing	(71,969)	(76,969)	(517)	(10,753)
Bank Overdraft	-	-	(1,618)	(1,839)
Trade Creditors	-	-	(18,955)	(14,721)
Total Financial Liabilities	(71,969)	(76,969)	(21,090)	(27,313)

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;

Analysis of Financial Assets		
	Total Outstanding at 31 March 2025 £000	Total Outstanding at 31 March 2026 £000
Short Term Investments		
Fixed Term	-	-
Cash and Cash Equivalents		
Instant Access Investments	11,935	25,225
Service Specific Current Accounts	-	-
Cash	27	26
Short Term Debtors		
Trade Debtors	25,137	25,241
Total Financial Assets	37,099	50,492

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 2025/26 is £0.445 million (£0.322 million in 2024/25).

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.

Analysis of Financial Liabilities			
	Range of Interest rates payable %	Total Outstanding at 31 March 2025 £000	Total Outstanding at 31 March 2026 £000
Source of Borrowing			
Public Works Loan Board	1.17 - 7.125	(67,472)	(82,708)
Other Loan Instruments	3.52	(5,014)	(5,014)
Long Term Borrowing			
Maturing in more than 10 years		(51,469)	(51,469)
Maturing within 5 - 10 years		-	-
Maturing within 2 - 5 years		(20,500)	(20,500)
Maturing within 1 - 2 years		-	-
		(71,969)	(71,969)
Short Term Financial Liabilities			
Short Term Borrowing		(517)	(10,753)
Bank Overdraft		(1,618)	(1,839)
Short Term Creditors - Trade Creditors		(12,017)	(12,351)
Total Financial Liabilities		(86,121)	(96,912)

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 2025/26 (£6.749 million for 2024/25).

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		
	2024/25 £000	2025/26 £000
Interest and Investment Income	(1,873)	(1,852)
Interest Payable and Similar Charges	2,411	2,780
Total	538	928

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.

Fair Value of Assets and Liabilities				
	As at March 2025		As at March 2026	
	Carrying Amount £000	Fair Value £000	Carrying Amount £000	Fair Value £000
Cash	27	27	26	26
Total Financial Asset	27	27	26	26
PWLB Debt	67,472	50,062	82,708	50,062
Non PWLB Debt	5,014	3,824	5,014	3,824
Main Current Account (Overdraft)	1,615	1,615	1,839	1,839
Total Financial Liability	74,101	55,501	89,561	55,725

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 2026) arising from a commitment to pay interest to lenders below current market rates. The fair values at 31 March 2026 are higher than last year due to additional borrowings of £15.000 million PWLB loans 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:

- a) Credit risk: the possibility that other parties might fail to pay amounts due to the Commissioner;
- b) Liquidity risk: the possibility that the Commissioner might not have the funds available to meet her commitments to make payments;
- c) 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
- d) 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:

- a) Formally adopting the requirements of the CIPFA Treasury Management Code of practice;
- b) The adoption of a Treasury Policy Statement;
- c) 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 £25.241 million only £0.128 million was considered to carry credit risk and therefore has been provided for to the value of £0.013 million on the Commissioners balance sheet (£0.011 million for financial year 2024/25).

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;

Analysis of Credit Risk		
Rating	2024/25 £000	2025/26 £000
AAA	11,154	25,000
AA	-	-
AA-	594	3,862
A+	244	203
A	-	-
Total	11,992	29,065

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 2026, all of the Commissioner's £29.065 million deposits were due to mature within 364 days.

Refinancing and Maturity Risk

The Commissioner maintained a debt portfolio of £86.969 million and investment portfolio of £29.065 million at 31 March 2026. 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:

Maturity Profile of Financial Liabilities					
Maturity Period	As at 31 March 2025		As at 31 March 2026		
	Approved Limits %	%	Approved Limits %	%	
< 1 Year	60.00	0.00	60.00	11.50	
1 - 2 Years	40.00	0.00	40.00	11.50	
2 - 5 Years	40.00	28.48	40.00	17.82	
5 - 10 Years	40.00	0.00	40.00	0.00	
>10 Years	80.00	71.52	80.00	59.18	

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 2026, there was only exposure to interest rate sensitivity on variable rate investments. The results of this assessment are shown in the following table:

Analysis of 1% increase in Interest Rates		£000
Increase in interest payable on variable rate borrowing		-
Increase in interest receivable on variable rate investments		(238)
Impact on the (Surplus) / Deficit		(238)
Decrease in the fair value of fixed rate investments		-
Decrease in the fair value of fixed rate borrowing		4,944

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.

23. 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 2025/26, the Commissioner paid £0.297 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £0.307 million in 2024/25.

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 2025 which determined the contributions to be paid from 01 April 2026 to 31 March 2029. The results from that valuation are set out in the Fund's Rates and Adjustment Certificate. The employer's standard contribution rate from 01 April 2026 reduced from 16.0% to 13.8% as a result of the 2025 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2028 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:

	Funded Liabilities as at	
	31 March 2025	31 March 2026
	£m	£m
Charges to Comprehensive Income and Expenditure Statement		
Within Cost of Service		
Current Service Cost	0.316	0.222
Past service cost (incl. curtailments)	-	0.006
Financing, Investment Income & Expenditure		
Interest on net defined benefit Liability / (Asset)	(0.021)	(0.096)
Interest on unrecognised asset	0.015	0.088
Pension expense recognised in CIES	0.310	0.220
Remeasurements in OCI		
Return on plan assets (in excess of) / below that recognised in net interest	(0.189)	(1.751)
Actuarial (Gains) / Losses due to change in financial assumptions	(1.191)	(0.080)
Actuarial (Gains) / Losses due to change in demographic assumptions	(0.039)	0.002
Actuarial (Gains) / Losses due to liability experience	0.227	1.299
Adjustment loss (gain) due to restriction of surplus	1.189	0.607
Total Amount recognised in OCI	(0.003)	0.077
Total Amount charged to CIES	0.307	0.297

Allowance for admin expense included in current service costs £0.011m

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 2025 £m	31 March 2026 £m
Opening defined benefit obligation	4.421	4.055
Current service cost	0.316	0.222
Interest expense on defined benefit obligation	0.211	0.238
Contributions by participants	0.132	0.136
Actuarial (Gains) / Losses on liabilities - financial assumptions	(1.191)	(0.080)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	(0.039)	0.002
Actuarial (Gains) / Losses on liabilities - experience	0.227	1.299
Net benefits paid out	(0.022)	(0.052)
Past service cost (incl. curtailments)	-	0.006
Closing defined benefit obligation	4.055	5.826

	Changes to the fair value of assets during the period	
	Funded Liabilities as at	
	31 March 2025 £m	31 March 2026 £m
Opening fair value of assets	4.733	5.571
Interest income on assets	0.232	0.334
Remeasurement Gains / (Losses) on assets	0.189	1.751
Contributions by the employer	0.307	0.297
Contributions by participants	0.132	0.136
Net benefits paid out	(0.022)	(0.052)
Closing fair value of assets	5.571	8.037

