



**THE POLICE AND CRIME COMMISSIONER  
FOR SURREY AND THE CHIEF CONSTABLE  
OF SURREY GROUP**

**DRAFT**  
**Statement of Accounts for the year 2025/26**

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## Preface

### **Lisa Townsend – Police and Crime Commissioner for Surrey**

It gives me great pleasure to be able to present to you the Group Statement of Accounts for 2025/26 for the Surrey Police and Crime Commissioner.

In May 2024 I was re-elected by the residents of Surrey for a second term as their Police and Crime Commissioner. As one of 40 Commissioners across the country, my role is to ensure that the Force provides efficient and effective policing across the county as well as being a conduit for the public's concerns and setting policing priorities.

Following extensive consultation in February 2026, I announced the priorities of my new Police and Crime Plan which covers the period from 2026 to 2029. This builds on the priorities I set out in the previous plan and are as follows:

- Back to Basics Policing
- Protecting Vulnerable People in Surrey
- Preventing Violence Against Women and Girls
- Strengthening Safe and Resilient Communities
- Fostering Integrity, Accountability, and Wellbeing in Policing

Through my regular meetings with the Chief Constable, I am able to monitor progress against my plan throughout the year through a number of metrics. My Annual Report, which can be found on the OPCC website, sets out in detail the progress made against my plan.

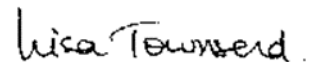
As PCC, I not only hold the Chief Constable to account, but also have responsibilities in respect of reducing crime and reoffending and supporting witnesses and victims. During the year, my office has been awarded grants for crime reduction initiatives across the county, and we have also commissioned services to the value of almost £6.0m from a wide range of local authorities, third sector partners and Surrey Police.

Finance is obviously fundamental to everything we do. As PCC, I have overall responsibility for the Force budget, its assets and resources. This includes setting the overall budget and allocating resources and delegating financial decisions to the Chief Constable so he can fulfil his responsibilities; commissioning services for victims and crime prevention; funding my own office;

ownership of estates and force assets; and importantly, setting the level of precept – the police element of Council Tax residents pay.

The Statement of Accounts includes both the Police and Crime Commissioner for Surrey results as well as those for the group, which includes the Force. These set out the overall financial position at the 31 March 2026 coupled with the cost of services provided during the year. Despite the force facing increased pressures and demands during the year, I am pleased to note that overall, the Group has come in just under budget.

My thanks go to all those who work for Surrey Police for their efforts and achievements over the last year in keeping our communities as safe as possible. This includes all the volunteers, charities, and organisations we have worked with and the staff in the Office of the Police and Crime Commissioner for their support and advice over the last year. Finally, I would like to thank the finance team for putting these financial statements together and in particular for working so hard to ensure that they are published by the required deadline.



**Lisa Townsend**  
**Police and Crime Commissioner for Surrey**

## Narrative Report

### Introduction

The Statement of Accounts sets out the overall financial position of the Police and Crime Commissioner (PCC) for Surrey and the Group Accounts, which includes the Chief Constable for Surrey, for the year ending 31 March 2026. The accounts provide a wealth of information on the Commissioner's financial position and are a critical part of our stewardship of large sums of public money.

They have been prepared using the International Financial Reporting Standards (IFRS), in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and the narrative that follows here draws out key issues from these accounts to provide a clearer explanation of the financial performance and activities during the financial year.

The Police and Crime Plan, originally published in 2021 and then, after consultation with stakeholders, updated and republished in June 2026 sets out the Commissioner's vision and priorities for policing and community safety across Surrey. It is available on the Commissioner's website following this link [Police and Crime Plan](#). The vision of the Commissioner is to ensure Surrey is one of the safest places to live, work and visit in the Country. The main themes in the plan for 2026 to 2029 are as follows:

PRIORITY 1	PRIORITY 2	PRIORITY 3	PRIORITY 4	PRIORITY 5
<b>Back to Basics Policing</b>	<b>Protecting Vulnerable People in Surrey</b>	<b>Preventing Violence Against Women and Girls</b>	<b>Strengthening Safe and Resilient Communities</b>	<b>Fostering Integrity, Accountability, and Wellbeing in Policing</b>

## Structure

The Statement of Accounts aims to provide information so that members of the public, including electors and residents of Surrey, partners and stakeholders can:

- Understand the overarching financial position of the PCC (and the 'PCC Group' including Surrey Force)
- Have confidence that the PCC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the PCC (and Group) is sound and secure

This narrative report aims to help readers better understand the role of the PCC, and to assist in understanding and interpreting the accounts, and sets out:

- The organisational overview, and the governance arrangements
- The local area
- The basis of preparation of the financial statements
- Review of the year ended 31 March 2026
- Financial issues and risks facing the Group and
- Future Prospects

## Organisational Overview

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities known as Corporation Sole. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control.

The current PCC Lisa Townsend was re-elected in May 2024 for a term of 4 years. The Chief Constable Mr Tim De Meyer was appointed in April 2023 and has a statutory responsibility for the control, direction and delivery of operational policing services in the Surrey Police area.

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as commissioning services for victims and witnesses of crime, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable. The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

The Chief Constable is charged with maintaining the King's Peace and directs and controls the Force's officers and staff. He is accountable to the Police and Crime Commissioner for Surrey and must have regard to the PCC's Police and Crime Plan.

The core functions of the Commissioner (the 'PCC') for Surrey are to secure the maintenance of the police force for the area and to ensure that the police force is efficient and effective. Other key functions include:

- Holding the Chief Constable to account
- Appointment / suspension / removal of the Chief Constable
- Setting the priorities for the Force and producing the Police and Crime Plan
- Attending the Police and Crime Panel
- Setting of the annual budget and Council Tax precept
- Direct engagement with the public
- Publishing an annual report stating how priorities and targets have been met, and other information as specified by the Secretary of State to enable greater public awareness of police and crime performance in the area
- Collaborating for an efficient and effective Criminal Justice System for Surrey with partners such as the Youth Offending Team, Crown Prosecution Service and Prison Service etc.
- Commissioning of victim support and perpetrator programmes from partners (including the third sector) to support crime prevention

A Police and Crime Panel (PCP) was established under the Police Reform and Social Responsibility Act 2011 and is charged with scrutinising and supporting the work of the Commissioner. The Panel, however, cannot hold the Chief Constable to account. The Police and Crime Panel work also through a number of working groups to give greater visibility to the detail of the work undertaken by the Commissioner and their team.

The PCP's core functions include:

- Review the draft Police and Crime Plan
- Publicly scrutinise the Commissioner's Annual Report
- Review and scrutinise decisions and actions of the Commissioner
- Review and have the power to veto the Commissioner's proposed Council Tax precept levels

- Review the Commissioner's Conduct – the PCP can suspend the Commissioner if they are charged with a minimum of a 2-year imprisonable offence and report to the Independent Police Complaints Commission, however they cannot remove the Commissioner
- Confirm the Chief Constable's appointment
- Appoint an acting Commissioner, if required.

The Commissioner has also established a joint audit committee with the Chief Constable. Its purpose is to provide independent advice on the adequacy of corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices. Its terms of reference are based on CIPFA guidance and includes:

- Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances
- Review the Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement
- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the Office of the PCC and Surrey Force.
- Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC and the Chief Constable in addressing risk-related issues reported to them
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
- Review anti-fraud arrangements (including whistleblowing procedures) and the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy actions and resources
- Further consideration and advice in relation to Internal Audit, External Audit, Financial Reporting, Partnership Governance and Accountability Arrangements

### **The Local Area**

In policing terms, the Force is the one of the smaller non-metropolitan forces in England and Wales. Surrey is a county in the Southeast of England, covering 644 square-miles with a population of 1.2 million. It is heavily wooded with areas of natural beauty interspersed with small towns and villages. In addition, part of the county borders London and could be considered to be part of the London fringe. There are 62 miles of motorway, including the busiest stretch of the M25, as well as two

international airports nearby. The county borders London and many residents commute to the capital for work, although less so since Covid, and in the other direction criminality crosses into the county from surrounding areas, especially London. The PCC and Force work in partnership with a whole range of organisations, including Surrey County Council, 11 District Councils and numerous parishes.

The Force also delivers a number of services in collaboration with other Police Forces across the south of England, including:

- Counter Terrorism Southeast
- Southeast Regional Organised Crime Unit
- Shared IT, Information Management, people services, estates, finance and a Joint Operations Unit (which includes strategic operations, roads policing, firearms and dog unit) with Sussex Police

The PCC and Force are also part of a Shared Services arrangement with Hampshire County Council for the provision of internal audit services.

### **Basis of preparation**

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate entities (known as 'corporations sole'). As separate bodies, both the Commissioner and the Chief Constable are required to appoint their own Chief Finance Officers, each with statutory responsibilities, as being the person responsible for proper financial administration under the provisions of the Act.

The consequence is also that each body is required to be subject to audit under the Local Audit and Accountability Act 2014 and are thus required to prepare a set of accounts. Additionally, the Commissioner, with their ultimate control over the Chief Constable's resources, has to prepare group accounts.

The Home Office has produced a Financial Management Code of Practice (FMCP) which sets out the responsibilities of the respective Chief Finance Officers. This was last updated by the Home Office in 2018.

The Police Reform and Social Responsibility Act 2011 outlined a two-staged approach to the establishment of the office of the Police and Crime Commissioner and the relationship between Commissioners and Chief Constables. The FMCP outlines how the two bodies should work together in managing the finances and covers such things as the Scheme of Corporate Governance

which includes the Scheme of Consent, Financial Regulations and Contract Standing Orders and delegation which identify the powers and responsibilities.

The core accounting statements covering the Commissioner are the:

#### Comprehensive Income and Expenditure Statement

This records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.

#### Movement in Reserves Statement

This is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which are backed by cash and so can be invested in capital projects or service improvements, and 'unusable' which are not backed by cash and therefore cannot be spent but instead must be set aside for specific accounting purposes.

#### Balance Sheet

This shows the value of the assets and liabilities held as at 31 March for the current and prior years. The net liabilities (assets less liabilities) are matched by the total reserves.

#### Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the PCC and PCC Group during the reporting period. The statement shows how the PCC and PCC Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

## **Accounting Principles**

Four underlying principles have been employed in order to prepare the accounts so that they demonstrate:

### 1. Understandability

The accounts are based on accounting concepts, treatments and terminology that assume a reader has:

- A reasonable knowledge of the business of Local Authorities and the ways in which services are provided.
- A reasonable knowledge of accounting; and
- A willingness to study the information required with reasonable diligence.

However, every effort has been made to use plain language and where technical terms are unavoidable, they have been explained in the glossary of terms.

### 2. Relevance

The accounts provide information about the Commissioner's financial performance and position that is useful for assessing the stewardship of public funds and for making economic decisions. Information is presented so that it will assist readers to understand the Group's current financial position or to make predictions about its financial trends. The relevance of information contained in the accounts is affected by its nature and materiality (whether its misstatement or omission might reasonably be expected to influence assessments of the Group's stewardship, economic decisions or comparisons with other organisations based on financial statements) and therefore a judgement has been made about the levels of materiality to ensure that relevant issues are disclosed.

### 3. Reliability

The financial information within the accounts has been prepared so that it:

- Can be depended upon to represent faithfully what it either purports to represent or could reasonably be expected to represent and therefore reflects the substance of the transactions and other events that have taken place.
- Is free from bias (i.e. it is neutral)
- Is free from material error.
- Is complete within the bounds of materiality and cost; and

- Under conditions of uncertainty, it has been prudently prepared (i.e. a degree of caution has been applied in exercising judgement and making the necessary estimates).

#### 4. Comparability

An important mechanism for ensuring the usefulness of financial information (and is an essential element of the best value accounting framework). The application of the terms, accounting policies and requirements of the Chartered Institute of Public Finance and Accountancy Code of Practice on Local Authority Accounting in England (2018) Statement of Recommended Practice and the Service Reporting Code of Practice is the way in which the Chief Constable has ensured consistency of financial information in the financial statements leading to comparability.

#### **Changes to the accounts**

There Group has made no material changes to accounting policies in 2025/26 but the following standard has been updated by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2025-26 and is applicable to these financial statements:

##### Property, Plant and Equipment (IAS 16)

The only change affecting the 2025/26 Statement of Accounts relates to the valuation of property assets, plant and equipment (IAS16). During the year, the Group introduced an indexation approach for the annual revaluation of land and buildings, supported by a rolling five-year valuation programme. Under this approach, assets not subject to a full professional valuation in the current year are updated using appropriate property indices to ensure that carrying values continue to reflect current value requirements under the CIPFA Code and IFRS. The rolling programme provides for all property assets to receive a full valuation at least once every five years, with a proportion of the estate being professionally revalued each year. There is no impact on prior years as the change is not made retrospectively.

This revised approach strengthens the consistency and efficiency of the property valuation process, ensures that the carrying value of property assets remains materially accurate and reflective of prevailing market conditions and saves the cost of having annual valuations.

Further details of all accounting policies and valuation methodologies are provided within the financial statements.

## **Going Concern**

The Office of the PCC, nor the Force, cannot be created or dissolved without statutory prescription, and it would therefore not be appropriate for the Commissioner's statements to be prepared on anything other than a going concern basis. Paragraph 3.4.2.23 of the Code therefore confirms that local authority (incl. PCC and Force) accounts must be prepared on a going concern basis.

The CFO's management assessment has concluded that there are no proposals to alter the current legal framework for the provision or funding of policing services, and that the Going Concern basis therefore remains appropriate in line with the Code. Whilst there is no statutory change to this position, it is the responsibility of the CFO to keep the financial position under review and to ensure that budgets set are realistic and deliverable, and that reserves are adequate. Ongoing financial sustainability of both the PCC and the Force has therefore been reviewed and is discussed later in this narrative.

In November 2025 the Government announced that PCCs would not be re-elected following the end of their term in May 2028. Whilst it is not clear currently what the form of the successor body will be, it is clearly the Government's intention to put a framework in place to take on the PCC functions. Hence, despite the Office of PCC being abolished, the going concern basis remains appropriate for the group as a whole.

Furthermore, in the spring of 2026 the Government announced a review of Police Force structures, which could result in the merger of a number of forces and changes to responsibilities between local and national forces. However, no detail has been received and the Government has said that it is unlikely that any proposals would be enacted before 2030. Hence given Policing services will still be required, and no changes are expected for several years, the going concern basis remains appropriate.

## **Operational Performance**

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) independently assess the effectiveness, efficiency and legitimacy of police forces through its Police Efficiency, Effectiveness and Legitimacy (PEEL) inspection programme.

In the 2023–25 police effectiveness, efficiency and legitimacy inspection of Surrey Police, HMICFRS highlighted two causes of concern. These related to the way the force managed calls from the public and its incident response times. Since then, it has established a new command centre and improved both emergency call handling and incident response times. In the year

ending 30 September 2025, the force received 159,869 emergency 999 calls. It answered 143,277 within 10 seconds, which is 89.6 percent. Due to these improvements, both causes of concern were closed.