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 2025 £m	31 March 2026 £m
Fair Value of Assets (funded)	4.733	8.037
Present value of defined benefit obligation (funded)	(4.421)	(5.826)
Unrecognised asset	(0.312)	(2.211)
Asset / (Liability) recognised on the balance sheet	-	-

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 £2.085 million (£0.421 million gain in 2024/25)

Analysis of Scheme Assets				
Asset	Asset split at 31 March 2025 (%)	Quoted At 31 March 2026 (%)	Unquoted At 31 March 2026 (%)	Asset split at 31 March 2026 (%)
Equities	48.1	36.9	11.6	48.5
Property	11.1	0.0	11.2	11.2
Government bonds	1.1	1.2	0.0	1.2
Corporate bonds	18.1	18.4	0.0	18.4
Cash	1.8	0.4	0.0	0.4
Other*	19.8	4.4	15.9	20.3
	100.0	61.3	38.7	100.0

* 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

Members	%
Actives	87
Deferred Pensioners	4
Pensioners	9

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 2025.

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:

Principal financial and actuarial assumptions		
	Funded Liabilities	
	2024/25	2025/26
Financial assumptions (% per annum)		
Discount Rate	5.8	6.2
Rate of Inflation (CPI)	2.5	2.8
Rate of increase in salaries	4.0	4.3
Rate of increase to pensions in payment	2.5	2.8
Pension accounts revaluation rate	2.5	2.8
Mortality assumptions		
Future lifetime from age 65 (Member aged 65 at accounting date)		
Men	20.9	21.9
Women	24.1	24.4
Future lifetime from age 65 (Member aged 45 at accounting date)		
Men	21.8	22.4
Women	25.2	25.1

Commutations	
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.
Year end 31 March 2026	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.

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)	5.709	5.826	5.943
Change in present value of total obligation	-2.0%		2.0%
Projected service cost (£M)	0.206	0.217	0.228
Approximate change in projected service cost	-4.9%		5.0%
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)	5.843	5.826	5.809
Change in present value of total obligation	0.3%		-0.3%
Projected service cost (£M)	0.217	0.217	0.217
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)	5.925	5.826	5.727
Change in present value of total obligation	1.7%		-1.7%
Projected service cost (£M)	0.228	0.217	0.206
Approximate change in projected service cost	5.0%		-4.9%
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)	5.954	5.826	5.698
Change in present value of total obligation	2.2%		-2.2%
Projected service cost (£M)	0.225	0.217	0.209
Approximate change in projected service cost	3.7%		-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 Commissioner for the accounting period to 31 March 2027 are estimated to be £0.267 million.

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 20.1 years for the funded benefits.

24. 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.

Trust Funds	
31 March 2025 £000	31 March 2026 £000
(24) Northumbria Charities	(17)
(1,673) Proceeds of Crime Act 2002	(1,863)
(1,697)	(1,880)

25. Ministry of Justice Grant

In 2025/26 the Commissioner received a grant of £3.282 million from the Ministry of Justice (MOJ) (£3.328 million for 2024/25) 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 2025/26 financial year followed by the equivalent tables for 2024/25;

Organisation / Project	Grant 2025/26 £000	Organisation / Project	Grant 2025/26 £000
Acorns	43	Northumbria PCC Commissioning Staff	38
Action for Children	46	Northumbria Victim and Witness Service	945
Advocacy after fatal domestic abuse Ltd	5	Oasis Aquila Housing	95
Alice Ruggles Trust	15	Paladin	1
Apna Ghar	15	Pride Action North	29
Bright Futures	11	Rape Crisis Tyneside and Northumberland	366
Changing Lives	177	Someone Cares	41
Children North East	71	Sunderland Counselling	41
Community Counselling Cooperative	93	SURT	36
Connected Voice	70	The Angelou Centre	159
Cygnus Support	65	The Childrens Society	2
Harbour	187	Tyneside & Northumberland Mind	80
Impact Family Service	83	Tyneside Women's Health	25
Lucy Faithful Foundation	5	Urban River Created Ltd	(3)
Newcastle Women's Aid	34	Wearside Women in Need	308
North East Law Centre	69	Women's Health in South Tyneside (WHiST)	84
Northumberland Domestic Abuse Services	46		
Total Grant Allocated		3,282	

Organisation / Project	Grant 2024/25 £000	Organisation / Project	Grant 2024/25 £000
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
Total Grant Allocated			3,328

26. Events after the reporting period

There have been events to report.

27. Authorisation of accounts for issue

The Commissioner's Statements of Account will be approved after the completion of the external audit.

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

Movement in Reserves Statement 2025/26

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
Balance as at 31 March 2025	12,360	38,466	50,826	6,272	361	57,459	(3,876)	53,583	-	(2,979,337)	(2,925,754)
Movement in reserves during 2025/26											
Total Comprehensive Income and Expenditure	461,299	-	461,299	-	-	461,299	1,267	462,566	(579,631)	292,128	175,063
Adjustments between Group Accounts and PCC Single Entity Accounts	(463,230)	-	(463,230)	-	-	(463,230)	-	(463,230)	463,230	-	-
Net Increase / (Decrease) before Transfers	(1,931)	-	(1,931)	-	-	(1,931)	1,267	(664)	(116,401)	292,128	175,063
Adjustments between Accounting Basis & Funding Basis under regulations	6(a) 2,962	2,400	5,362	(3,341)	983	3,004	(3,004)	-	116,401	(116,401)	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves	1,031	2,400	3,431	(3,341)	983	1,073	(1,737)	(664)	-	175,727	175,063
Transfers (To) / From Earmarked Reserves	6(b) (672)	672	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Year	359	3,072	3,431	(3,341)	983	1,073	(1,737)	(664)	-	175,727	175,063
Balance at 31 March 2026	12,719	41,538	54,257	2,931	1,344	58,532	(5,613)	52,919	-	(2,803,610)	(2,750,691)

Movement in Reserves - Group

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 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
Balance as at 31 March 2024	11,031	34,209	45,240	11,925	361	57,526	(7,078)	50,448	-	(3,269,632)	(3,219,184)
Movement in reserves during 2024/25											
Total Comprehensive Income and Expenditure	435,682	-	435,682	-	-	435,682	967	436,649	(547,398)	404,179	293,430
Adjustments between Group Accounts and PCC Single Entity Accounts	(433,514)	-	(433,514)	-	-	(433,514)	-	(433,514)	433,514	-	-
Net Increase / (Decrease) before Transfers	2,168	-	2,168	-	-	2,168	967	3,135	(113,884)	404,179	293,430
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)	-
Net Increase / (Decrease) before Transfers (To) / From Earmarked Reserves	5,545	41	5,586	(5,653)	-	(67)	3,202	3,135	-	290,295	293,430
Transfers (To) / From Earmarked Reserves	6(b) (4,216)	4,216	-	-	-	-	-	-	-	-	-
Increase / (Decrease) in Year	1,329	4,257	5,586	(5,653)	-	(67)	3,202	3,135	-	290,295	293,430
Balance at 31 March 2025	12,360	38,466	50,826	6,272	361	57,459	(3,876)	53,583	-	(2,979,337)	(2,925,754)

Comprehensive Income and Expenditure Statement

2024/25			2025/26			Notes
Gross Expenditure £000	Income £000	Net Expenditure £000	Gross Expenditure £000	Income £000	Net Expenditure £000	
			Service Expenditure Analysis			
389,033	(66,108)	322,925	409,810	(73,908)	335,902	
5,647	(5,752)	(105)	5,048	(5,319)	(271)	
2,464	(88)	2,376	1,763	(14)	1,749	
1,331	(137)	1,194	1,350	(222)	1,128	
-	(118)	(118)	-	(116)	(116)	
3,555	(3,555)	-	3,439	(3,439)	-	
402,030	(75,758)	326,272	421,410	(83,018)	338,392	
		720			425	
		152,301			165,103	
		(367,577)			(385,588)	
		111,716			118,332	
		(964)			(1,344)	
		(404,182)			(292,053)	
		(405,146)			(293,397)	
		(293,430)			(175,065)	

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Balance Sheet

31 March 2025 £000		31 March 2026 £000	Notes
70,166	Property, Plant & Equipment	67,733	
375	Investment Property	1,856	
2,526	Intangible Assets	3,880	
30,734	Right of use Assets	30,481	
103,801	Long-Term Assets	103,950	
-	Short-Term Investments	3,862	
1,100	Assets Held for Sale	-	
1,130	Inventories	1,241	
49,418	Short-Term Debtors	48,836	10
11,962	Cash and Cash Equivalents	25,249	
63,610	Current Assets	79,188	
(1,615)	Bank Overdraft	(1,839)	
(517)	Short-Term Borrowing	(10,753)	
(323)	Short-Term Lease Liabilities	(165)	
(980)	Short-Term Provision	(844)	12
(49,899)	Short-Term Creditors	(51,665)	11
(53,334)	Current Liabilities	(65,266)	
(2,023)	Long-Term Provisions	(2,992)	12
(71,969)	Long-Term Borrowing	(76,969)	
(1,089)	Long-Term Lease Liabilities	(652)	
(2,964,750)	Other Long-Term Liabilities (Pensions)	(2,787,950)	13
(3,039,831)	Long-Term Liabilities	(2,868,563)	
(2,925,754)	Net Assets	(2,750,691)	
57,459	Total Usable Reserves	58,531	6(b)
(2,983,213)	Total Unusable Reserves	(2,809,222)	6(b)
(2,925,754)	Total Reserves	(2,750,691)	

I certify that the Balance Sheet position gives a true and fair view of the financial position of the Group at 31 March 2026.



Gail Thompson BSc (Hons) CGMA

Date: 30/06/2026

Treasurer

Cash Flow Statement	
2024/25 £000	2025/26 £000
111,716	(Surplus) / Deficit on the provision of services 118,332
Adjustments to (Surplus) / Deficit on the provision of service for non-cash movements:	
(11,040)	Depreciation of Non-Current Assets (10,211)
(1,798)	Revaluation / Impairment of Non-Current Assets (5,845)
(1,117)	Amortisation of Intangible Fixed Assets (1,426)
(117,342)	Pension Fund Adjustments (115,251)
(1)	(Increase) / Decrease in Provision for Bad Debts (2)
(754)	Contributions To / (From) Provisions (833)
(834)	Carrying amount of PP&E, Investment Property and Intangible Assets Sold (1,725)
2,289	Other Non-Cash Movement (1,743)
(130,597)	(137,036)
Accruals Adjustments:	
241	Increase / (Decrease) in Inventories 112
5,910	Increase / (Decrease) in Debtors (805)
(27)	Increase / (Decrease) in Interest Debtors 38
(4,730)	(Increase) / Decrease in Creditors 294
15	(Increase) / Decrease in Interest Creditors (236)
1,409	(597)
Adjustments for items included in the net (Surplus) / Deficit on the provision of service that are investing or financing activities:	
114	Proceeds from the Disposal of PP&E, Investment Property and Intangible Assets 1,300
1,480	Capital Grants Credited to Surplus or Deficit on the Provision of Services 1,531
-	Other Adjustments for items included in the net (Surplus) / Deficit on the Provision of Service that are Investing or Financing Activities -
1,594	2,831
Reversal of Operating Activity items included in the net (Surplus) / Deficit on the Provision of Service that are shown separately below:	
(605)	(928)
Cash Flows from Operating Activities includes the following items:	
2,478	Interest Paid 2,780
(1,873)	Interest Received (1,852)
605	928
(15,878)	Net cash flows from Operating Activities (16,470)
Net Cash Flows from Investing Activities:	
16,116	Purchase of PP&E, Investment Property and Intangible Assets 16,934
579,464	Purchase of Short-Term and Long-Term Investments 1,172,874
540	Other Payments for Investing Activities 446
(114)	Proceeds from the Sale of PP&E, Investment Property and Intangible Assets (1,300)
(579,464)	Proceeds from the Sale of Short-Term and Long-Term Investments (1,169,012)
(83)	Capital Grants Received (Government) (51)
(1,397)	Capital Grants Received (Non-Government) (1,480)
15,062	Net cash flows from Investing Activities 18,411
Net Cash Flows from Financing Activities:	
(10,000)	Cash Receipts of Short-Term and Long-Term Borrowing (30,000)
15,000	Repayments of Short-Term and Long-Term Borrowing 15,000
5,000	Net cash flows from Financing Activities (15,000)
4,184	Net (Increase) / Decrease in Cash and Cash Equivalents (13,059)
14,535	Cash and Cash Equivalents at the Beginning of the Period 10,351
10,351	Cash and Cash Equivalents at the End of the Period 23,410

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.

Expenditure and Funding Analysis						
2024/25				2025/26		
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
Service Expenditure Analysis						
357,679	(34,754)	322,925	Police Services	381,813	(45,911)	335,902
(105)	-	(105)	Policing Funds (managed by the PCC)	(271)	-	(271)
2,550	(174)	2,376	Office of the Police and Crime Commissioner	1,966	(217)	1,749
1,194	-	1,194	OPCC Supporting Services	1,128	-	1,128
10,974	(11,092)	(118)	Capital Financing	10,175	(10,291)	(116)
-	-	-	Commissioning of Victim Services	-	-	-
372,292	(46,020)	326,272	Net Cost of Services	394,811	(56,419)	338,392
(377,878)	163,322	(214,556)	Other Income and Expenditure	(398,242)	178,182	(220,060)
(5,586)	117,302	111,716	(Surplus) / Deficit on Provision of Services	(3,431)	121,763	118,332
45,240			Opening General Fund Balance at 31 March	50,826		
5,586			Surplus / (Deficit) on General Fund in Year	3,431		
50,826			Closing General Fund as 31 March	54,257		

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.