In March 2026 the Force was assessed under the new PEEL framework and was given the judgements below:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Using powers fairly, appropriately and with justification	Responding to the public	Leadership and force management	
	Preventing and deterring crime and antisocial behaviour, and reducing vulnerability	Safeguarding children and adults at risk of harm	Attracting, developing and retaining a diverse and inclusive workforce	
	Tackling potential corruption		Investigating crime	
			Managing fraud	

The report recognised the direction of travel that was being taken with “Our Plan” and “Op Solve” however at the time of the inspection these changes had not yet been embedded in the Force. Particular issues highlighted were:

Leadership and Force Management

The inspection recognised that the Force has systems to collect intelligence and to respond to demand and also aligns its finances to its priorities, but it did not use all of this data to develop predictive tools to enable to improve its operational planning and resource allocation.

### Attracting, developing and retaining a diverse and inclusive workforce

The main issue here was related to the retention of minority ethnic officers who leave the force at almost double the rate of white officers. This issue was recognised before the inspection and the Force is putting in place a framework, such as mentors to try and address this issue. In addition, racial abuse is taken very seriously with the Chief interviewing every officer that has been subject to abuse to try and understand the consequences of this.

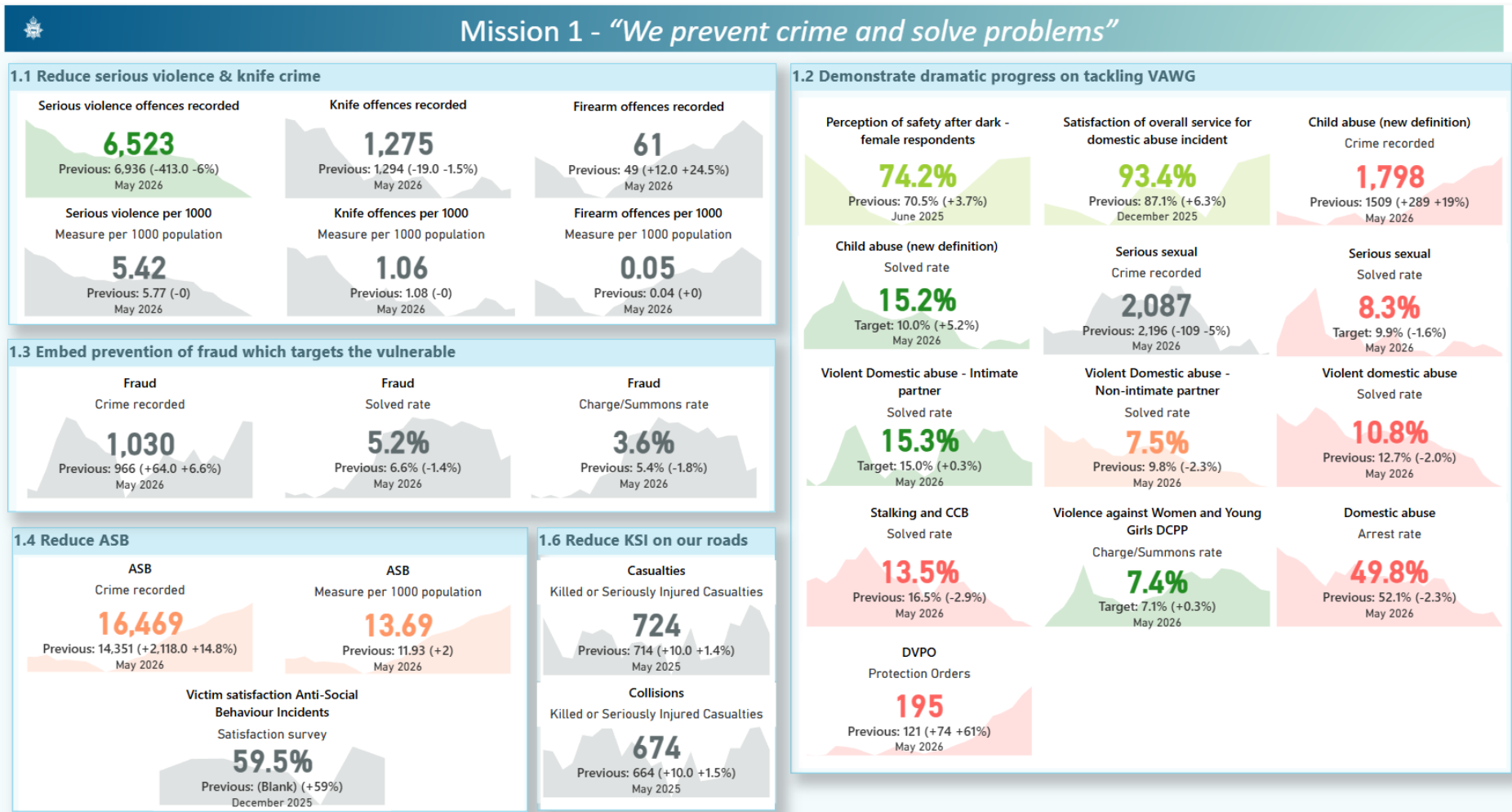
### Investigating Crime

The inspection recognised that Investigate standards, file quality and workload management had all improved. This is reflected in the rising number of arrests and charges. However, victim management could be improved, and crimes were not cancelled from the system quickly enough.

### Managing Fraud

The inspection recognised that the Force had one of the highest judicial outcome rates for Fraud charges in the country and that victims were adequately protected. However, as the fraud strategy was joint with Sussex it did not take account of the specific needs of each of these communities.

What is clear is the Chief Constable's focus on outcomes as set out in Our Plan is evidenced by the improvements in the Force's operational performance during the year. Arrests increased significantly, the number of suspects charged more than doubled compared with previous years, and substantial improvements were achieved in outcomes for victims of burglary, shoplifting, violence against women and girls, domestic abuse and other priority crime types. These are set out in the table below:



## Financial performance

### Revenue Budget and Outturn for 2025/26

In February 2025, the Commissioner approved funding for a net revenue budget for 2025/26 for the Group of £332m, an increase of £21.7m on the previous year. There was an overall underspend against this budget of £1m, which is equivalent to 0.3%. Most of this was due to one off-items received towards the end of the year.

The table below gives a summary of the financial performance of the group against that budget for the year:

	<b>Total 2025/26 Budget £m</b>	<b>Total 2025/26 Outturn £m</b>	<b>Variance £m</b>
OPCC	3.9	3.7	(0.2)
Force	328.0	327.2	(0.8)
<b>Group Expenditure 2025/26</b>	<b>331.9</b>	<b>330.9</b>	<b>(1.0)</b>
Less: Funding	(332.0)	(331.9)	0.1
<b>Net Group underspend for year</b>	<b>0.0</b>	<b>(1.0)</b>	<b>(0.9)</b>

The Group Total includes unplanned backdated income and slippage for activity that requires funding to be carried forward to address costs into 2026/27. These items are adjusted as they do not form part of the operating cost base, and when removed the Adjusted Outturn is £200k underspent, less than 0.6% variance.

<b>Outturn Report</b>	<b>Variance £m's</b>	
<b>Unadjusted Revenue Outturn</b>	<b>(1.0)</b>	
Cost of Change Projects	0.5	Carry forward of Cost of Change funding
One off backdated income for aerals	0.1	One off income
PCC Slippage	0.2	Total PCC underspend to be transferred to reserves
<b>Adjusted 2025/26 Outturn</b>	<b>(0.2)</b>	

The financial performance of the group over the year is made up of the PCC and the group and is set out below and more detail is shown in the accounts which follow.

#### PCC Controlled Expenditure

PCC Controlled costs are split between "Operational Costs" - those required pay for the PCC, her office, staff, and governance and "Commissioned Services" - which relate to services commissioned to support victims, communities and prevent crime. This is set out in the table below:

<b>2025/26</b>	<b>Budget £m</b>	<b>Actual £m</b>	<b>Variance £m</b>
Operational Costs	1.7	1.7	0.0
Services Commissioned	5.9	6.3	0.4
Less grants received	(3.7)	(4.3)	(0.6)
<b>TOTAL</b>	<b>3.9</b>	<b>3.7</b>	<b>(0.2)</b>

OPCC Operational costs, which includes not only the costs of the PCC, DPCC and OPCC staff, but also internal and external audit and governance equate to just under around 0.5% of group total expenditure.

### Force expenditure by category

The following table provides a high-level comparison between the approved budget for 2025/26 and actual expenditure at the Force level i.e. excluding the OPCC.

	Year to 31 March 2026		
	Budget	Actual	Variance
	£m	£m	£m
Wages and Salaries	277.7	280.6	2.9
Premises	14.0	13.0	(1.0)
Transport	5.6	5.8	0.2
Supplies and Services	36.2	37.8	1.6
Capital Financing and Reserves	17.5	17.5	0.0
Grants and Income	(23.0)	(27.5)	(4.5)
<b>Total</b>	<b>328.0</b>	<b>327.2</b>	<b>(0.8)</b>

A brief explanation for the main variance is given below:

- **Employee Costs**

The overspend is made up of a combination of pay rises, some of which is funded, overtime and ill health retirements.

- **Premises**

A favourable variance driven by rent and rates being lower than anticipated, as well as savings in utilities and cleaning.

- **Transport**  
Largely in line with budget, with only minor cost pressures and no material variance.
- **Supplies & Services**  
Relates to savings expected but deferred. There were also overspends in digital forensics and legal offset by savings in IT and telephone costs.
- **Grants & Other Income**  
A significant overachievement in income due to better investment returns and one-off grants for dangerous dogs, neighbourhood policing etc. Also, secondments income was higher than budgeted as well as back rent received on some properties.

The Comprehensive Income and Expenditure Statement, included within these financial statements, is presented in a format that complies with the Code of Practice and shows the net cost of providing services in accordance with generally accepted accounting practices. These costs include charges for the pension scheme and other adjustments.

This is a different basis to the way the revenue budget is produced – for the purpose of setting the council tax precept each year, certain charges, such as depreciation and impairment charges on assets, the accrual of retirement benefits, should not be borne by the general fund. The budget, which is reported to the Commissioner and Chief Constable throughout the year, excludes such charges and accounting adjustments and is used to monitor the financial performance, as well as informing the setting of the precept for the following year.

The budget provides for the cost of financing capital expenditure, revenue contributions and actual in year employer's contributions to the pension fund instead of the charges for the pension scheme and depreciation.

The following table reconciles Group operational expenditure for 2025/26 to the position reported in the CIES, by showing how management accounts are adjusted for accounting regulations and other statutory adjustments to arrive at the deficit on provision of services as reported in the Comprehensive Income and Expenditure Statement.

Draft Accounts subject to Audit  
Please note that information highlighted in yellow has not been updated and is subject to change.

	<b>CC</b> <b>£m</b>	<b>PCC</b> <b>£m</b>	<b>Group</b> <b>£m</b>
<b>Total Actual net Expenditure per revenue outturn report 2025/26</b>	<b>327.2</b>	<b>3.7</b>	<b>330.9</b>
<b>Reserve and Provision transfers excluded from (Surplus)/Deficit on Provision of Services:</b>			
Financial year end accounting adjustments	(16.0)	0.0	(16.0)
<b>Amounts in the CIES not in the outturn report:</b>	<b>0.0</b>	<b>0.0</b>	<b>0.0</b>
Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	11.1	0.0	11.1
Pensions	(41.5)	(0.1)	(41.6)
Rounding		0.1	0.1
<b>Net Cost of Services</b>	<b>280.8</b>	<b>3.7</b>	<b>284.5</b>
Intra-group Adjustment from PCC to CC for resources consumed at the request of the Chief Constable	(322.3)	322.3	0.0
Pension Interest costs and expected return on pension assets	72.7	(0.9)	71.8
Other interest payable and interest receivable	0.0	(1.7)	(1.7)
Levies & other operating expenditure	0.0	1.0	1.0
Taxation and non-specific grant income	0.0	(328.9)	(328.9)
<b>(Surplus)/Deficit on the provision of services</b>	<b>31.2</b>	<b>(4.5)</b>	<b>26.7</b>
(Surplus) on revaluation of Property, Plant and Equipment	0.0	(0.6)	(0.6)
(Surplus) on revaluation of Equity Investment	0.0	0.1	0.1
Re-measurement of the net defined benefit liability/asset	(40.4)	0.4	(40.0)
<b>Total Comprehensive Income and Expenditure</b>	<b>(9.2)</b>	<b>(4.6)</b>	<b>(13.8)</b>

## Capital Expenditure

Capital expenditure is incurred on the acquisition and enhancement of the Commissioner's assets which have a life of more than one year. The capital and investment programme is designed to support business enablement and change projects to promote new ways of working and efficient use of resources. Investment plans for the year included investment towards the new Police Headquarters, fleet replacement of in-car technology development, ICT hardware, particularly laptops and servers and development of mobile emergency services network.

The Police and Crime Commissioner owns all of the force's assets and hence they are included on the Balance Sheet of the PCC and Group, but not the Chief Constable. Day to day management is delegated to the Chief Constable who receives a budget to fund these costs from the PCC. The PCC approved a Capital Programme of £48.4m in February 2025, however with slippage requests from 2024/25 programme, slippage into 2026/27 and further adjustments meant that the final budget was £27.6m. The force runs a flexible programme managing schemes over a rolling 2-year period, enabling work to be brought forward or deferred.

The outturn against budget is as shown in the following table:

Capital Summary	2025/26 Original Budget £000's	2024/25 Slippage B/Fwr'd £000's	2025/26 Adjustment £000's	2025/26 Total Budget £000's	2025/26 Total Actual £000's	Budget VS Actual Variance £000's
Digital, Data and Technology	3.7	0.5	(1.2)	3.0	2.5	(0.5)
Estates and Facilities	3.5	1.3	(4.6)	0.2	0.0	(0.2)
Estates Strategy	33.5	17.7	(37.8)	13.4	9.5	(3.9)
Transport Services	6.3	1.6	0.3	8.2	7.7	(0.5)
Enterprise Resource Planning	0.0	0.3	0.0	0.3	0.3	0.0
Cost of Change	0.8	1.0	(0.9)	0.9	0.0	(0.9)
Specialist Crime	0.0	0.0	0.0	0.0	0.0	(0.0)
Operations & Protective Security	0.6	0.1	0.0	0.7	0.5	(0.2)
Criminal Justice & Custody	0.0	0.0	0.8	0.8	0.9	0.1
<b>Total</b>	<b>48.4</b>	<b>22.5</b>	<b>(43.4)</b>	<b>27.5</b>	<b>21.4</b>	<b>(6.1)</b>

The Force manages capital schemes over a rolling 2-year period, enabling projects to be bought forward or deferred. This can lead to underspends in year and slippage from one year to another. Further details on major variances are given below:

- **ICT**  
During the year almost £2.3m was spent on hardware replacement with a further £0.5m on ERP and networks. The variance represents projects that have slipped into the following year.
- **Vehicles**  
The spend on vehicles is less than the budget due to delays in getting vehicles delivered from suppliers, however this was offset in part with an additional £0.5m on ANPR.
- **Criminal Justice and Custody**  
This relates to a CCTV system for custody.
- **Operations**  
Capital was invested in ANPR, drones, tasers and Surrey Road Safe projects. Some of the Road Safe projects are unspent as they will slip into the next year.
- **Estates**  
£9.5m was spent on the new HQ and associated projects, including £4.3m for the new facility in Reigate. Most of the underspend is slippage due to delays on the Eastern HQ in Leatherhead.
- **Change**  
These are elements of the change programme that are able to be capitalised and are funded from reserves.