2025/26						
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	(125)	(48,502)	1,073	-	1,643	(45,911)
Policing Funds (managed by the PCC)	-	-	-	-	-	-
Office of the Police and Crime Commissioner	17,609	(69)	-	-	(17,757)	(217)
OPCC Supporting Services	-	-	-	-	-	-
Capital Financing	(9,363)	-	-	-	(928)	(10,291)
Commissioning of Victim Services	-	-	-	-	-	-
Net Cost of Services	8,121	(48,571)	1,073	-	(17,042)	(56,419)
Other Income and Expenditure	(2,891)	163,822	-	209	17,042	178,182
(Surplus) / Deficit on Provision of Services	5,230	115,251	1,073	209	-	121,763

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	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	-	-	-	-	-	-
Net Cost of Services	3,562	(34,352)	(3,455)	-	(11,775)	(46,020)
Other Income and Expenditure	(801)	151,694	-	654	11,775	163,322
(Surplus) / Deficit on Provision of Services	2,761	117,342	(3,455)	654	-	117,302

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 2025/26 and 2024/25 is analysed as follows:

Expenditure and Income Analysed by Nature		
Expenditure / Income	2024/25 £000	2025/26 £000
Expenditure		
Employee benefits expenses	319,267	333,534
Other employee expenses	8,127	8,436
Premises	11,419	11,062
Transport	5,849	5,757
Supplies and services	30,893	31,825
Third party payments	11,980	13,370
Depreciation, amortisation and impairment	13,954	17,164
Other capital charges	540	446
Loss on Revaluation of Investment Property	-	319
Loss on disposal of property, plant and equipment	720	425
Interest payments	2,480	2,814
Police pension fund deficit - payment to pension fund	69,594	71,958
Interest on the net defined benefit pension liability	154,175	171,288
Precept Accounting Adjustment	654	209
Total Expenditure	629,652	668,607
Income		
Fees, charges and other service income	(8,244)	(13,869)
Recharge receipts	(11,453)	(5,453)
Other operating Income	(2,192)	(2,432)
Revenue grants and contributions	(53,868)	(61,298)
Gain on disposal of property, plant and equipment	-	(150)
Interest and investment income	(1,873)	(1,852)
Income from Council Tax	(76,600)	(83,970)
Police Grant income	(290,151)	(300,592)
Police pension fund deficit - grant income	(69,594)	(71,958)
Capital Grants and Contributions	(1,480)	(1,235)
Interest on the net defined benefit pension liability	(2,481)	(7,466)
Total Income	(517,936)	(550,275)
(Surplus) / Deficit on the Provision of Services	111,716	118,332

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 2026 for which there is significant risk of material adjustment in the forthcoming financial year are as outlined in **Note 7** 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 12** 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 £193.000 million (7.0%).
- An increase in the salary inflation assumption of 0.5% would result in a reduction in the pension liability of £24.000 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 £6.580 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 £0.390 million (0.1%).

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 2025/26 and 2024/25 are set out in the following tables:

Adjustments between Accounting Basis & Funding Basis under regulations 2025/26

	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	(16,056)	-	-	16,056
Amortisation of intangible assets	(1,426)	-	-	1,426
Revenue Expenditure Funded from Capital under Statute	(446)	-	-	446
Application of Capital Grants and Contributions to capital financing transferred to the Capital Adjustment Account	1,235	-	(983)	252
Capital Expenditure charged in the year to the General Fund	2,400	-	-	(2,400)
Net (Gain) / Loss on sale of non-current assets	(425)	(1,300)	-	1,725
Capital Expenditure Financed from Unapplied Capital Receipts	-	4,641	-	(4,641)
Difference between amounts credited to the CI&E Account and amounts to be recognised under statutory provisions relating to Council Tax	(209)	-	-	209
Reversal of IAS 19 Pension Charges	(192,290)	-	-	192,290
Contributions due under the pension scheme regulations	77,039	-	-	(77,039)
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	(1,073)	-	-	1,073
Revenue provision for the repayment of debt	9,488	-	-	(9,488)
Total adjustments between Accounting Basis & Funding Basis under regulations	(121,763)	3,341	(983)	119,909

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)
Total adjustments between Accounting Basis & Funding Basis under regulations	(117,302)	5,653	-	111,649

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

Analysis of the transfers To / From reserves 2025/26					
Balance as at 31 March 2025 £000		Transfers to reserve £000	Transfers from reserve £000	Total movement on reserve £000	Balance as at 31 March 2026 £000
Usable Reserves					
12,360	General Reserve	359	-	359	12,719
Earmarked Reserves:					
3,000	Insurance Reserve	-	-	-	3,000
3,400	Operational Systems Reserve	-	(2,400)	(2,400)	1,000
1,320	Workforce Management Reserve	-	-	-	1,320
2,600	ESN Reserve	-	-	-	2,600
23,165	Investment Reserve	3,968	(138)	3,830	26,995
2,053	Pay Inflation Reserve	-	-	-	2,053
740	OPCC Innovation Reserve	118	-	118	858
982	External Funding Reserve	473	(159)	314	1,296
783	National Policing Capabilities (Hosted Services)	1,157	(684)	473	1,256
423	NE ROCU Reserve	737	-	737	1,160
38,466	Total Earmarked reserves	6,453	(3,381)	3,072	41,538
6,272	Capital Receipts Reserve	1,299	(4,641)	(3,342)	2,930
361	Capital Grants Unapplied	983	-	983	1,344
57,459	Total Usable Reserves	9,094	(8,022)	1,072	58,531
Unusable Reserves					
29,184	Revaluation Reserve	1,698	(1,402)	296	29,480
(33,708)	Capital Adjustment Account	(19,829)	18,005	(1,824)	(35,532)
648	Collection Fund Adjustment Account	-	(209)	(209)	439
-	Deferred Capital Receipts	-	-	-	-
(14,587)	Accumulated Absences Account	(1,072)	-	(1,072)	(15,659)
(2,964,750)	Pensions Reserve	284,853	(108,053)	176,800	(2,787,950)
(2,983,213)	Total Unusable Reserves	265,650	(91,659)	173,991	(2,809,222)
(2,925,754)	Total Reserves	274,744	(99,681)	175,063	(2,750,691)

Analysis of the transfers To / From reserves 2024/25					
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
Usable Reserves					
11,031	General Reserve	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
34,209	Total Earmarked reserves	12,247	(7,990)	4,257	38,466
11,925	Capital Receipts Reserve	114	(5,767)	(5,653)	6,272
361	Capital Grants Unapplied	1,480	(1,480)	-	361
57,526	Total Usable Reserves	15,939	(16,006)	(67)	57,459
Unusable Reserves					
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)
(3,276,710)	Total Unusable Reserves	(97,679)	391,176	293,497	(2,983,213)
(3,219,184)	Total Reserves	(81,740)	375,170	293,430	(2,925,754)

Notes to the Group Financial Statements

Movement on Unusable Reserves

Unusable Reserves - 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	Balance as at 31 March 2026 £000
29,184	Revaluation Reserve	1,698	(1,402)	296	29,480