The Force requested that the PCC approves £49.1m be carried forward into the capital budget for 2026/27 as this represents slippage in the capital programme for the year. This has meant that the capital programme for 2026/27 becomes £101.2m (£52.1m plus £49.1m slippage).

## Capital Funding

This £21.4m of expenditure for 2025/26 was funded by:

<b>Source of Funding</b>	<b>Capital Financing £m</b>
Other Grants and Income	0.2
Reserves	8.1
Capital Receipts	0.5
Revenue Funding	8.6
In-year Revenue Funding	4.0
<b>Total</b>	<b>21.4</b>

Further details of capital expenditure and financing for the year are shown in attached financial statements.

## **Treasury Management**

The Capital and Investment Strategy and Treasury Management Strategy are both approved annually by the Police and Crime Commissioner and published on the website. These documents contain a more detailed explanation of the economic outlook and the agreed prudential indicators. The authorised limit for external debt was £25.5m for 2025/26 but no additional borrowing was taken in the year. The external debt of £12m did not exceed the Capital Financing Requirement of £27.178m as of 31 March 2026 in accordance with the Prudential code.

In accordance with the borrowing strategy for 2025/26, the Commissioner finances capital expenditure incurred during the year through the use of capital grant, capital receipts and earmarked reserves, and did not take out any new long-term loans. At the year end the Commissioner had one PWLB loan taken out in March 2019 of which £12m was outstanding. The interest rate has been fixed for the 30-year term at 2.34%. In addition, the PCC has internally borrowed to the sum of £9m.

The Commissioner invests surplus balances on an overnight basis in the money markets by pooling with Surrey County Council. Interest earned during the year amounted to £2.36m, giving an average return for the year of 4.1%.

The economic environment continued to evolve during 2025/26 and into 2026/27. Following a period of elevated interest rates, the Bank of England's Monetary Policy Committee (MPC) has progressively reduced the official Bank Rate from its peak of 5.25%. Having fallen to 4.5% in February 2025 and 4.25% in May 2025, further reductions have subsequently brought the rate down to 3.75%, reflecting a continued easing of inflationary pressures and a weakening economic outlook. Whilst interest rates are now significantly below their recent peak, uncertainty remains regarding the pace of future reductions due to ongoing inflationary risks, global economic conditions and the impact of Government fiscal policy.

For the Group, higher interest rates have continued to support investment income in the short term; however, borrowing costs and wider inflationary pressures remain above historic levels. Although inflation has moderated from the peaks experienced in recent years, pay awards, construction costs, energy prices and technology-related expenditure continue to place pressure on both revenue budgets and the capital programme. The Medium Term Financial Strategy therefore continues to adopt prudent assumptions regarding inflation, interest rates and funding levels to ensure that the Group remains financially resilient in an uncertain economic environment.

### **Material assets acquired or liabilities incurred**

There were no unusual material assets acquired, or liabilities incurred during the year.

### **Unusual charges or credits within the accounts**

There were no unusual charges or credits in the accounting period.

### **Significant provisions or contingencies**

Following a review, all provisions and contingencies are reflected and set out in the financial statements.

### **Reserves**

The requirement for reserves is covered in sections 32 and 43 of the Local Government Finance Act 1992, which require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. General reserves are to cover any unbudgeted expenditure be this an overspend or a sudden operational demand – such as a large disturbance or investigation. Earmarked reserves are held for a

specific purpose to cover future expenditure, such as the redevelopment of the HQ, or liabilities. They legally remain part of the general fund but are accounted for separately. Capital reserves, usually proceeds from the sale of capital assets, can only be used for capital purposes.

All reserves are held by the Commissioner and amounted to £43.8m split as follows:

Type of Reserve	At 31 March 2025 £m	At 31 March 2026 £m
General Reserves	12.1	13.0
Earmarked Reserves	25.1	30.0
Capital Reserves	2.0	0.8
Total	<b>39.2</b>	<b>43.8</b>

More details on each reserve are set out in the financial statements.

## Pensions

The Commissioner's net pension liability is included in the Statement of Financial Position in accordance with accounting standards, including an estimate of the impact of the McCloud judgement that concluded the transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination. The Government's application to appeal the decision was denied by the Supreme Court on 27 June 2019. Consequently, the Government has stated its intention to engage fully with the Employment Tribunal to agree how the discrimination will be remedied for all the main public service pension schemes, including Police. The actuary has modelled the assumed remedy with reference to developments in the Employment Tribunals of other public service schemes. There are two schemes which are included within the statement of accounts. There is the Police officer scheme, which is open to all Police Officers, and the Police Staff scheme which forms part of the Local Government pension Scheme.

### Police Pension Scheme

Overall, the pension liability on the Police Officer Pension Scheme decreased by £31.3m from £1,305.8m at 31 March 2025 to £1,274.5m at 31 March 2026. The large negative pension reserve created when applying IAS-19 is mainly due to the police pension scheme being an unfunded scheme i.e. with no fund assets to offset future liabilities when existing police officers have all retired. The difference between pension fund outgoings and incomings is met by a top-up grant from the Home Office. Therefore, the statutory arrangements for funding the liability mean that the Commissioner's and the Group's financial position remains sound.

### Staff Pension Scheme

The staff pension scheme is part of the Local Government Pension Scheme (LGPS) and is managed by Surrey County Council on the Group's behalf. It is a funded scheme in that contributions are used to not only pay existing pensions but also to build up investments to pay future pensions. It is not underwritten by the Government. The level of funding is assessed on a triennial basis by an actuary and the employer's contribution is adjusted in line with their recommendations. There was a review of rates in the year to 31 March 2026.

The Staff Pension Fund had a surplus of £150.5m at the end of Financial Year 24-25 and this year had a surplus of £191.8m before applying the Asset Ceiling Adjustment as defined in IAS19 of £214.7m, which then left the fund with an overall liability of £22.9m.

Although the Commissioner is responsible for all assets and liabilities, pension liabilities for staff employed by the force are disclosed in the Chief Constable's Statement of Accounts. A small number of staff work directly for the Commissioner and a proportionate share of their pension assets and liabilities are included in the PCC Statement of Accounts.

### **Financial issues and risks**

Strategic risk registers are maintained by both the Commissioner and the Chief Constable on separate risk registers and are reported to each meeting of the Joint Audit Committee. Papers for the Joint Audit Committee can be accessed at [Joint Audit Committee | OPCC for Surrey](#)

## **Future prospects**

### Revenue and Capital

The revenue and capital budget for 2026/27 and the updated Medium Term Financial Strategy (MTFS) were approved by the Police and Crime Commissioner in February 2026 and published on the Commissioner's website. The budget reflects the Government's police funding settlement, the approved council tax precept, and the operational requirements of the Force. Whilst a balanced budget has been set for 2026/27, the MTFS identifies a continuing requirement to deliver efficiencies and savings over the medium term in order to address forecast funding gaps and maintain long-term financial sustainability.

The Group delivered a strong financial performance in 2025/26, achieving an adjusted revenue underspend of £142k (0.04% of budget) after allowing for approved carry forwards and one-off items. This outcome demonstrates the effectiveness of the financial controls and budget management arrangements operating across both the Force and the Office of the Police and Crime Commissioner. Nevertheless, significant financial challenges remain over the medium term.

The capital programme continues to support investment in operational policing, technology, vehicles and the estate. Capital expenditure of £21.4m was incurred during 2025/26 against a revised budget of £27.6m, with £6.2m of expenditure re-profiled into future years, principally relating to estate development, digital transformation and transport projects. The updated capital programme will continue to be funded through a combination of capital receipts, reserves, revenue contributions and prudential borrowing.

The wider economic environment remains uncertain. Although inflationary pressures have eased compared with previous years, pay awards, construction costs, technology expenditure and wider supply chain pressures continue to place significant demands on police budgets. At the same time, demand for policing services continues to increase in both volume and complexity, particularly in relation to digital investigations, safeguarding and vulnerability.

In June 2025, the Government announced the outcomes of its Spending Review covering the period from 2026/27 to 2028/29. Whilst the review provided some certainty regarding overall public sector funding, the extent to which additional funding will flow directly to policing, and the balance between Government grant and council tax funding, remains uncertain. Consequently, the MTFS continues to adopt prudent assumptions regarding future funding levels.

Work continues across the Force to identify sustainable efficiencies, productivity improvements and transformational change opportunities. The Commissioner maintains an appropriate level of reserves to support the delivery of change programmes

and manage financial risks during the period in which savings are made. Whilst the financial outlook remains challenging, the Chief Finance Officer is satisfied that robust financial planning arrangements are in place and that the Group remains financially resilient and sustainable over the medium term. However, opportunities to deliver further savings without affecting service delivery are becoming increasingly limited, and future financial sustainability will depend upon continued investment in productivity, technology and organisational transformation.

### **Surrey Estates Strategy**

The redevelopment of the Force Estate, which includes the Headquarters, is one of the most significant investments the Group has made in many years. The object of the strategy is to provide the Force with the facilities to support the delivery of Policing in Surrey for the next 100 years. The new buildings will improve environmental sustainability, reduce operating costs, deliver operational efficiencies and provide a working environment that our staff and officers deserve.

A comprehensive financial appraisal has recently been undertaken and due to increasing uncertainty in respect of interest rates and construction costs, a more phased development approach has been adopted. This means that the project can be flexed to ensure that it remains affordable and therefore does not put the financial sustainability of the Group at risk. The appraisal will be updated at regular intervals to ensure that risks are identified and managed. This overall financial assessment still shows that, when compared with the cost of retaining and maintaining the existing estate, the estates strategy over the medium-to-long term delivers better value.

While the project will require significant capital investment over the coming years, the long-term objective remains that the redevelopment should be substantially self-financing and should not place additional ongoing pressure on operational policing budgets. The financial implications of the project continue to be reviewed as part of the wider MTFS and capital programme governance arrangements to ensure that the project remains affordable and deliverable.

### **Police Governance Reform**

At the end of last year PCCs were informed that there will be no further PCC elections once the current term ends in May 2028. It is not clear at the moment where policing Governance will sit, but the government is working on this and no doubt this will become clearer by the end of the year. Whilst there will be savings from not having a PCC or DPCC these are likely to be modest, particularly when considered in relation to the overall group budget. That said the changes are unlikely to create any new cost pressures.

In tandem with this the Government is also pursuing a policy of Police reform. This consists of the creation of a National Police Service in Dec 2026 or so and then possible Force mergers from 2034. Both of these changes have the potential for financial impacts but given the early stage of these proposals it is not possible to quantify what these could be – however unless transition costs are funded at least these are likely to be negative – at least in the short term.

### **Audit of the Statement of Accounts**

As a result of the implementation of the Audit “backstop” by Government, which was introduced to address the public audit backlog, the external auditors issued a disclaimed opinion on the 2022/23 and 2023/24 Group accounts, and a qualified opinion on the 2024/25 Group accounts. The qualification related to insufficient audit evidence as a result of the backstop in respect of Property, Plant and Equipment additions in 2022/23 and reserves balances as at 31 March 2023.

It is worth noting that, based on the work the auditors were able to undertake across these years, they did not identify matters that would lead them to conclude that the financial statements were materially misstated. They also issued unqualified value for money judgements in each of these years.

The qualified opinion for 2024/25 may impact the level of assurance that can be placed on the opening balances for the 2025/26 audit; however, the auditor has said that they will do all they can to rebuild assurance with a view to resolving any qualification due to the backstop. The auditor is required to issue an opinion or disclaimer by 31 January 2027, whether or not the audit is fully completed. However, it is anticipated that the audit process will be concluded by then and so a disclaimer will not be required.

### **Signing of Accounts by the Chief Finance Officer**

The Chief Financial Officer has signed the unaudited draft accounts as he is of the view that they do reflect the true state of the Group’s finances even though previous year’s accounts received an audit qualification. He is of the view that this qualification does not impact on the integrity of the draft group accounts for 2025/26, only the ability of the auditors to confirm this view.

Draft Accounts subject to Audit  
Please note that information highlighted in yellow has not been updated and is subject to change.

A printed copy of the financial statements can be obtained on request from the Office of the Police and Crime Commissioner for Surrey by telephoning: 01483 630200, or emailing [surreypcc@surrey.police.uk](mailto:surreypcc@surrey.police.uk)

If have any questions, comments or suggestions about these financial statements please contact us using the following email address: [CorporateFinance@surrey.police.uk](mailto:CorporateFinance@surrey.police.uk).



**Kelvin Menon**, Chief Finance Officer, Office of the Police and Crime Commissioner for Surrey  
Date: 30 June 2026

Draft Accounts subject to Audit  
Please note that information highlighted in yellow has not been updated and is subject to change.

## External Auditor's Report

This page is deliberately blank until the External Audit report has been completed.

## Statement of Responsibilities

This section explains the responsibilities for managing the financial affairs of the Police and Crime Commissioner

### Responsibilities of the Police and Crime Commissioner:

#### The Police and Crime Commissioner is required to:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

### Responsibilities of the Chief Finance Officer:

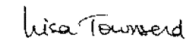
#### The Chief Finance Officer is responsible for:

- Preparation of the Statement of Accounts for the Police and Crime Commissioner 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 the Statement of Accounts, the Chief Finance Officer has:

- Selected suitable accounting policies and applied them consistently;
- Made judgements and estimates that were reasonable and prudent, including assessments of going concern; and
- Complied with the code and its application to the accounts of the Police and Crime Commissioner.
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I approve the Draft Statement of Accounts of the PCC for Surrey and the Group for the year ended 31 March 2026.



Lisa Townsend  
Police and Crime Commissioner  
Dated: 30 June 2026

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the PCC for Surrey and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2026.



Kelvin Menon FCPFA  
Chief Finance Officer  
Dated: 30 June 2026

## Annual Governance Statement



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Surrey Police

**Police and Crime Commissioner's Annual Governance Statement 2025-26**

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# Annual Governance Statement 2025/26

## 1. Executive Summary

This Annual Governance Statement (AGS) covers the period 1 April 2025 to 31 March 2026 and sets out how the Surrey Police and Crime Commissioner (PCC) has complied with its governance framework and the seven principles of good governance. Based on the annual review of effectiveness, the Surrey Police and Crime Commissioner is satisfied that Surrey Police Group's governance arrangements were fit for purpose during 2025/26.

Key strengths during the year included: a strong ethical framework supported by effective scrutiny; a reasonable overall internal audit opinion; improving maturity of risk management; and effective joint governance arrangements with the Force.

Key areas identified for continued improvement include business continuity and resilience planning, oversight of complex collaborative arrangements, and further strengthening workforce capacity and capability in specialist roles. These areas are reflected in the governance action plan for 2026/27.

## 2. Scope of Responsibility

The Police and Crime Commissioner is responsible for ensuring that:

- Business is conducted in accordance with the law and to proper standards.
- Public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- It secures continues improvements in the way in which its functions are exercised, having regard to a combination of efficiency, effectiveness and economy.
- There is a sound system of internal control which facilitates the effective exercise of the Commissioner's functions, and which include arrangements for the management of risk

This statement explains how the Commissioner has complied with its Code of Corporate Governance and meets with the requirements of the Accounts and Audit (England) Regulations in relation to the publication of an Annual Governance Statement.

The vast majority of funding for policing is received from Government Grant and Council Tax and there were no reductions to those amounts in 2025/26. There is no significant reliance on other income.

There were no significant changes to the scheme of governance during the year except from some amendments to contract standing orders to reflect the changes brought in by the new Public Procurement regulations. The Joint Audit Committee is the only meeting in public regularly convened by the PCC and CC jointly. These have continued to be conducted online so as to achieve maximum attendance from all members.

### 3. The Purpose of Corporate Governance

The governance framework comprises the systems, processes, cultures and values by which the Office of the Police and Crime Commissioner is directed and controlled and its activities through which it accounts to, engages with and leads the community. It enables the Commissioner to monitor the achievements of the Police and Crime Plan and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

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

Meetings have taken place with the Joint Audit Committee and Force to identify, report and mitigate risks. A new approach for presenting risk was introduced in 2023/24 using a new Keto system which has enabled better identification, recording and monitoring of risks. The current governance framework has been in place a number of years and was only subject to minor revision for the year ended 31 March 2026 and is still in place up to the date of approval of the statement of accounts.

The Police and Crime Commissioner has approved and adopted a Scheme of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government'. Agendas and minutes of the Joint Audit Committee are published on the Police and Crime Commissioner's website.

The CIPFA/SOLACE framework identifies seven principles of good governance; the first two principles underpin the whole CIPFA/SOLACE 2016 framework and are implicit in the remaining five principles:

- a) Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law.
- b) Ensuring openness and comprehensive stakeholder engagement.
- c) Defining outcomes in terms of sustainable economic, social and environmental benefits.
- d) Determining the interventions necessary to optimise the achievement of the intended outcomes.
- e) Developing the entity's capacity, including the capability of its leadership and the individuals within it.
- f) Managing risks and performance through robust internal control and strong public financial management.
- g) Implementing good practices in transparency, reporting and audit to deliver effective accountability.

## Delivering Good Governance in Local Government (CIPFA and Solace, 2016)



## 4. Core Principles of Good Governance

### a) **Behaving with Integrity, demonstrating strong commitment to ethical values, and respecting the rule of law**

The Office of the Police and Crime Commissioner operates in an open and transparent way and the Commissioner sets the tone for the organisation by creating a climate and culture of openness, support, and respect. This is reinforced through the organisational values that have been developed through staff engagement sessions at all levels.

The Commissioner is committed to the highest ethical standards and has adopted a governance framework to reinforce this philosophy as well as procedures to investigate any issues should the need arise. The framework, policies and procedures are set out in the Police and Crime Commissioner's Scheme of Corporate Governance which demonstrates a comprehensive commitment on the part of the Police and Crime Commissioner to integrity, ethical values and the rule of law.

The key governance, legal powers and responsibilities within the Office of the Police and Crime Commissioner are set out in legislation and statutory guidance (especially the Police Reform and Social Responsibility Act 2011, Policing Protocol Order 2011, Revised Financial Management Code of Practice 2018 and Strategic Policing Requirement 2015), the Scheme of Consent and Delegation, Financial Regulations and Contract Standing Orders. These are referenced in the Scheme of Corporate Governance and are annually reviewed to ensure they translate into delivery.

The Force has adopted the College of Policing code of ethics, which was published in 2024 and set out guidelines for ethical policing and was circulated to all staff. Staff are mandated to undertake training in ethics and there is a Surrey Police Ethics committee that considers ethical questions related to Policing. The PCC has a statutory responsibility to investigate all complaints relating to the Chief Constable's personal conduct. Advice on the process for this is published on the OPCC website. Random checks are undertaken by the OPCC on all Force complaints to ensure that they are being effectively managed and members of the public can, in some circumstances, request a review by the PCC if they are unhappy with the way their complaint has been handled by the Force.

### b) **Ensuring openness and comprehensive stakeholder engagement.**

The Police and Crime Commissioner is required by law to produce a Police and Crime Plan. The Plan sets out the Police and Crime Commissioner's Vision, Priorities and Mission, the clear strategic aims of which are communicated on the Police and Crime Commissioner's website and through various communications. This provides an operating model for business planning. Following the elections in May 2024 and extensive consultations, a new Police and Crime Plan was published covering the period from 2025 to 2028. Updates on progress with delivering the Plan are provided to the Police and Crime Panel and so far show that the plan was broadly on track. An implementation plan has been established

and is managed through programme and project management. Risks and issues are managed through project leads within the Office of the Police and Crime Commissioner and escalated to senior officers as required. This ensures programme and project risk factors are considered, recorded and, where required, addressed. This also captures and discharges the associated PCC's statutory responsibilities within the Police Reform and Social Responsibility Act 2011 (oversight & scrutiny – 'holding to account' arrangements) through regular meetings with the Chief Constable where the plan is discussed. This enables delivery of the Police and Crime Plan and ensures alignment with the strategic direction of the office.

The Police and Crime Commissioner has a clear governance framework for corporate decision making. The Police and Crime Commissioner's decisions have clear guidance and protocols on decision making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting some elements where this is necessary and proportionate. Public consultation to inform decision making is undertaken where warranted. Targeted consultation takes place for specific decisions such as the public consultation on the council tax precept. The Police and Crime Commissioner attends both formal public meetings and community events to inform and consult the public. The Police and Crime Commissioner is supported and scrutinised by the Police and Crime Panel which consists of members from local authorities and independent members who also consult their local communities and offer feedback to the Police and Crime Commissioner. The PCC also produces an annual leaflet for every council taxpayer with their bill setting out what the precept is being used for.

Other consultations are undertaken as required, such as via the Joint Audit Committee and specific focus groups, facilitated by the Police and Crime Commissioner's staff. This was demonstrated in the public survey and consultation for the 2025/26 precept and budget review and also the new Police and Crime Plan.

Openness is directly linked to accessibility and, in response to a Government Digital Service report, significant work was undertaken in improving access to our public digital content and compliance with the Accessibility Regulations 2018. This is under constant review. OPCC staff are responsible for ensuring that information on the website is kept up to date and relevant and there is an expectation that the PCC will be as open as possible publishing data not only on the Force's performance but also its own commissioning.

### **c) Defining outcomes in terms of sustainable economic, social and environmental benefits**

The strategic aims set out in the Police and Crime Plan underpin the Commissioner's overarching ambitions for delivering positive economic, social and environmental outcomes under the purpose of ensuring Safer Communities for Surrey. A new plan was agreed in 2025 after extensive consultation with stakeholders, the public and the Police and Crime Panel. Delivery of the Plan is monitored internally within the Office of the Police and Crime Commissioner and also through the scrutinising function of the Police and Crime Panel. Ultimately, the Police and Crime Commissioner is held to account by the electorate.

The Police and Crime Commissioner has an Estates Strategy in place. The purpose of this is to ensure that the Force has the estate it needs to support it in this century and beyond. Economic sustainability and social and environmental benefits and value for money are also at the forefront of that work.

The PCC produces an annual report which sets out the achievements against the Police and Crime Plan. [This is published on the website.](#)

**d) Determining the interventions necessary to optimise the achievement of the intended outcomes.**

Clear guidance and protocols exist for decision making and the involvement of the Monitoring Officer and Chief Financial Officer ensures that decisions are made after relevant options have been weighed and associated risks assessed from a legal and financial perspective. Details of the guidance and protocols are set out in the Scheme of Corporate Governance.

The budget setting process is well established, and the budget is set by the Police and Crime Commissioner after proposals on the council tax precept are consulted upon with the public and scrutinised by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan and the Chief Constable's resource requirement for Policing in Surrey. Consultation for the 2025/26 precept and budget took place in the run up to precept setting and formed part the information given to the Police and Crime Panel for its scrutiny.

A Medium Term Financial Strategy, capital programme and reserves strategy are updated each year together with relevant resource forecasts and takes full account of the changing regulatory, environmental, demographic and economic factors that impact on the financial environment in which the Commissioner operates. Risks associated with the achievement of intended outcomes are detailed in both OPCC and Force Risk Registers held at strategic corporate and departmental level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation. Police and Crime Plan risks and issues are tracked, monitored and controlled through the project leads within the Office of the Police and Crime Commissioner. Where appropriate, these are escalated to senior offices, usually through the PCC's regular meetings with the Chief Constable, to ensure they are actioned.

The PCC has engaged with HMICFRS by attending debriefs and gold group meetings. Actions arising out of inspections are monitored by the Joint Audit Committee at its meetings.

**e) Developing the entity's capacity including the capability of its leadership and the individuals within it**

The Commissioner places a significant value on the capability of leadership. Each individual has regular 1:1 meetings with their line manager and an annual Personal & Development Review (PDR). Supportive leadership in the office promotes performance and talent management linked to organisational values and objectives. The Chief Executive regularly reviews the structure of the workforce against the needs of the OPCC in the

context of its capacity and capability requirements. This then informs a range of strategies, for example; recruitment, retention and people development, in order to provide effective leadership and deploy appropriate resources to meet the needs of services.

All OPCC staff are required to complete mandatory training as provided through the NCALT portal. This includes areas such as ethics, abuse of position and GDPR compliance.

**f) Managing risks and performance through robust internal control and strong public financial management**

The Police and Crime Commissioner operates a robust Risk Management Strategy with reports into the Joint Audit Committee. The Joint Audit Committee has provided guidance and advice for the enhancement of the risk management arrangements which, as previously commented on, has led to the implementation of a new system for recording and monitoring risks. The Internal Audit Plan provides the mechanism through which the Chief Executive, Chief Finance Officer and Police and Crime Commissioner agree, in consultation with the Chief Internal Auditor, the most appropriate use of internal audit resources.

The Internal Audit Plan was developed to operate at a strategic level providing a value adding, and proportionate level of assurance aligned to the Police and Crime Commissioner's key risks and objectives. This includes a periodic review of the Police and Crime Commissioner's risk management processes.

The Audit Plan remains flexible to ensure Internal Audit's ability to react to the changing requirements of the Police and Crime Commissioner and the Force. The Internal Audit Plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy.

The delivery of the Internal Audit Plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee and Police and Crime Commissioner. Specifically for services in collaboration with Sussex Police, the Joint Audit Committee has access to and receives regular audit reports from the Internal Audit team on these services whether they are hosted by Sussex or Surrey.

The Joint Audit Committee is well established and provides independent advice to the Police and Crime Commissioner and Chief Constable. Members of the Joint Audit Committee have no executive responsibility for the management of the organisation, thus ensuring that they are sufficiently independent to scrutinise and challenge matters brought to their attention. The Committee is provided with an allowance and training budget, enabling members to attend internal meetings of both the Force and the OPCC to observe decision-making processes in action.

The Joint Audit Committee has a clear and agreed 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment. The terms will continue to be reviewed annually to ensure they remain effective.

The Police and Crime Panel publicly supports and holds the Commissioner to account and formally has a role in scrutinising and commenting upon the Commissioner's precept proposals, including a power to veto the proposed precept.

A key part of the Commissioner's role is to hold the Chief Constable to account for both operational performance and financial management; the Commissioner ensures that this is achieved both in public, via a series of neighbourhood meetings held during the year, and regularly in private to discuss performance.

The PCC CFO attends the Chief Finance Officer Board which monitors performance against the revenue at capital budgets. The PCC CFO also attends number of other groups, such as for financial risks and savings, to ensure he is up to date with the challenges the Force is facing. Treasury management, including compliance with the prudential indicators, is also reported on to the JAC twice yearly. The OPCC business continuity plan is reviewed on a regular basis to ensure that it is effective. Force business continuity plans are reviewed by internal audit on a cyclical basis.

The PCC Section 151 Officer is a member of the Commissioner's Executive Leadership Team and all formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative. Following "disclaimed" audit opinions on the financial statements given in 2022/23 and 2023/24 a qualified opinion was given in 2024/25 as the auditor sought to build back assurance after the national audit reset. The Surrey Police group received an unqualified audit opinion for value for money for all these years and this was reported to the Joint Audit Committee. Key financial regulations and financial strategies form an important part of the Corporate Governance Framework together with effective risk based financial and performance reporting. Financial management in key risk areas across the Commissioner's office focuses on activity and performance management alongside the budget management processes and the financial management framework is appropriately advised and supported by the Finance function.

**g) Implementing good practices in transparency reporting and audit to deliver effective accountability**

The decision-making guidance, protocols and templates referred to in the Scheme of Corporate Governance and the involvement of senior officers, legal officers and finance officers ensures that public reports are written in a clear and accessible way with sufficient information to enable members of the public to formulate informed opinions on the matters for decision. This has been strengthened through the earlier referenced Accessibility Regulations work. The delivery framework provides a transparent cycle of reporting on core performance metrics. Performance data and commissioning information is published online on the OPCC website and is thus easily accessible to staff, partners and the public.

The 'Internal Audit Charter' is presented annually for review by the Joint Audit Committee. The Charter makes provision that where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Joint Audit Committee. The ongoing work of internal Audit is presented through regular progress reports to the Joint Audit Committee providing an overview of service performance; delivery against the plan; and progress made by the organisation in the implementation of management actions agreed to mitigate risks identified through internal audit work. The JAC chair also had regular private meetings with the Head of Internal audit.

Representatives of External Audit routinely attend Joint Audit Committee meetings and present all External Audit reports. Any recommendations for corrective action detailed within External Audit reports are highlighted to the Joint Audit Committee who will track through to implementation. The External Audit can also meet privately with the JAC chair as required.

The Internal Audit Plan includes provision to review the Police and Crime Commissioner's approach to governance, risk and controls for partnership working. Such reviews are formally reported through the Joint Audit Committee with any significant issues highlighted accordingly. Where appropriate Internal Audit will gain assurances from third parties to contribute to their overall assurance opinion.

The OPCC comments on HMICFRS reports as required and any recommendations are monitored by the Joint Audit Committee as required.

## 5. Obtain assurances on the effectiveness of key controls

Key controls relating to risks, internal control (including financial management), and governance processes have been identified for review and a new approach for reporting risk has been introduced to better show the progress being made to mitigate a risk and the target outcome. Internal Audit, as part of its planned review of internal controls regularly evaluates the key controls to determine their adequacy and also carries out tests to confirm the level of compliance. Together the results of each review enable an audit opinion on effectiveness to be provided to management, and any actions for improvement to be agreed.

The CIPFA code requires Internal audit to provide an opinion on the overall adequacy and effectiveness of the governance framework. That opinion is provided below:

### **Annual Internal Audit Opinion 2025-26:**

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the PCC and Chief Constable to inform their governance statements. The annual opinion concludes on the overall adequacy and effectiveness of Surrey Police's framework of governance, risk management and control.