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
Balance as at 31 March 2025				(33,708)
Amortisation of Intangible Assets	(1,426)	-	(1,426)	
Depreciation	(10,211)	-	(10,211)	
Downward Revaluation	(5,845)	-	(5,845)	
Revenue expenditure funded by capital under statute (REFCUS)	(446)	-	(446)	
Net Gain/(Loss) on Sale of NCA's	(1,725)	-	(1,725)	
Capital expenditure charged to the General Fund (Reserves)	-	2,400	2,400	
MRP for financing of Capital Investment	-	9,488	9,488	
Capital Receipts applied to finance capital expenditure	-	4,641	4,641	
Historic cost depreciation adjustment (HCDA)	-	1,048	1,048	
Trf from CGU to CAA	-	252	252	
Total Movement on Reserve	(19,653)	17,829		(1,824)
Balance as at 31 March 2026				(35,532)

Unusable Reserves - Pensions Reserve					
Transfers To/(From) Reserves					
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	Total Movement £000	Balance as at 31 March 2026 £000
Pensions Reserve					
-	Police and Crime Commissioner LGPS	(165)	165	-	-
(2,080)	Chief Constable LGPS	(10,060)	10,170	110	(1,970)
(2,962,670)	Chief Constable Police Pension Scheme (PPS)	295,078	(118,388)	176,690	(2,785,980)
(2,964,750)	Total Reserves	284,853	(108,053)	176,800	(2,787,950)

Subject to

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				
2024/25		2025/26		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
720	(Gains) / Losses on Disposal of Property Plant and Equipment	425	-	425
720	Total Other Operating Expenditure	425	-	425

Financing and Investment Income and Expenditure				
2024/25		2025/26		
Net Expenditure £000		Gross Expenditure £000	Gross Income £000	Net Expenditure £000
2,480	Interest on Borrowing	2,814	-	2,814
(1,873)	Interest Income	-	(1,852)	(1,852)
-	Loss / (Gain) on Revaluation of Investment Assets	319	-	319
151,700	Loss / (Gain) on Revaluation of Investment Assets	171,200	(7,370)	163,830
(6)	Pensions Interest costs and expected return on assets	88	(96)	(8)
152,301	Total Financing and Investment Income and Expenditure	174,421	(9,318)	165,103

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		
2024/25 £000		2025/26 £000
154	External Audit Services	173
104	Additional fees relating to the previous year's audit	163
258	Net Cost	336

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 2025/26 and the equivalent disclosure for 2024/25.

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	
	2024/25	2025/26
£50,000 - £54,999	829	904
£55,000 - £59,999	399	632
£60,000 - £64,999	229	226
£65,000 - £69,999	152	204
£70,000 - £74,999	23	87
£75,000 - £79,999	13	17
£80,000 - £84,999	13	14
£85,000 - £89,999	7	5
£90,000 - £94,999	8	5
£95,000 - £99,999	5	6
£100,000 - £104,999	5	9
£105,000 - £109,999	4	4
£110,000 - £114,999	2	3
£115,000 - £119,999	-	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 2026. 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 2025/26				
	Number of other departures	Number of compulsory redundancies	Total number of departures	Total cost of exit packages in each band £
£0 - £20,000	-	1	1	6,967
£20,001 - £40,000	-	1	1	34,661
Total	-	2	2	41,628

There are no exit packages included for the OPCC in 2025/26. 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. The comparative disclosure for the Group in 2024/25 is set out in the following table

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
Total	1	3	4	56,788

Subject to Audit

Notes to the Group Financial Statements

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

Remuneration of Senior Employees 2025/26							
Post holder information	Note	Salary (Including fees & allowances) £	Benefits in kind £	Relocation Expenses £	Total remuneration excluding pension contributions £	Pension contributions £	Total remuneration 2025/26 £
Police and Crime Commissioner		92,011	1,221	-	93,232	13,475	106,707
Deputy Police and Crime Commissioner		43,795	-	-	43,795	7,007	50,803
Chief of Staff and Monitoring Officer		95,057	-	-	95,057	15,209	110,266
Chief Constable - Vanessa Jardine		189,198	1,669	-	190,867	66,220	257,087
Deputy Chief Constable - Jayne Meir		188,406	6,324	29,598	224,328	60,006	284,335
Assistant Chief Constable - A		139,426	1,573	-	140,999	49,218	190,217
Assistant Chief Constable - B		138,844	1,621	8,425	148,890	49,012	197,902
Assistant Chief Constable - C		126,208	-	-	126,208	44,162	170,370
Assistant Chief Constable - D	1	111,968	8,089	-	120,057	39,498	159,556
Assistant Chief Officer Corporate Services		146,316	-	-	146,316	21,811	168,127
Chief Finance Officer	2	95,235	-	-	95,235	15,238	110,473
Acting Chief Finance Officer	3	10,466	-	-	10,466	1,675	12,141
Total		1,376,931	20,497	38,023	1,435,451	382,531	1,817,982

Note 1: Assistant Chief Officer from 05/05/2025

Note 2: Chief Finance Officer from 05/05/2025

Note 3: Acting Chief Finance Officer until
04/05/2025

Remuneration of Senior Employees 2024/25

Post holder information	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	-	-	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
Chief Finance Officer	4	103,776	-	-	103,776	16,324	120,100
Acting Chief Finance Officer	5	6,595	-	-	6,595	1,055	7,650
Chief Constable - Vanessa Jardine		200,284	1,080	13,533	214,897	69,492	284,389
Deputy Chief Constable - Jayne Meir		159,750	5,837	32,107	197,694	57,384	255,078
Assistant Chief Constable - A		127,010	1,080	-	128,090	44,835	172,925
Assistant Chief Constable - B		130,190	1,080	31,842	163,112	45,958	209,070
Assistant Chief Constable - C	6	90,758	-	-	90,758	31,704	122,462
Assistant Chief Constable - D	7	28,796	-	-	28,796	10,062	38,858
Assistant Chief Officer Corporate Services		140,541	-	-	140,541	20,887	161,428
Chief Information Officer	8	14,265	-	-	14,265	1,447	15,712
Total		1,201,215	9,077	77,482	1,287,774	330,850	1,618,624

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

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 £11.958 million (£10.847 million in 2024/25).

The bad debt provision includes £7.351 million (£5.430 million in 2024/25) 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

Short-Term Debtors		
31 March 2025		31 March 2026
£000		£000
26,652	Central government bodies	24,557
573	NHS bodies	402
21,468	Other local authorities	20,704
10	Public corporations and trading funds	329
6,156	Bodies external to general government	10,209
(5,441)	- Less bad debt provision	(7,364)
49,418		48,837

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

Short-Term Creditors		
31 March 2025		31 March 2026
£000		£000
(10,198)	Central government bodies	(10,205)
(85)	NHS bodies	(135)
(10,513)	Other local authorities	(10,577)
-	Public corporations and trading funds	(2,699)
(29,103)	Bodies external to general government	(28,049)
(49,899)		(51,665)

Under International Accounting Standard 19, the Group has a long-term liability in relation to future pension commitments. More detail is provided in **Note 12**

12. Provisions and Contingent Liabilities

Provisions

Provisions					
31 March 2025 £000		Additional Provisions Made £000	Provisions Used £000	Reversals £000	31 March 2026 £000
	Long-term provisions				
(2,023)	Insurance	(1,994)	1,025	-	(2,992)
	Short-term provisions				
(756)	Riot Compensation	(6)	99	19	(644)
(224)	Employee remuneration	-	24	-	(200)
(3,003)	Total	(2,000)	1,148	19	(3,836)

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 2026.