For the 12 months ended 31 March 2026, the Chief Internal Auditor's opinion for the Office of the Police and Crime Commissioner for Surrey and the Surrey Police Force is as follows:

*"I am satisfied that sufficient assurance and advisory work has been carried out to allow me to form a conclusion on the adequacy and effectiveness of the internal control environment. In my opinion the framework of governance, risk management and control are 'reasonable', and audit testing has demonstrated controls to be working in practice.*

*Where weaknesses have been identified through internal audit review, we have worked with management to agree appropriate corrective actions and a timescale for improvement."*

External sources of assurance include the annual opinion and value for money conclusion by external auditors, and statutory inspections by His Majesty's Inspector of Constabulary and Fire and Rescue Service (HMICFRS). These reports are subject to consideration by senior management and appropriate responses are agreed to any recommendations for improvements. The reports are normally approved in public and published.

In accordance with CIPFA's Statement on the Role of the Chief Financial Officer both the PCC and Chief Constable must both have a suitably qualified CFOs with defined responsibilities and powers. The CIPFA Statement requires that the CFO should be a professionally qualified accountant, report directly to the PCC or the Chief Constable (depending on the specific CFO concerned) and be a member of their respective leadership teams. In the

OPCC, the role of the PCC CFO meets these requirements. In Surrey Police, the CFO holds the title of Chief Financial Officer and is a key member of the Chief Constable's leadership team. The Force CFO has direct access to the Chief Constable on financial matters as does the OPCC CFO to the PCC.

## **6. Evaluate assurances and identify gaps in control/assurance**

The Police and Crime Commissioner has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify weaknesses in controls.

The Police and Crime Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the officers within the Office of the Police and Crime Commissioner who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and by comments made by the external auditors and other review agencies and inspectorates. In providing the annual report, the Chief Internal Auditor takes account of the reports from the internal and external assurance providers which have also been reported to the Joint Audit Committee. This Annual Governance Statement sets out the Police and Crime Commissioner's arrangements for receiving reports and identifying weaknesses in internal control. In line with the Internal Audit Charter, the key elements of the corporate governance framework are risk assessed and reviewed periodically by Internal Audit.

## 7. Action plan to address weaknesses and ensure continuous improvement of the system of corporate governance

The Police and Crime Commissioner was re-elected in May 2024. The new term of office required a new Police and Crime Plan to be published. The public and various stakeholders were consulted with during the autumn of 2024 with a draft plan going to the Police and Crime Panel for its comments in Spring 2025. The plan was published in May 2025 and is on the OPCC website and covers the period to May 2028 when PCCs are due to be abolished.

The Scheme of Corporate Governance was scheduled for reviewed in March 2025 and the review covered levels of delegation, consent and responsibilities set out in the Financial Regulations, Contract Standing Orders and Scheme of Delegation and Consent. This document is a statutory requirement under the PRSRA and the fundamental governing document for decision making within the Office of the Police and Crime Commissioner. Only minor changes were required, and these have been reviewed by the Joint Audit Committee prior to adoption by the PCC and CC.

The Estates Strategy requires effective planning and co-ordination as it incurs significant capital outlay. The authorisation of contracts and expenditure will be managed and aligned with the capital programme and treasury management function to ensure that sufficient capital is available as required. Delivery of the plan is authorised and monitored by the PCC through an Estates Board that includes all internal stakeholders.

There is further potential for pressure on partnerships and commissioned services with local public authorities needing to withdraw funding in order to remain financially sound. The reorganisation of local government in Surrey may also lead to priorities changing and this could also impact partnerships. The Office of the Police and Crime Commissioner will work with other public authorities and the third sector to seek to identify potential pressures and opportunities for mitigation.

The results of internal audit reviews conducted during 2025-26 had opinions as follows:

### Limited Assurance

- SSP Estates and Facilities – Recovery Plans
- SSP Duty of Care Risk Assessments
- SSP Long Term Sickness / Absence Management
- SSP Seizing of Evidence Process
- SSP Training Management of Attendance
- SSP Procurement
- SSP IT Disaster Recovery and IT Service Continuity
- SSP High Privilege Access Management
- Child Protection – Governance and Case Allocation
- Public Protection – Training and CPD

### Reasonable assurance

- SSP Health and Safety Assaults
- SSP Firearms and Explosives Licensing Processes
- SSP Driver Training
- SSP Triaging of Intelligence - Process and Governance
- SSP Physical Security Arrangements
- SSP Capital Funding Processes
- SSP Vetting
- SSP Cyber Security Patch Management - Identification Controls
- SSP Software Licensing
- SSP AI & Robotics – Policy and Use of Data
- Custody Compliance
- Contact and Deployment – Call Grading

### No Assurance

- Oracle Infrastructure Management

Progress against the implementation of recommendations is monitored by the PCC through the JAC at each of its meetings.

## **8. Forward Look**

During 2026/27, Surrey Police's governance arrangements will need to continue evolving to respond to an increasingly complex operating environment.

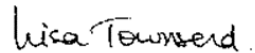
Key areas of focus will include strengthening oversight of collaborative and shared service arrangements, particularly where these span regional or multi-agency partnerships, to ensure clarity of accountability and effective performance management. Anticipated developments in legislation, national policing standards, and potential local government or policing reforms may require adaptation of governance structures and decision-making frameworks. In addition, significant financial pressures and workforce capacity challenges will necessitate continued enhancement of financial governance, prioritisation processes and workforce planning arrangements. The Force will also need to further develop its approach to digital, data and information governance, including cyber resilience and ethical use of emerging technologies, to support operational effectiveness and maintain public trust. Finally, building on current improvements, there will be an ongoing focus on strengthening business continuity and organisational resilience frameworks to ensure the Force is well placed to respond to emerging risks and future demand.

The PCC will continue to advance the Estates Strategy and will also be seeking to ensure that there will be continuity of commissioned services following the planned abolition of PCCs and transfer of functions to new governance arrangements in May 2028.

## 9. Declaration

This Annual Governance Statement has been prepared on the basis of a review of the effectiveness of Surrey Police's governance arrangements for the year ended 31 March 2026. The review has been informed by management assurance processes, the work of internal and external audit, and scrutiny and challenge provided by the Joint Audit Committee. We are of the view that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in this Statement.

We propose over the coming year to take steps to address the above matters to further enhance our governance arrangements. We are satisfied that these steps will address the need for improvements that were identified in our review of effectiveness and will monitor their implementation and operation as part of our next annual review.



Lisa Townsend: Police and Crime Commissioner  
Date: 30 June 2026



Kelvin Menon: Chief Finance Officer Surrey OPCC  
Date: 30 June 2026



Alison Bolton: Chief Executive Surrey OPCC  
Date: 30 June 2026

## Movement in Reserves Statement

2025/26 GROUP	Note	General Fund Balance	Earmarked General Fund Reserves	Total Earmarked Reserves and General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2025</b>		<b>(12,065)</b>	<b>(35,603)</b>	<b>(47,668)</b>	<b>0</b>	<b>(1,269)</b>	<b>(48,937)</b>	<b>1,144,808</b>	<b>1,095,871</b>
<i>Note</i>							19	20	
<b>Movement in reserves during 2025/26</b>									
(Surplus)/deficit on the provision of services		26,671	0	<b>26,671</b>	0		26,671		<b>26,671</b>
Other Comprehensive Income / Expenditure		0	0		0		0	(40,487)	<b>(40,487)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>26,671</b>	<b>0</b>	<b>26,671</b>	<b>0</b>	<b>0</b>	<b>26,671</b>	<b>(40,487)</b>	<b>(13,816)</b>
Adjustments between accounting basis and funding basis under regulations	6	(22,027)	0	<b>(22,027)</b>	0	<b>470</b>	(21,557)	21,557	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>4,644</b>	<b>0</b>	<b>4,644</b>	<b>0</b>	<b>470</b>	<b>5,114</b>	<b>(18,930)</b>	<b>(13,816)</b>
Transfers to / from Earmarked Reserves	7	(5,610)	5,610	<b>0</b>	0	<b>0</b>	0	0	<b>0</b>
<b>Increase or Decrease in 2025/26</b>		<b>(966)</b>	<b>5,610</b>	<b>4,644</b>	<b>0</b>	<b>470</b>	<b>5,114</b>	<b>(18,930)</b>	<b>(13,816)</b>
Rounding		<b>1</b>		<b>1</b>		<b>0</b>	<b>1</b>	<b>(1)</b>	
<b>Balance at 31 March 2026</b>		<b>(13,030)</b>	<b>(29,993)</b>	<b>(43,023)</b>	<b>0</b>	<b>(799)</b>	<b>(43,822)</b>	<b>1,125,877</b>	<b>1,082,055</b>

2024/25 GROUP	Note	General Fund Balance	Earmarked General Fund Reserves	Total Earmarked Reserves and General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2024</b>		<b>(12,065)</b>	<b>(25,140)</b>	<b>(37,205)</b>	<b>0</b>	<b>(1,957)</b>	<b>(39,162)</b>	<b>1,301,304</b>	<b>1,262,142</b>
<i>Note</i>							19	20	
<b>Movement in reserves during 2024/25</b>									
(Surplus)/deficit on the provision of services		20,926	0	<b>20,926</b>	0		20,926		<b>20,926</b>
Other Comprehensive Income / Expenditure		0	0		0		0	(187,197)	<b>(187,197)</b>
<b>Total Comprehensive Income and Expenditure</b>		<b>20,926</b>	<b>0</b>	<b>20,926</b>	<b>0</b>	<b>0</b>	<b>20,926</b>	<b>(187,197)</b>	<b>(166,271)</b>
Adjustments between accounting basis and funding basis under regulations	6	(31,389)	0	<b>(31,389)</b>	0	<b>688</b>	(30,701)	30,701	<b>0</b>
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>(10,463)</b>	<b>0</b>	<b>(10,463)</b>	<b>0</b>	<b>688</b>	<b>(9,775)</b>	<b>(156,496)</b>	<b>(166,271)</b>
Transfers to / from Earmarked Reserves	7	10,463	(10,463)	<b>0</b>	0	<b>0</b>	0	0	<b>0</b>
<b>Increase or Decrease in 2024/25</b>		<b>0</b>	<b>(10,463)</b>	<b>(10,463)</b>	<b>0</b>	<b>688</b>	<b>(9,775)</b>	<b>(156,496)</b>	<b>(166,271)</b>
<b>Balance at 31 March 2025</b>		<b>(12,065)</b>	<b>(35,603)</b>	<b>(47,668)</b>	<b>0</b>	<b>(1,269)</b>	<b>(48,937)</b>	<b>1,144,808</b>	<b>1,095,871</b>

2025/26 PCC	Note	General Fund Balance	Earmarked General Fund Reserves	Total Earmarked Reserves and General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2025</b>		<b>(12,065)</b>	<b>(35,603)</b>	<b>(47,668)</b>	<b>0</b>	<b>(1,269)</b>	<b>(48,937)</b>	<b>(165,033)</b>	<b>(213,970)</b>
<i>Note</i>							19	20	
<b>Movement in reserves during 2025/26</b>									
(Surplus)/deficit on the provision of services		(4,576)	0	(4,576)	0	0	(4,576)	0	(4,576)
Other Comprehensive Income / Expenditure					0		0	(72)	(72)
<b>Total Comprehensive Income and Expenditure</b>		<b>(4,576)</b>	<b>0</b>	<b>(4,576)</b>	<b>0</b>		<b>(4,576)</b>	<b>(72)</b>	<b>(4,648)</b>
Adjustments between accounting basis and funding basis under regulations	6	9,221	0	9,221	0	470	9,691	(9,691)	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>4,645</b>	<b>0</b>	<b>4,645</b>	<b>0</b>	<b>470</b>	<b>5,115</b>	<b>(9,763)</b>	<b>(4,648)</b>
Transfers to / from Earmarked Reserves	7	(5,610)	5,610	0	0	0	0	0	0
<b>Increase or Decrease in 2025/26</b>		<b>(965)</b>	<b>5,610</b>	<b>4,645</b>	<b>0</b>	<b>470</b>	<b>5,115</b>	<b>(9,763)</b>	<b>(4,648)</b>
<b>Balance at 31 March 2026</b>		<b>(13,030)</b>	<b>(29,993)</b>	<b>(43,023)</b>	<b>0</b>	<b>(799)</b>	<b>(43,822)</b>	<b>(174,796)</b>	<b>(218,618)</b>

2024/25 PCC	Note	General Fund Balance	Earmarked General Fund Reserves	Total Earmarked Reserves and General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
<b>Balance at 31 March 2024</b>		<b>(12,065)</b>	<b>(25,140)</b>	<b>(37,205)</b>	<b>0</b>	<b>(1,957)</b>	<b>(39,162)</b>	<b>(161,325)</b>	<b>(200,487)</b>
<i>Note</i>							19	20	
<b>Movement in reserves during 2024/25</b>									
(Surplus)/deficit on the provision of services		(16,502)	0	(16,502)	0	0	(16,502)	0	(16,502)
Other Comprehensive Income / Expenditure					0		0	3,019	3,019
<b>Total Comprehensive Income and Expenditure</b>		<b>(16,502)</b>	<b>0</b>	<b>(16,502)</b>	<b>0</b>		<b>(16,502)</b>	<b>3,019</b>	<b>(13,483)</b>
Adjustments between accounting basis and funding basis under regulations	6	6,039	0	6,039	0	688	6,727	(6,727)	0
<b>Net Increase or Decrease before Transfers to Earmarked Reserves</b>		<b>(10,463)</b>	<b>0</b>	<b>(10,463)</b>	<b>0</b>	<b>688</b>	<b>(9,775)</b>	<b>(3,708)</b>	<b>(13,483)</b>
Transfers to / from Earmarked Reserves	7	10,463	(10,463)	0	0	0	0	0	0
<b>Increase or Decrease in 2024/25</b>		<b>0</b>	<b>(10,463)</b>	<b>(10,463)</b>	<b>0</b>	<b>688</b>	<b>(9,775)</b>	<b>(3,708)</b>	<b>(13,483)</b>
<b>Balance at 31 March 2025</b>		<b>(12,065)</b>	<b>(35,603)</b>	<b>(47,668)</b>	<b>0</b>	<b>(1,269)</b>	<b>(48,937)</b>	<b>(165,033)</b>	<b>(213,970)</b>

## Comprehensive Income and Expenditure Statement

### Group

2024/25				2025/26		
Expenditure £000	Income £000	Net £000	Note	Expenditure £000	Income £000	Net £000
138,248	0	138,248		146,600	0	146,600
7,083	0	7,083		6,892	0	6,892
86,305	0	86,305		88,759	0	88,759
2,179	0	2,179		2,054	0	2,054
759	0	759		413	0	413
1,369	0	1,369		1,240	0	1,240
5,496	0	5,496		4,835	0	4,835
12,196	0	12,196		12,913	0	12,913
40,566	0	40,566		44,345	0	44,345
6,096	0	6,096		5,411	0	5,411
12,976	0	12,976	*	11,137	0	11,137
0	(39,898)	(39,898)		0	(40,076)	(40,076)
<b>313,273</b>	<b>(39,898)</b>	<b>273,375</b>	<b>Cost of Services</b>	<b>324,599</b>	<b>(40,076)</b>	<b>284,523</b>
		<b>0</b>	Intra-Group Funding Transfer			<b>0</b>
<b>313,273</b>	<b>(39,898)</b>	<b>273,375</b>	<b>Net Cost of Services</b>	<b>324,599</b>	<b>(40,076)</b>	<b>284,523</b>
904	0	904	34	1,029	0	1,029
68,676	(2,249)	66,427	33	73,323	(3,296)	70,027
0	(319,781)	(319,781)	8	0	(328,908)	(328,908)
0	0	1		0	0	0
<b>382,853</b>	<b>(361,928)</b>	<b>20,926</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>398,951</b>	<b>(372,280)</b>	<b>26,671</b>
		3,065	(Surplus) or Deficit on revaluation of Property, Plant and Equipment			(576)
		(32)	(Surplus) or Deficit on revaluation of Financial Instruments			57
		(190,230)	Re-measurement of the net defined benefit liability			(39,968)
		<b>(187,197)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(40,487)</b>
		<b>(166,271)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(13,816)</b>

\* The Capital charges figure in 2025/2026 includes a figure of £0.131m for downward PPE Revaluations

The Comprehensive Income and Expenditure Statement (CIES) shows the consolidated accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

## PCC

2024/25				2025/26		
Expenditure	Income	Net	Note	Expenditure	Income	Net
£000	£000	£000		£000	£000	£000
1,591	0	1,591		1,615	0	1,615
2	0	2		4	0	4
9	0	9		18	0	18
20	0	20		21	0	21
63	0	63		62	0	62
6,481	0	6,481		6,286	0	6,286
8	0	8		10	0	10
0	(4,958)	(4,958)		0	(4,340)	(4,340)
28,454	(28,454)	0		35,737	(35,737)	0
<b>36,628</b>	<b>(33,412)</b>	<b>3,216</b>	<b>Cost of Services</b>	<b>43,753</b>	<b>(40,077)</b>	<b>3,676</b>
301,407	0	301,407		322,311	0	322,311
<b>338,035</b>	<b>(33,412)</b>	<b>304,623</b>	<b>Net Cost of Services</b>	<b>366,064</b>	<b>(40,077)</b>	<b>325,987</b>
904	0	904	34	1,029	0	1,029
670	(2,918)	(2,248)	33	612	(3,296)	(2,684)
0	(319,781)	(319,781)	8	0	(328,908)	(328,908)
<b>339,609</b>	<b>(356,111)</b>	<b>(16,502)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>367,705</b>	<b>(372,281)</b>	<b>(4,576)</b>
		3,065				(576)
		(32)				57
		(14)				447
		<b>3,019</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>(72)</b>
		<b>(13,483)</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>(4,648)</b>

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner.

31 March 2025			31 March 2026		
PCC	Group			PCC	Group
£000	£000	Note		£000	£000
149,192	149,192	11	Property, Plant and Equipment	160,671	160,671
8,893	8,893	22	Right of Use Assets	8,146	8,146
26,451	26,451	16	Investment Property	29,082	29,082
2,330	2,330	12	Intangible Assets	1,572	1,572
732	732		Long Term Debtors	625	625
<b>187,598</b>	<b>187,598</b>		<b>Long Term Assets</b>	<b>200,096</b>	<b>200,096</b>
1,090	1,090	15	Assets Held for Sale	0	0
1,434	1,434		Inventories	1,554	1,554
31,506	31,616	13	Short-Term Debtors	35,936	36,046
47,021	47,021	14	Cash and Cash Equivalents	37,889	37,889
<b>81,051</b>	<b>81,161</b>		<b>Current Assets</b>	<b>75,379</b>	<b>75,489</b>
(32,623)	(33,979)	17	Short-Term Creditors	(35,338)	(39,052)
(2,471)	(2,581)	18	Provisions	(2,691)	(2,801)
(1,062)	(1,062)	22	Short-Term Lease Liabilities	(1,252)	(1,252)
<b>(36,156)</b>	<b>(37,622)</b>		<b>Current Liabilities</b>	<b>(39,281)</b>	<b>(43,105)</b>
(12,478)	(12,478)	38	Long-Term Borrowing	(11,957)	(11,957)
(6,045)	(6,045)	22	Long-Term Lease Liabilities	(5,235)	(5,235)
0	(1,308,485)	26	Other Long-Term Liabilities	(384)	(1,297,343)
<b>(18,523)</b>	<b>(1,327,008)</b>		<b>Long Term Liabilities</b>	<b>(17,576)</b>	<b>(1,314,535)</b>
<b>213,970</b>	<b>(1,095,871)</b>		<b>Net Assets</b>	<b>218,618</b>	<b>(1,082,055)</b>
(48,937)	(48,937)	19	Usable Reserves	(43,822)	(43,822)
(165,033)	1,144,808	20	Unusable Reserves	(174,796)	1,125,877
<b>(213,970)</b>	<b>1,095,871</b>		<b>Total Reserves</b>	<b>(218,618)</b>	<b>1,082,055</b>

I certify that the Draft Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner for Surrey and Chief Constable of Surrey Group at the accounting date and of the income and expenditure for the year ended 31 March 2026.

*Kelvin Menon*

Kelvin Menon FCPFA  
Chief Finance Officer  
Dated: 30 June 2026

Balance Sheet Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Police and Crime Commissioner may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that recognise the impact of timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet tables show the value as at 31 March 2026 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner (PCC). The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

The Chief Constable does not own any assets. All assets are held by the PCC.

The Chief Constable's Balance Sheet does include pension fund and employee benefit entries to show the reader its accounting for employee benefit and pension liabilities.

Separate statements for the Group and the PCC have therefore been included to reflect the intra-group adjustments with the Chief Constable's Balance Sheet.

## Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the of the Group during the reporting period.

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

2024/25			2025/26		
PCC	Group		PCC	Group	
£000	£000	Note	£000	£000	
(16,502)	20,926		(4,576)	26,671	Net deficit on the provision of services
(9,964)	(47,392)		(9,336)	(40,583)	Adjustment to surplus or deficit on the provision of services for noncash movements
2,921	2,921		617	617	Adjustment for items included in the net deficit on the provision of services that are investing or financing activities
<b>(23,545)</b>	<b>(23,545)</b>	<b>35</b>	<b>(13,295)</b>	<b>(13,295)</b>	<b>Net cash flows from operating activities</b>
12,516	12,516	36	20,712	20,712	Net cash flows from investing activities
1,538	1,538	37	1,715	1,715	Net cash flows from financing activities
(1)	(1)		0	0	Rounding
<b>(9,492)</b>	<b>(9,492)</b>		<b>9,132</b>	<b>9,132</b>	<b>Net (increase) or decrease in cash and cash equivalents</b>
37,529	37,529		47,021	47,021	Cash and cash equivalents at the beginning of the reporting period
<b>47,021</b>	<b>47,021</b>	<b>14</b>	<b>37,889</b>	<b>37,889</b>	<b>Cash and cash equivalents at the end of the reporting period</b>

The Chief Constable does not have any cash-flows for the year, since all payments were made from the Police Fund which is held by the Police and Crime Commissioner for Surrey (PCC). Similarly, all income receipts and funding are received by the PCC during the year. The financial consequences of the operational activities do impact on the net surplus/deficit on the provision of services and adjustments to that net surplus/deficit on provision of services for non-cash movements.

## Note 1 - Critical Judgements in Applying Accounting Policies

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

In applying the accounting policies set out in Note 39, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

- **Future levels of funding for Local Government** – there is a degree of uncertainty about future levels of funding for Police and Crime Commissioners. However, the Group has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.
- **Income & Expenditure** – a judgement has been made regarding the recognition of income and expenditure allocated between the Police and Crime Commissioner’s and Chief Constable’s accounts to reflect financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the subjective activities for each corporate body included in the CIES. In arriving at this approach, interested parties, including senior management in both corporate bodies were consulted and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance. All income/expenditure is received/paid by the PCC, and no actual cash transaction or events take place between the two entities.
- **Comprehensive Income and Expenditure Statement (CIES)** - Under CIPFA guidance the CIES is reported on the basis of organisation structure, reflecting the way in which the organisation operates or manages its services. For the Surrey Police Group the CIES has been set out to show costs subjectively, reflecting the reporting basis for the monthly corporate report that is written for both the Chief Officer Group and the PCC.
- **Estates strategy** – the timing and value of future property sales need to be considered in order to provide funds for future capital programmes and in particular the Building the Future project to develop a new Police HQ.
- **Asset values** – The PCC exercises judgement in determining the carrying value of land and buildings reported in the PCC/PCC Group Balance Sheet. Property assets are valued by external valuers, Wilks Head and Eve LLP, on a five-year rolling

basis. In accordance with the CIPFA Code of Practice, the PCC also considers the use of appropriate indices and other relevant market evidence between formal valuations to assess whether carrying values remain materially accurate. Local market conditions, construction costs, inflationary factors and national property data are reviewed annually to determine whether any material changes in value have occurred requiring adjustment to the Balance Sheet.

- **Capitalisation** – Capitalisation of non-current assets and intangible assets requires management judgement to ensure expenditure incurred during the year is correctly capitalised as Property, Plant & Equipment (PPE) or Intangible Assets. If expenditure does not meet the capital criteria it is released as revenue.
- **Depreciation** – Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced, then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- **Leases** – Following the adoption of IFRS 16 Leases on 1 April 2024, the PCC exercises judgement in determining whether contractual arrangements contain a lease. This assessment considers whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Judgement is also required in determining the lease term, including whether extension or termination options are reasonably certain to be exercised, and in assessing the appropriate discount rate to be applied where necessary. These judgements are made by the PCC Group's finance and procurement officers based on the requirements of IFRS 16, contract terms and relevant professional guidance.

### **IFRS 16 Lease – Since 1 April 2024**

For any new contracts entered into on or after 1 April 2024, the PCC considers whether a contract is, or contains, a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the PCC assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the PCC.
- The PCC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The PCC has the right to direct the use of the identified asset throughout the period of use.
- The PCC assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

## Accruals of Income and Expenditure

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

- **Fees, charges and rents due** are accounted for as income at the date the Police and Crime Commissioner provides the relevant goods or services.
- Where **income and expenditure is recognised but cash has not been received or paid**, a debtor or creditor for the relevant year is recorded in the Balance Sheet. Estimates are used where appropriate based on expectation, experience, relevant documentary evidence and other available information, including advice from specialist consultants where necessary. In preparing the year-end accounts, the PCC applies a de minimis accruals threshold of £10,000 for routine income and expenditure transactions. This threshold is reviewed annually and reflects management's assessment of materiality, taking into account the scale of the PCC's financial activities and the cost-benefit principles underpinning financial reporting. Transactions below the threshold are generally recognised in the period in which they are invoiced or paid unless their omission, individually or in aggregate, would be material to the financial statements.
- Where it is **doubtful that debts will be settled**, the balance of debtors is written down and a charge made to the CIES for the income that might not be collected.
- **Working capital** – Working capital has been judged as being attributable in full to the PCC. The PCC controls the treasury management function and all bank accounts, therefore the majority of the working capital balances (cash, current debtors and currently liabilities) are recognised in the PCC's Balance Sheet.
- **Employee benefit accrual for accumulated absences** - the PCC has to determine whether the leave accrual should be accounted for in the PCC or Chief Constables accounts. As the majority of employee costs are accounted for in the Chief Constable's accounts the leave accrual has been accordingly matched and accounted for on the Chief Constables Balance Sheet. The calculation is based on staff annual leave records and an average cost for each grade.
- **Collaboration** – the PCC has to determine how to account for collaborative arrangements. The Police and Crime Commissioners and Chief Constables of Surrey and Sussex Police have entered into a legal arrangement to provide a number of services jointly with each other and other forces. Each of these services is managed by one of the forces and includes a mix of staff from both forces. The net cost of each service agreed to be provided jointly which cannot be directly attributable to each force, is shared on a formula basis. Each force accounts for their own share of total income and expenditure and assets.
- **Insurance Actuarial Assumptions** - The Group annually reviews the appropriateness of its insurance funding. Independent Actuaries Marsh undertook a review on the adequacy of our insurance claim provision and reserves. The review

utilises recognised actuarial techniques and generally accepted principles to forecast ultimate claims costs. All reviews are carried out by qualified actuaries in the core Marsh team dedicated to the contract. The underlying assumptions and methodologies used in the reports are then peer-reviewed by a colleague independent to the core team.

- **Pensions Actuarial Assumptions** – The value of the liabilities for IAS19 purposes is heavily dependent on assumptions made by the Group’s actuaries, Hymans Robertson and GAD. The financial assumptions reflect market expectations at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pension-in-payment) can have a significant effect on the value of the liabilities reported. A reduction in the net discount rate will increase the assessed value of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below. There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund’s VitaCurves with improvements in line with the CMI 2025 model, an allowance for smoothing of recent mortality experience and long-term rates of improvement of 1.5% p.a. for males and females.

- **Pensions Impact of McCloud/Sargeant court of appeal -**

The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary-based pension schemes as part of the Hutton recommendation to reform public service pension schemes. Under the changes introduced to each scheme, members were required to transfer to the new schemes from the transition date of the new schemes, this was 1 April 2014 for the police staff scheme (LGPS) and 1 April 2015 for the Police pension scheme.

There was protection provided for older members under each scheme known as ‘transitional protection’. The McCloud and Sargeant judgements have upheld the claimants’ cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional

arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and on or after 1 April to be eligible for the remedy.

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred for members until retirement which creates further uncertainty of impact for employers. The legacy pension schemes will then be removed from April 2022 and replaced by the new pension schemes originally introduced in 2015 as it was only the transitional arrangements that were found to be discriminatory, not the actual new pension schemes.

IAS 19 pension actuarial reports include these impacts and provide for them within the 2025/26 accounts of the PCC Group for both police and staff pension schemes.

## Note 2 - Going Concern

### **Going Concern Section 1 – Underlying Principle**

These accounts have been prepared on a going concern basis, as the Police and Crime Commissioner for Surrey (PCC) and the Chief Constable of Surrey Police are satisfied that the Group and PCC will continue in operational existence for the foreseeable future. An assessment of the Group's financial position, cash flows, reserves and funding arrangements has been undertaken and confirms that cash flow requirements can be met for the period through to at least 31 March 2028.

The provisions of the CIPFA Code of Practice on Local Authority Accounting and the Code of Audit Practice reflect the economic and statutory environment in which local authorities and policing bodies operate. Police and Crime Commissioners and Chief Constables cannot be created or dissolved without statutory prescription and therefore their accounts are prepared on a going concern basis. Policing bodies carry out statutory functions that are essential to the local community and have access to funding from both Government grant and local taxation. Where financial pressures arise, it is expected that alternative arrangements would be made by central Government to support the continuation of policing services. Consequently, the financial statements have been prepared on the assumption that Surrey Police will continue to operate for the foreseeable future.

Police funding remains under the remit of the Home Office. The Government announced the 2026/27 Police Funding Settlement as part of a wider multi-year spending review period. The settlement assumes that Police and Crime Commissioners will utilise the maximum council tax precept flexibility available. For 2026/27, Surrey's provisional settlement provided additional funding

through a combination of Government grant and local precept income. The Police and Crime Commissioner approved an increase in the Band D police precept of £15 for 2026/27, which was endorsed by the Surrey Police and Crime Panel.