The **Riot Compensation provision** is in relation to the unrest in Summer 2024, there have been some smaller claims settled in 2025/26 with the rest of the claims anticipated to be settled by 31 March 2026.

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 2026/27. The balance on the **employee remuneration provision** at 31 March 2026 is set at a prudent level estimated to settle all such claims.

Contingent Liabilities

At 31 March 2026, 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 2026.
- **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.

- **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 2026, 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		2024/25
2024/25		£000
14,587	Police Services	15,660
14,587	Total employee benefits accrued at the Balance Sheet date	15,660

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 2025/26, the Group paid £13.207 million to the Pension Fund in respect of pension contributions, with standard contributions representing 16.0% of pensionable pay compared to £12.970 million in 2024/25).

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 2025 which determined the contributions to be paid from 01 April 2026 to 31 March 2029. 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 2026 to 31 March 2029 reduced from 16.0% to 13.8% as a result of the 2025 valuation.

The next actuarial valuation of the Fund will be carried out at 31 March 2028 and as part of that valuation a new Rates and Adjustment Certificate will be produced for the three year period from 01 April 2028. 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 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Within Cost of Service				
Current Service Cost	13.31	9.61	-	-
Past service cost (incl. curtailments)	0.05	0.72	-	-
Financing, Investment Income & Expenditure				
Interest on net defined benefit Liability / (Asset)	(2.59)	(7.58)	0.11	0.11
Interest on unrecognised asset	0.68	7.19		
Pension expense recognised in CIES	11.45	9.94	0.11	0.11
Remeasurements in OCI				
Return on plan assets (in excess of) / below that recognised in net interest	9.72	(17.22)	-	-
Actuarial (Gains) / Losses due to change in financial assumptions	(80.80)	(5.75)	(0.15)	(0.01)
Actuarial (Gains) / Losses due to change in demographic assumptions	(3.15)	1.18	(0.01)	0.04
Actuarial (Gains) / Losses due to liability experience	(0.40)	13.23	(0.01)	-
Adjustment loss (gain) due to restriction of surplus	109.22	11.56	-	-
Total Amount recognised in OCI	34.59	3.00	(0.17)	0.03
Total Amount charged to CIES	46.04	12.94	(0.06)	0.14

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 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Opening defined benefit obligation	422.57	362.73	2.39	2.08
Current service cost	13.31	9.61	-	-
Interest expense on defined benefit obligation	20.07	20.77	0.11	0.11
Contributions by participants	4.95	5.29	-	-
Actuarial (Gains) / Losses on liabilities - financial assumptions	(80.80)	(5.75)	(0.15)	(0.01)
Actuarial (Gains) / Losses on liabilities - demographic assumptions	(3.15)	1.18	(0.01)	0.04
Actuarial (Gains) / Losses on liabilities - experience	(0.40)	13.23	(0.01)	-
Net benefits paid out	(13.87)	(15.14)	(0.25)	(0.25)
Past service cost (incl. curtailments)	0.05	0.73	-	-
Closing defined benefit obligation	362.73	392.65	2.08	1.97

Changes to the fair value of assets during the period				
	Funded Liabilities as at		Unfunded Liabilities as at	
	31 March 2025 £m	31 March 2026 £m	31 March 2025 £m	31 March 2026 £m
Opening fair value of assets	470.43	486.88	-	-
Interest income on assets	22.66	28.34	-	-
Re-measurement Gains / (Losses) on assets	(9.72)	17.22	-	-
Contributions by the employer	12.43	12.96	0.25	0.25
Contributions by participants	4.95	5.29	-	-
Net benefits paid out	(13.87)	(15.14)	(0.25)	(0.25)
Closing fair value of assets	486.88	535.55	-	-

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 2025 £m	31 March 2026 £m
Fair Value of Assets (funded)	486.87	535.54
Fair Value of Assets (unfunded)	-	-
Present value of defined benefit obligation (funded)	(362.73)	(392.64)
Unrecognised asset	(124.15)	(142.90)
Present value of defined benefit obligation (unfunded)	(2.08)	(1.97)
Asset / (Liability) recognised on the balance sheet	(2.08)	(1.97)

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 since 2023/24 has included an asset recognised on the balance sheet for funded schemes, which was subject to an asset restriction, this restriction was partial for 2023/24 but has been fully restricted for years 2024/25 and 2025/26. The asset restriction for 2025/26 is £142.901 million, with a liability value of £1.970 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 £45.565 million (£67.182 million gain in 2024/25).

Analysis of Scheme Assets				
Asset	Asset split at 31	Quoted	Unquoted	Asset split at 31
	March 2025	At 31 March 2026	At 31 March 2026	March 2026
	(%)	(%)	(%)	(%)
Equities	48.1	36.9	11.6	48.5
Property	11.1	0.0	11.2	11.2
Government bonds	1.1	1.2	0.0	1.2
Corporate bonds	18.1	18.4	0.0	18.4
Cash	1.8	0.4	0.0	0.4
Other*	19.8	4.4	15.9	20.3
	100.0	61.3	38.7	100.0

* 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:

Members	%
Actives	42
Deferred Pensioners	14
Pensioners	44

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 2025. 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 2026.

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

Principal financial and actuarial assumptions				
	Funded Liabilities		Unfunded Liabilities	
	2024/25	2025/26	2024/25	2025/26
Financial assumptions (% per annum)				
Discount Rate	5.8	6.2	5.8	6.2
Rate of Inflation (CPI)	2.5	2.8	2.5	2.8
Rate of increase in salaries	4.0	4.3	n/a	n/a
Rate of increase to pensions in payment	2.5	2.8	2.5	2.8
Pension accounts revaluation rate	2.5	2.8	n/a	n/a
Mortality assumptions				
Future lifetime from age 65 (Member aged 65 at accounting date)				
Men	20.9	21.9	20.9	21.9
Women	24.1	24.4	24.1	24.4
Future lifetime from age 65 (Member aged 45 at accounting date)				
Men	21.8	22.4	n/a	n/a
Women	25.2	25.1	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 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.
Year ended 31 March 2026	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 2026 and the projected service cost for the year-ending 31 March 2026. 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)	386.33	392.64	399.33
Change in present value of total obligation	-1.6%		1.7%
Projected service cost (£M)	8.90	9.37	9.86
Approximate change in projected service cost	-5.0%		5.2%
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)	393.04	392.64	392.23
Change in present value of total obligation	0.1%		-0.1%
Projected service cost (£M)	9.37	9.37	9.37
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)	398.54	392.64	386.74
Change in present value of total obligation	1.5%		-1.5%
Projected service cost (£M)	9.86	9.37	8.90
Approximate change in projected service cost	5.2%		-5.0%
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)	401.27	392.64	384.00
Change in present value of total obligation	2.2%		-2.2%
Projected service cost (£M)	9.71	9.37	9.03
Approximate change in projected service cost	3.6%		-3.6%