## **Going Concern Section 2 – Current and Historical Financial Position**

The 2025/26 revenue budget was approved in February 2025 as a balanced budget of £329.3m. The capital programme supports investment in the Estate Strategy, fleet replacement, operational equipment, information technology, regional collaborations and organisational change projects. These investments are essential to maintaining effective operational policing and delivering efficiencies over the medium term.

The Medium Term Financial Strategy has been reviewed and updated to reflect the latest funding assumptions, demand forecasts and inflationary pressures. The strategy identifies a savings requirement of £5.5m in 2026/27 and a further £8.1m over the subsequent three financial years. The Force continues to progress its transformation programme and wider efficiency initiatives to address these challenges whilst maintaining frontline service delivery.

The PCC and Chief Constable continue to maintain a prudent reserves strategy. General reserves are maintained at 3% of the net revenue budget, consistent with the assessment of the Chief Finance Officer and in line with CIPFA guidance. The adequacy of reserves is reviewed regularly as part of budget monitoring and medium-term financial planning.

Whilst uncertainty remains around future Government funding levels, inflationary pressures, pay awards and demand growth, the Medium Term Financial Strategy demonstrates that the organisation remains financially resilient and has plans in place to manage identified risks.

## **Going Concern Section 3 – Cash Position**

Surrey Police had a cash equivalent balance of £39.5m at 29 June 2026 compared to £37.9m at 31 March 2026. This includes £39.5m held for investment by Surrey County Council available within 24 hours (£36.5m at 31 March 2026).

The PCC Group maintains sufficient cash balances, short-term investments and borrowing facilities to meet its operational obligations as they fall due. Cash flow forecasts have been prepared covering the assessment period and demonstrate that sufficient liquidity is available to support operational and capital expenditure requirements.

The Group's treasury management arrangements provide access to both short-term and long-term borrowing where required, and cash balances continue to be managed in accordance with the approved Treasury Management Strategy. In addition, the PCC Group maintains usable reserves which provide resilience against unforeseen financial pressures.

Stress testing of cash flow forecasts has been undertaken to assess the impact of adverse scenarios, including reductions in funding, increased expenditure and delays in the delivery of planned savings. These assessments demonstrate that the PCC Group retains sufficient liquidity and financial resilience to continue operating and meeting its statutory obligations.

### **Going Concern Section 4 – Conclusion**

Having considered the current financial position, medium-term financial forecasts, reserves, cash flow projections, funding arrangements and the statutory framework within which policing bodies operate, the Police and Crime Commissioner and Chief Constable are satisfied that the Surrey PCC Group remains a going concern.

Accordingly, the Statement of Accounts has been prepared on a going concern basis. The PCC Group has adequate reserves, access to liquidity, and a robust medium-term financial planning process in place to manage future financial challenges whilst continuing to deliver policing services across Surrey.

### Note 3 - Events After the Balance Sheet Date

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date, an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue and published.

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 June 2026. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material non-adjusted events to report.

## Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made taking into account historic evidence, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Group's Balance Sheet at 31 March 2026 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

<b>Item</b>	<b>Uncertainties</b>	<b>Effect if Actual Results Differ from Assumptions</b>
<b>Property, Plant and Equipment Valuations and Depreciation</b>	Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate of austerity could lead to uncertainty that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, this in turn could impact on the useful lives assigned to assets.	<p>If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge increases by £1.8m for every year that useful lives are reduced.</p> <p>A 1% market movement for valuations of the asset classes held by the PCC for Surrey would be as follows:</p> <ul style="list-style-type: none"> <li>- Specialised Operational Property asset (Custody Suite) measured using DRC methodology £0.87m</li> <li>- Non-specialised Operational Property assets measured using EUV methodology £0.29m</li> <li>- Surplus Assets valued using Fair Value £0.02m</li> <li>- Investment Property valued using Fair Value £0.29m</li> </ul>
<b>Intangible Assets</b>	Intangible Assets are assessed by the business and amortised over useful lives that are dependent on assumptions about the use and potential obsolescence in relation to individual assets. The PCC carries intangible assets for purchased computer software and systems development. The standard period of amortisation noted within the Financial Regulations is 3 years.	If the useful life of assets is reduced, amortisation increases and the carrying amount of the asset falls. It is estimated that the annual amortisation charge would increase by £0.5m if useful lives reduced by 1 year.
<b>Insurance Claims Liability</b>	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Marsh Limited on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review.	Additional resources would be required to cover claims costs in the event that claims are higher than predicted.

<b>Pensions Costs</b>	There are three pension schemes for police officers, the 2006 Police Officer Pension Scheme (NPPS), the Police Pension Scheme (PPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	The benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office of £9.3m (£8.2m for 2024/25) and other Pension Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.
<b>Pensions Liability</b>	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Governments Actuary's Department have been engaged to provide the Group with expert advice about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same advice for the Police Staff Pension Scheme.</p> <p>Pension assumptions now include the impact of 'McCloud/Sargeant' transitional protections for both officer and staff pension schemes to better reflect the Fund's local assumptions, particularly those for salary increases and withdrawal rates. The Fund's actuary also carried out calculations in order to estimate the impact that the Guaranteed Minimum Pension (GMP) equalisation will have on the pension fund liabilities.</p>	The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in a decrease in the staff scheme pension liability of £31.9m and a decrease in the police officer pension scheme pension liability of £94m.
<b>Debtors</b>	At 31st March 2026, the Police and Crime Commissioner had a balance of trade debtors of £0.9m. A review of significant balances suggested that an impairment of doubtful debts of £0.05m was appropriate.	Based on the balance outstanding at 31 March 2026, if collection rates were to deteriorate, every 1% decrease would require an additional bad and doubtful debt provision of £0.05m.
<b>Income &amp; Expenditure</b>	The majority of funding to the Group is from Government Grants and Precept income.	Currently 45.0% of the Net Budget Requirement is met by Government Grant Funding and 55.0% by Precept collections.

## Note 5 - Expenditure and Funding Analysis

The Expenditure and Funding Analysis note shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with resources consumed or earned in accordance with generally accepted accounting practices.

### Group

2024/25				2025/26		
Net Expenditure Chargeable to General Fund	Adjustments Note 6	Net Expenditure in the CIES		Net Expenditure Chargeable to General Fund	Adjustments Note 6	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
99,481	38,767	138,248	Police Payroll	110,860	35,740	146,600
7,083	0	7,083	Police Overtime	6,892	0	6,892
87,629	(1,324)	86,305	Staff Payroll	93,315	(4,556)	88,759
2,179	0	2,179	Staff Overtime	2,054	0	2,054
759	0	759	Agency	413	0	413
1,369	0	1,369	Training	1,240	0	1,240
5,496	0	5,496	Other Payroll Costs	4,835	0	4,835
12,196	0	12,196	Premises	12,913	0	12,913
40,567	0	40,567	Supplies and Services	44,345	0	44,345
6,096	0	6,096	Transport	5,411	0	5,411
0	12,976	12,976	Capital Charges: Depreciation, Amortisation, Impairment (Proxy) *	0	11,137	11,137
(39,898)	0	(39,898)	Income	(40,076)	0	(40,076)
0	(1)	(1)	Rounding	(1)	1	0
<b>222,957</b>	<b>50,418</b>	<b>273,375</b>	<b>Net Cost of Services</b>	<b>242,201</b>	<b>42,322</b>	<b>284,523</b>
(233,419)	(19,030)	(252,449)	Other Income and Expenditure	(237,557)	(20,295)	(257,852)
0	1	0	Rounding	1	0	0
<b>(10,462)</b>	<b>31,389</b>	<b>20,926</b>	<b>Deficit on Provision of Services</b>	<b>4,645</b>	<b>22,027</b>	<b>26,671</b>
(37,205)			Opening Combined General Fund Balance	(47,668)		
(10,463)			Plus/less Surplus or Deficit on the General Fund Balance for the Year	4,645		
<b>(47,668)</b>			<b>Closing Combined General Fund Balance</b>	<b>(43,023)</b>		

\*Capital charges in 2025/26 includes a figure of £0.131m for downward PPE Revaluations

PCC

2024/25				2025/26		
Net Expenditure Chargeable to the General Fund	Adjustments Note 6	Net Expenditure in the CIES		Net Expenditure Chargeable to the General Fund	Adjustments Note 6	Net Expenditure in the CIES
£000	£000	£000		£000	£000	£000
1,577	14	1,591	Staff Payroll	1,678	(63)	1,615
2	0	2	Staff Overtime	4	0	4
9	0	9	Training	18	0	18
20	0	20	Other Payroll Costs	21	0	21
62	0	62	Premises	62	0	62
6,481	0	6,481	Supplies and Services	6,286	0	6,286
8	0	8	Transport	10	0	10
(12,976)	12,976	0	Depreciation/Amortisation (Proxy)	(11,137)	11,137	0
(4,958)	0	(4,958)	Income	(4,340)	0	(4,340)
1	0	1	Rounding	0	0	0
<b>(9,774)</b>	<b>12,990</b>	<b>3,216</b>	<b>Net Cost of Services</b>	<b>(7,398)</b>	<b>11,074</b>	<b>3,676</b>
(689)	(19,030)	(19,719)	Other Income and Expenditure	12,044	(20,295)	(8,251)
0	1	1	Rounding	(1)	0	(1)
<b>(10,463)</b>	<b>(6,039)</b>	<b>(16,502)</b>	<b>(Surplus) or Deficit on Provision of Services</b>	<b>4,645</b>	<b>(9,221)</b>	<b>(4,576)</b>
(37,205)			Opening Combined General Fund Balance	(47,668)		
(10,463)			Plus/less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	4,645		
<b>(47,668)</b>			<b>Closing Combined General Fund Balance</b>	<b>(43,023)</b>		

## Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

The table below details the adjustments made to the Total Comprehensive Income and Expenditure Statement 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.

<b>GROUP 2025/26 ADJUSTMENTS</b>	<b>General Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited/credited to the CIES:</b>				
Depreciation and impairment of non-current assets	(9,967)	0	0	9,967
Revaluation (Gains)/Losses on Property Plant and Equipment	(131)	0	0	131
Movements in the market value of Investment Properties	891	0	0	(891)
Amortisation of intangible assets	(1,039)	0	0	1,039
Movement in donated assets account (IFRS 16)	124	0	0	(124)
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	(386)	0	0	386
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment	2,257	0	0	(2,257)
Capital expenditure charged against the General Fund	20,733	0	0	(20,733)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	60	0	(60)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(390)	0	530	(140)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(557)	0	557
Use of the Capital Receipts Reserve to finance new capital expenditure	0	557	0	(557)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(2,994)	0	0	2,994
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(92,079)	0	0	92,079
Employers pension contributions and direct payments to pensioners payable in year	63,253	0	0	(63,253)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(2,358)	0	0	2,358
Rounding	(1)	0	0	1
<b>Total Adjustments</b>	<b>(22,027)</b>	<b>0</b>	<b>470</b>	<b>21,557</b>

<b>GROUP 2024/25 ADJUSTMENTS</b>	<b>General Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited/credited to the CIES:</b>				
Depreciation and impairment of non-current assets	(9,416)	0	0	9,416
Revaluation (Gains)/Losses on Property Plant and Equipment	(1,408)	0	0	1,408
Movements in the market value of Investment Properties	(1,554)	0	0	1,554
Amortisation of intangible assets	(598)	0	0	598
Movement in donated assets account (IFRS 16)	134			(134)
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	(318)	0	0	318
<b>Insertion of items not debited or credited to the CIES:</b>				
Statutory provision for the financing of capital investment	2,087	0	0	(2,087)
Capital expenditure charged against the General Fund	12,545	0	0	(12,545)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	190	0	(190)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(717)	0	878	(161)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(2,731)	0	2,731
Use of the Capital Receipts Reserve to finance new capital expenditure	0	2,731	0	(2,731)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	5,108	0	0	(5,108)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(95,688)	0	0	95,688
Employers pension contributions and direct payments to pensioners payable in year	58,013	0	0	(58,013)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	233	0	0	(233)
<b>Total Adjustments</b>	<b>(31,389)</b>	<b>0</b>	<b>688</b>	<b>30,701</b>

<b>PCC 2025/26 ADJUSTMENTS</b>	<b>General Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Depreciation and impairment of non-current assets	(9,967)	0	0	9,967
Revaluation (Gains)/Losses on Property Plant and Equipment	(131)	0	0	131
Movements in the market value of Investment Properties	891	0	0	(891)
Amortisation of intangible assets	(1,039)	0	0	1,039
Movement in donated assets account (IFRS 16)	124	0	0	(124)
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	(386)	0	0	386
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	2,257	0	0	(2,257)
Capital expenditure charged against the General Fund	20,733	0	0	(20,733)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	60	0	(60)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(390)	0	530	(140)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(557)	0	557
Use of the Capital Receipts Reserve to finance new capital expenditure		557	0	(557)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(2,994)	0	0	2,994
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(133)	0	0	133
Employers pension contributions and direct payments to pensioners payable in year	196	0	0	(196)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0
<b>Total Adjustments</b>	<b>9,221</b>	<b>0</b>	<b>470</b>	<b>(9,691)</b>

<b>PCC 2024/25 ADJUSTMENTS</b>	<b>General Fund</b>	<b>Capital Receipts Reserve</b>	<b>Capital Grants Unapplied</b>	<b>Movement in Unusable Reserves</b>
	<b>£000</b>	<b>£000</b>	<b>£000</b>	<b>£000</b>
<b>Adjustments primarily involving the Capital Adjustment Account:</b>				
<b>Reversal of items debited or credited to the CIES:</b>				
Depreciation and impairment of non-current assets	(9,416)	0	0	9,416
Revaluation (Gains)/Losses on Property Plant and Equipment	(1,408)	0	0	1,408
Movements in the market value of Investment Properties	(1,554)	0	0	1,554
Amortisation of intangible assets	(598)	0	0	598
Movement in donated assets account (IFRS 16)	134	0	0	(134)
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	(318)	0	0	318
<b>Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:</b>				
Statutory provision for the financing of capital investment	2,087	0	0	(2,087)
Capital expenditure charged against the General Fund	12,545	0	0	(12,545)
<b>Adjustments primarily involving the Capital Grants Unapplied Account:</b>				
Capital grants and contributions unapplied credited to the CIES	190	0	(190)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(717)	0	878	(161)
<b>Adjustments primarily involving the Capital Receipts Reserve:</b>				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(2,731)	0	2,731
Use of the Capital Receipts Reserve to finance new capital expenditure	0	2,731	0	(2,731)
<b>Adjustments primarily involving the Collection Fund Adjustment Account:</b>				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	5,108	0	0	(5,108)
<b>Adjustments primarily involving the Pensions Reserve:</b>				
Reversal of items relating to retirement benefits debited or credited to the CIES	(201)	0	0	201
Employers pension contributions and direct payments to pensioners payable in year	187	0	0	(187)
<b>Adjustment primarily involving the Accumulated Absences Account:</b>				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0	0	0	0
<b>Total Adjustments</b>	<b>6,039</b>	<b>0</b>	<b>688</b>	<b>(6,727)</b>

## Note 7 – Transfers to/from Earmarked Reserves

The table below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26.