* 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 2027 are estimated to be £9.409 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 23.7 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 2024, for the latest funding valuation. This has then been rolled forward to reflect the position as at March 2026, allowing for additional service accrued between 01 April 2024 and 31 March 2026, 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 2025 £m	31 March 2026 £m
Net Cost of Service		
Current service cost	26.30	18.13
Past service cost	-	-
Financing and investment income and expenditure		
Pension interest cost	153.49	
Total charge to Provision of Services	179.79	18.13
Re-measurement of the net defined benefit liability / (asset)	(438.60)	(295.08)
Total IAS 19 charge to Comprehensive Income and Expenditure	(258.81)	(276.95)

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				
	2021/22 £m	2022/23 £m	2023/24 £m	2024/25 £m	2025/26 £m
Present value of the defined benefit obligation	(4,436.49)	(3,252.99)	(3,282.81)	(2,962.67)	(2,785.98)
Surplus / (Deficit) in the Scheme	(4,436.49)	(3,252.99)	(3,282.81)	(2,962.67)	(2,785.98)

Reconciliation of the fair value of scheme assets

Reconciliation of the fair value of scheme assets		
	31 March 2025 £m	31 March 2026 £m
Opening fair value of assets	-	-
Actuarial Gains and (Losses) on assets	69.16	72.52
Contributions by employer	61.33	63.83
Contributions by participants	21.03	22.10
Transfers in	0.69	0.50
Net benefits paid	(152.21)	(158.95)
Closing fair value of assets	-	-

Analysis of movements in scheme liability

Analysis of the movement in scheme liability		
	31 March 2025 £m	31 March 2026 £m
Net Surplus / (Deficit) at the beginning of year	(3,282.81)	(2,962.67)
Current service cost	(26.30)	(18.13)
Cost covered by employee contributions	(21.03)	(22.10)
Past service cost	-	-
Pension transfers in	(0.69)	(0.50)
Net interest on the net defined benefit Liability / (Asset)	(153.49)	(164.09)
Net benefits paid	152.21	158.95
Remeasurements of the net defined Liability / (Asset)	369.44	222.56
Net Surplus / (Deficit) at the end of year	(2,962.67)	(2,785.98)

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 25 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 15 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 2027 are estimated to be £59.747 million compared to £58.262 million paid in 2025/26.

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.

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	
	2024/25 (years)	2025/26 (years)
Future Lifetime at 65 for current pensioners		
Men	21.90	22.00
Women	23.90	24.00
Future Lifetime at 65 for future pensioners (currently aged 45)		
Men	23.30	23.40
Women	25.20	25.30

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 2025/26 there has been minimal movement in the liability since 2024/25. The sensitivity table below gives an indication on the impact of movements in the indicators:

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

There have been no events to note.

15. Authorisation of accounts for issue

The Police and Crime Commissioner Group Statements of Account for the financial year ended 31 March 2026 will be authorised after the completion of the external audit.

Subject to Audit

Supplementary Financial Statements

Comprising:

- Police Pension Fund
- Notes to the Supplementary Financial Statements

Subject to Audit

Supplementary Financial Statements

This statement shows the details of the Pension Fund Account for the Police Pension Scheme for 2025/26 and shows comparative figures for 2024/25.

Police Pension Fund		
2024/25 £000	FUND ACCOUNT	2025/26 £000
(55,251)	Normal	(58,262)
-	Additional funding payable by the local policing body to meet the deficit for the year	-
(460)	Other (Ill Health Retirements)	(110)
(55,711)	Contribution Receivable from Employer	(58,372)
(21,391)	Contribution Receivable from Members	(22,339)
(21,391)	Contribution Receivable from Members	(22,339)
(77,102)	Contributions Receivable	(80,711)
(707)	Individual Transfers in from other schemes	(506)
(707)	Transfers in	(506)
121,309	Pensions	125,141
25,258	Commutations and Lump Sum Retirement Benefits	27,601
414	Lump Sum Death Benefits	321
31	Other (Inter Authority Adjustments / LTA Payments)	(59)
147,012	Benefits Payable	153,004
394	Refunds of Contributions	171
-	Individual Transfers Out To Other Schemes	-
394	Payments To and On Account of Leavers	171
147,406	Total Benefits Payable	153,175
69,597	Net amount payable for the year before contribution from the Police Fund	71,958
(69,597)	Contributions from Police Fund Income and Expenditure Account in respect of Deficit on the Police Pension Fund Account	(71,958)
-	Net Amount (Receivable) / Payable In Year	-

2024/25 £000	Net Asset Statement	2025/26 £000
(368)	Lump Sums processed for April payment	(569)
368	Debtor Held on Commissioners Balance Sheet	569

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 Manager¹⁰ 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 17) or in the Group (Note 12).

5. Events after the reporting period

There have been no events to note.

10 Public Service Pension Act 2013 (section 4)

Annual Governance Statement

(Police and Crime Commissioner for Northumbria Statements of Account 2025/26)

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 2025/26 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 2025/26. 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 2025/26 financial year covers the period from 1 April 2025 to 31 March 2026 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 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.

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.

A refresh of the Police and Crime Plan has commenced to revisit the priorities and ensure that they are current and continue to meet community's needs. Engagement will take place with partners, communities, service users and Northumbria Police to inform a new Police and Crime Plan to be launched autumn 2026.

In November 2025 the Home Secretary announced the abolition of PCCS and replacement with Policing Boards or Mayors in areas where the force boundaries and mayoral boundaries are coterminous. This sits alongside a comprehensive Police Reform agenda. In light of this the PCC will work to ensure that communities are assured that effective governance of policing will continue in the current governance model and will be carried on into the future model.

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.

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.

In April 2026, HMICFRS confirmed the launch of the new Policing Performance System. This represents a strengthened, system-wide approach to assessing, supporting, and improving police performance and replaces the current Scan and Engage HMICFRS monitoring processes. Each force will be assigned one of four levels, reflecting its current performance and the level of support and intervention required. In deciding which level to assign forces in the new system, HMCI will consider relevant HMICFRS continuous assessment and inspection findings, together with analysis from the Home Office's Police Performance Framework, and the views and professional expertise of HMICFRS, the Home Office, the College of Policing, National Police Chiefs' Council, Association of Police and Crime Commissioners and Independent Office for Police Conduct.

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 East Mayoral Strategic Authority and understands the policing needs in each area from our city centres to the rural communities. Northumbria Police and officers from the Office of the Police and Crime Commissioner 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 and Domestic Abuse Strategic Boards and other partnerships that work to ensure the safety and wellbeing of vulnerable children and adults in the Force area. The Commissioner has 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 focusing on preventative activity to address the causes of their offending and subsequently 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 an annual basis outlining information including the volume and nature of complaints, appeal rates and other current issues. As part of the Scrutiny Programme the PCC specifically focused on national concerns around police standards and vetting failure and sought assurance from the Chief Constable regarding the robustness, integrity, and outcomes of Northumbria Police's vetting practices.

The PCC is responsible for reviews 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 review 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.

The Commissioner is responsible for ensuring proper and effective investigation into complaints made 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.

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.

The **Force Strategy** was launched by the Chief Constable in 2024 following feedback from officers and staff in the Force Survey that they wanted 'clear and simple direction'.

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

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

Force **OBJECTIVES** set out 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.**'

The **Police Leadership Framework** was developed by the College of Policing to change the way forces deliver leadership across policing, with training based on leadership standards that are derived from the Code of Ethics.

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 Force 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. OPCC staff have been able to join this training programme.

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 2025/26 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 Police Constable Entry Programme (PCEP), Detective Constable Entry Programme (DCEP) and the Graduate Detective Programme (GDP). The Force has also launched a new direct entry pathway into neighbourhood

policing, allowing new recruits to specialise in community engagement and crime prevention from day one. The scheme, which was the first in the country, has been created in response to the Government's Neighbourhood Policing Guarantee (NPG), which aims to place more officers in local areas with a focus on visible patrols, community engagement, and tackling issues like anti-social behaviour and crime.

In February 2026 the force delivered the largest organisational change it had seen in more than 40 years, with the successful launch of Niche, the new electronic records and case management system. Niche delivers smart, streamlined technology designed to transform policing, making our service more efficient, effective, and focused on keeping communities safer than ever.

Engaging with local people and other stakeholders to ensure robust public accountability

The Commissioner has operated a comprehensive engagement programme during 2025/26 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:

- **ASB Victim Needs Assessment** - surveyed members of the public, partners and support agencies around ASB victim support, needs and requirements to help shape future direction.
- **Women's Safety in Public Places (WSiPP)** – listening to the views of key statutory and VCSE partners to inform Women's Safety in Public Places Programme of work.
- **Student safety** - consulted key stakeholders at all three regional universities in relation to the ways in which the PCC's office can better engage and support student safety
- **Duty to Collaborate** - via the Transforming Together Network and Represent Women we sought the views of women with lived experience to help shape our commissioning principles.
- **Children's sexual violence support pathway** - understanding children and their families' experiences of reporting sexual abuse, how they reached support and their experience of that supporting meeting their needs.
- **Adult sexual violence support** - understanding the experience of reporting sexual abuse, how victims reached support and their experience of that supporting in relation to meeting their needs.
- **Strengthening Criminal/Family Law Practice** – working with a group of mothers with lived experience of complex motherhood, HerCircle, around their experiences of criminal and family law to help strengthen the voice of the child in proceedings.
- **Precept survey** - to engage with residents on how much they are prepared to pay to support local policing.
- **Victims survey** - to understand victims experiences of accessing support to help inform future commissioning
- **ASB victims survey** – to understand ASB victim support provisions across Northumbria
- **Project impact** – such as the Project Shield Perceptions Survey
- **Roundtables:**
- **VAWG Roundtable** - – to help inform the VAWG strategy

- **Retail crime Roundtable** – to understand issues and launch Operation Canvas to retailers
- **Safe to Be Me research** - understanding LGBT community
- **Women in Policing** – understanding women’s career opportunities, progression and resignations
- **Community cohesion** - Programme of visits to places of worship such as local synagogues and mosques and attending Pride events
- **Neighbourhood policing and local crime concerns** - as part of engagement linked to Police operations such as Op Impact and Op Ruby Red and the On the Beat social media content
- **Youth engagement**– engaging with young people through Education sessions and initiatives like Trainee Detectives Youth Matters Roadshow, as well as student engagement with Fresher’s stalls at fairs SH/RS TEAM
- **Rural issues** – the County Show
- **NE Youth ACT Ambassadors** - embedding a youth voice into the prevention panel process engaging with young people and prevention panel members to ensure decision making and interventions are directly informed by lived experience.
- **Violence Prevention Ambassadors** - survey and focus group work with the ambassadors to feed into future service developments
- **Local Youth Fund** – engagement with a youth panel to review applications and make funding recommendations

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 Manager 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 2025/26.

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 2025/26.
- The police settlement issued by the government for 2025/26 assumed that each PCC would increase the precept by the maximum of £14.00 per year for a Band D property. The Commissioner approved an increase of £14.00 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 £9.33 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 2025/26 was £5.925m, which was used to keep the force appropriately resourced and meet budgetary pressures while continuing to invest in services that matter most to our communities:
 - 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.
- 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 2025/26 the review process has been led by the Commissioner and Chief Constable's Joint Governance Group and considered by the JIAC and has taken account of:

- The system of internal Audit

Annual Governance Statement

- 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
- 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 (and the Final AAR issued May 2026), 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.

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 26 audits within the 2025/26 audit plan, all of which are complete. Of the 26 reports, 18 audits concluded that systems and procedures were operating well, and 8 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 2025/26, 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 2025/26 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 2024/25 Statement

The annual governance review for 2024/25 identified one governance issue that was disclosed within the 2024/25 Annual Governance Statement.

The 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 to ensure that there is the appropriate strength and depth to effectively support the timely delivery of the external audit.
- Strengthen arrangements for lease accounting to ensure full compliance with the CIPFA Code, including establishing robust processes to identify and maintain a complete lease population, ensuring right-of-use assets are measured on an appropriate basis supported by sufficient valuation evidence, improving documentation supporting lease liabilities, and enhancing technical oversight to ensure IFRS 16 is applied correctly and issues are resolved on a timely basis.

Actions taken

- Structure changes have been made to build capacity and resilience in the finance team. Additional resource provided with two Finance Leads now fully involved in accounts and audit delivery to ensure we can effectively manage unplanned absences and resource constraints.
- Contingency planning to ensure the finance team's functions continue during unexpected absences or resource constraints through cross-training of staff on audit support tasks.
- Training sessions for the wider Finance team.
- The Finance team are working closely with Estates and the in-house Valuer to address the matters raised by the external auditor with regards Right of Use Assets and application of IFRS 16. The new Estates Asset Management system being procured in 2026/27 will significantly streamline and strengthen processes for IFRS 16 lease accounting by centralising data and improving control and reporting.

1)

2025/26 Governance Issues

The review has identified no new governance issues that need to be included within the 2025/26 Annual Governance Statement.

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

Subject to Audit

Independent Auditors Report

This report will be included after the completion of the audit

Subject to Audit

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-to-day 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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Alternative formats of this Statement (including large print, easy read and translations into other languages) are available upon request.

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Image sources

Northumbria Police and Crime Commissioner