	Balance at 31 March 2024	Transfers In 2024/25	Transfers Out 2024/25	Balance at 31 March 2025	Transfers In 2025/26	Transfers Out 2025/26	Balance at 31 March 2026
	£000	£000	£000	£000	£000	£000	£000
<b>Earmarked Reserves:</b>							
Insurance Reserve	(3,031)	(779)	1,024	(2,786)	0	220	(2,566)
Ill Health Reserve	(275)	(200)	298	(177)	(450)	627	(0)
PCC Operational Reserve	(1,234)	0	0	(1,234)	(7)	0	(1,241)
PCC Estate Strategy Reserve	(6,036)	(416)	0	(6,452)	(765)	5,236	(1,981)
Cost of Change Reserve	(6,403)	(1,052)	0	(7,455)	(1,000)	1,710	(6,745)
Delegated Budget Holder Reserve	(5,792)	(4,876)	1,867	(8,801)	(3,349)	3,002	(9,148)
Net Zero Reserve	(1,661)	0	0	(1,661)	0	0	(1,661)
Chief Constable Op Reserve for Op Pheasant	(450)	0	0	(450)	0	0	(450)
ICT Reserve	(259)	0	0	(259)	0	259	(0)
Camera Partnership Reserve	0	(4,253)	0	(4,253)	(289)	256	(4,286)
NDORS Reserve	0	(656)	0	(656)	(46)	0	(702)
POCA Incentivisation Reserve	0	(1,419)	0	(1,419)	0	206	(1,213)
<b>Total Earmarked Reserves</b>	<b>(25,141)</b>	<b>(13,651)</b>	<b>3,189</b>	<b>(35,603)</b>	<b>(5,906)</b>	<b>11,516</b>	<b>(29,993)</b>

The following table details the usable reserves and the purpose for which are held by Surrey Police:

<b>Reserve</b>		<b>Level or Target</b>
<b>General</b>		
<b>General Reserves</b>	<p>Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level for the reserve is reviewed as part of the annual budget setting process.</p> <p>This includes a separately identified Chief Constable Operational Reserve to provide access to funding for immediate operational policing demands without need for further approval from the PCC. Prior to 2019/20 this reserve was previously included within the earmarked reserves category.</p>	3% of Net Revenue Expenditure Budget as at 31 March each year.
<b>Contingency and Risk</b>		
<b>Police Officer Ill Health Pension Reserve</b>	<p>This reserve provides for the self-funding of police officer ill health and injury payments not covered by the pension grant funding.</p> <p>This reserve is maintained to meet the capital charge made by the Home Office for each officer that retires due to ill health. A percentage of the police officer cost as recommended by the Home Office is added to this reserve and the level will fluctuate from year to year depending on the number of police officer retirees.</p>	Assessed as part of the medium term financial planning process.
<b>Insurance Reserve</b>	<p>Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages, or below the excess level such as motor claims. This Reserve is funded from revenue or transfers from other reserves and is adjusted annually, following an independent actuarial review, to reflect up to date management information on inflation and risk.</p> <p>To improve consistency in funding claims, there is a need to split claims between a provision on the Balance Sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account makes a contribution to the reserve each year that in-year liabilities, as they arise, are charged against. The level of the reserve is reviewed annually.</p>	Assessed as part of the annual insurance actuarial review.
<b>Investment</b>		
<b>Capital Receipts Reserve</b>	This reserve holds the proceeds from the sale of assets and can only be used for financing capital expenditure in accordance with regulations.	Receipts from the sale of assets are taken to this reserve.
<b>Capital Grants &amp; Contributions Unapplied Reserve</b>	This reserve holds unused elements of grant and other external funding to be spent in the following financial year in line with the conditions of the grant or external funding.	As determined by the closure of accounts process.

<b>Single Use</b>		
<b>PCC Operational Reserve</b>	This reserve was set up to facilitate transformational change that will deliver future savings and repay investment.	Assessed as part of the medium term financial planning process.
<b>PCC Estate Strategy Reserve</b>	This reserve was created to manage the transition costs involved in delivering the Estate Strategy which involves rationalising some of the current estate and building a new operational headquarters.	Assessed as part of the medium term financial planning process.
<b>PCC Cost of Change Reserve</b>	This reserve funds projects that enhance the policing in Surrey and/or deliver savings. In practice the proposal is that any underspend from the operational budget in excess of General Reserve requirements is transferred to this reserve at the year-end subject to PCC approval.	Assessed as part of the medium term financial planning process.
<b>Delegated Budget Holder Reserve</b>	Under and Overspending on the PCC's and Chief Constable's revenue budgets are managed via this reserve in accordance with the PCC's carry forward policy	Approved by the PCC either during the year or as part of the final outturn
<b>Net Zero Reserve</b>	To provide funds to support the Surrey Police Commitment to achieve net zero	Created during 2022/23
<b>Chief Constable Reserve for Op Pheasant</b>	To provide resources for reopened historical investigations	Created during 2022/23
<b>ICT Reserve</b>	This reserve funds the additional charges that are arising as a result of the transfer of ICT systems, known as Memorandum Trading Account charges (MTA), from Home Office management.	Created during 2023/24
<b>Camera Partnership Reserve</b>	This provides funds to increase road safety and specifically provides speed and redlight cameras in the area.	Created during 2024/25
<b>NDORS Reserve</b>	National Drivers Offender Retraining Scheme - Funds have been earmarked but not yet drawn down into spend. There are caveats as to what these receipts can and cannot be used for, this has contributed to the accumulation.	Created during 2024/25
<b>POCA Incentivisation Reserve</b>	This is the asset recovery incentivisation scheme, whereby law enforcement agencies receive a percentage of criminal finances that they have seized, the funds are then used accordingly.	Created during 2024/25

## Note 8 - Taxation and Non-Specific Grant Income

The group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2025/26:

2024/25 PCC £000	2024/25 Group £000		2025/26 PCC £000	2025/26 Group £000
(174,642)	(174,642)	Council tax income	(177,234)	(177,234)
(144,814)	(144,814)	Non-ringfenced government grants	(151,490)	(151,490)
(325)	(325)	Capital grants and contributions	(184)	(184)
(319,781)	(319,781)	<b>Total</b>	(328,908)	(328,908)

## Note 9 - Grant Income

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

### Grant Income Credited to Taxation and non-specific Grant Income and Expenditure

31 March 2025 PCC £000	31 March 2025 Group £000		31 March 2026 PCC £000	31 March 2026 Group £000
(85,147)	(85,147)	Home Office Police Grant	(87,404)	(87,404)
(35,737)	(35,737)	DCLG Revenue Support Police Grant	(37,062)	(37,062)
(6,759)	(6,759)	Council Tax Support Grant	(6,759)	(6,759)
(2,461)	(2,461)	Council Tax Freeze Grant	(2,461)	(2,461)
(6,536)	(6,536)	Police Officer Pension Grant	(6,126)	(6,126)
(8,174)	(8,174)	Home Office Grant Payable to cost of Retirement Benefits	(9,344)	(9,344)
0	0	Neighbourhood Policing Grant	(2,335)	(2,335)
(325)	(325)	Capital Grants and Contributions	(184)	(184)
0	0	Rounding	1	1
<b>(145,139)</b>	<b>(145,139)</b>	<b>Total Non-Specific Grants</b>	<b>(151,674)</b>	<b>(151,674)</b>

31 March 2025	31 March 2025		31 March 2026	31 March 2026
PCC	Group		PCC	Group
£000	£000		£000	£000
0	(801)	Counter Terrorism	0	(870)
(4,244)	(4,637)	Victims Services Commissioning Grant - Victims	(4,027)	(4,517)
0	(6,166)	HO Police Uplift Programme	0	(4,821)
0	(296)	Safer Streets	0	0
0	(69)	County Lines	0	(85)
0	(274)	Cyber Crime	0	(126)
0	(170)	Other Grants and Contributions	0	(150)
<b>(4,244)</b>	<b>(12,413)</b>	<b>Total specific grants credited to net cost of services</b>	<b>(4,027)</b>	<b>(10,569)</b>

***The grants received and credited to Taxation and Non-specific Grant Income were for the following reasons:***

**Home Office Police Grant and DLUHC Revenue Support Grant**

Non ring-fenced grants given to deliver policing services

**Council Tax Support and Freeze Grants**

Grants awarded to offset reductions in Council Tax income as a result of historical Council Tax freezes and introduction of local council tax support

**Police Officer Pension Grant**

Grant given to compensate for the increased cost of employer contributions for the Police officers as a result of the last actuarial review

**Home Office grant payable to the cost of retirement benefits**

A Home Office grant to cover the projected shortfall on the cost of police pensions under the new pensions financing arrangements which came into effect on 1st April 2006.

### **Neighbourhood Policing Grant**

A Home Office grant in support of delivering the government's plan to deliver 13,000 additional personnel into neighbourhood teams across England and Wales. This grant is ringfenced for the costs of these additional officers, PCSOs and special constables and is subject to clawback if the Government's target is not met.

### **Capital Grants and contributions**

This includes external contributions towards capital projects with mutual benefits e.g. ANPR cameras and installations.

### ***The grants received and credited to Services Income were for the following reasons:***

#### **Counter Terrorism**

A Home Office grant to cover the costs of specific counter terrorist and royalty protection posts.

#### **Victim Support Grant**

A grant provided by the Ministry of Justice to provide funding for organisations and charities who are supporting victims of crime.

#### **Home Office Police Uplift Grant**

Grant given to enable the recruitment of 20,000 new police officers nationwide over 3 years

#### **Safer Street, County Lines, Cyber Crime and Other Grants**

Discretionary ring-fenced grants given by Government in order to address particular issues

#### **Grant Receipts in Advance**

The Police and Crime Commissioner sometimes receives grants, contributions and donations that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned if not spent. These receipts are noted in the accounts as liabilities for Grant Receipts in Advance or Grants Unapplied and the balances at the year-end would be detailed here.

The PCC for Surrey does not currently hold any Grants Receipts in Advance or Grants Unapplied liabilities on the balance sheet and has no donated assets with conditions.

Please note there is a usable reserve for capital grants unapplied reserve movements for current and prior years.

## Note 10 - Capital Expenditure and Capital Financing

This table shows details of expenditure on capital items as defined within the Accounting Policies, together with the resources that have been used to finance it. Capital expenditure increases the asset worth of the Group, as shown in the Balance Sheet and associated Property, Plant and Equipment (Note 11).

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group, this results in an increase in the Capital Financing Requirement, a measure of capital expenditure incurred historically by the Group that has yet to be financed.

<b>As originally stated</b>	<b>As restated*</b>		<b>31 March 2026</b>
<b>31 March 2025</b>	<b>31 March 2025</b>		<b>£000</b>
<b>£000</b>	<b>£000</b>		<b>£000</b>
<b>23,169</b>	<b>23,169</b>	<b>Opening Capital Financing Requirement</b>	<b>28,861</b>
0	(344)	Equity loans removed from CFR calculation*	0
		Capital Investment:	
14,950	14,950	Property Plant and Equipment	21,149
8,258	8,258	Right of Use Assets recognised in year	697
486	486	Intangible Assets	281
<b>23,694</b>	<b>23,350</b>	<b>Total Capital Spending</b>	<b>22,127</b>
		Sources of Finance:	
(2,731)	(2,731)	Capital receipts	(557)
(296)	(296)	Government Grants and other contributions	(263)
		Sums set aside from revenue:	
(12,544)	(12,544)	- Direct revenue contributions	(20,733)
(2,087)	(2,087)	- Minimum Revenue Provision	(2,257)
<b>(17,658)</b>	<b>(17,658)</b>	<b>Total Sources of Finance</b>	<b>(23,810)</b>
<b>29,205</b>	<b>28,861</b>	<b>Closing Capital Financing Requirement</b>	<b>27,178</b>

### **\*Restatement of the Comparative Capital Financing Requirement**

During 2025/26, Surrey PCC commissioned an independent review of its Prudential Indicators by Arlingclose. As part of the review, it was identified that a long-term debtor (equity loan) had previously been included in the calculation of the Capital Financing Requirement (CFR). The CFR is intended to measure the authority's underlying need to finance capital expenditure through borrowing or other long-term financing. As an equity loan represents an amount owed to the PCC rather than borrowing undertaken by the PCC, it should not form part of the CFR calculation. The comparative figures have therefore been restated to remove the £344k balance.

## Note 11 - Property, Plant and Equipment

The balance sheet shows assets at fair value by considering their initial valuation plus additions for capital expenditure in the year, revaluation adjustments less disposals and depreciation. This value is shown for the purposes of capital accounting requirements and does not purport to represent the market values of the assets. Changes in Non-Current Assets are summarised below:

Movements to 31 March 2026	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
<b>at 1 April 2025</b>	<b>116,091</b>	<b>46,756</b>	<b>0</b>	<b>13,293</b>	<b>176,140</b>
Additions	4,346	6,377		10,426	21,149
Revaluation inc/(dec) recognised in Revaluation Reserve	(814)				(814)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(185)				(185)
Derecognition – disposals	(525)	(11,045)			(11,570)
Reclassifications and transfer	657	3,828		(4,485)	0
Assets reclassified (to)/from Surplus Assets	(2,245)		2,245		0
Assets reclassified (to)/from Investment Properties	(650)				(650)
Rounding	1			(1)	0
<b>at 31 March 2026</b>	<b>116,676</b>	<b>45,916</b>	<b>2,245</b>	<b>19,233</b>	<b>184,070</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>at 1 April 2025</b>	<b>(193)</b>	<b>(26,755)</b>	<b>0</b>	<b>0</b>	<b>(26,948)</b>
Depreciation charge	(1,501)	(7,069)			(8,570)
Depreciation written out to the Revaluation Reserve	1,437				1,437
Depreciation written out to Revenue	54				54
Derecognition – disposals	3	10,625			10,628
Rounding	(1)	1			0
<b>at 31 March 2026</b>	<b>(201)</b>	<b>(23,198)</b>	<b>0</b>	<b>0</b>	<b>(23,399)</b>
<b>Net Book Value</b>					
<b>at 31 March 2026</b>	<b>116,475</b>	<b>22,718</b>	<b>2,245</b>	<b>19,233</b>	<b>160,671</b>
<b>at 31 March 2025</b>	<b>115,898</b>	<b>20,001</b>	<b>0</b>	<b>13,293</b>	<b>149,192</b>

Movements to 31 March 2025	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
<b>Cost or Valuation</b>					
<b>at 1 April 2024</b>	<b>133,270</b>	<b>41,842</b>	<b>0</b>	<b>10,286</b>	<b>185,398</b>
Additions	2,321	4,821		7,808	14,950
Revaluation inc/(dec) recognised in Revaluation Reserve	(4,789)				(4,789)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(1,541)				(1,541)
Derecognition – disposals	(1,890)	(3,889)			(5,779)
Reclassifications and transfer	821	3,981		(4,802)	0
Assets reclassified (to)/from Investment Properties	(10,222)				(10,222)
Assets reclassified (to)/from IFRS 16 Leases	(1,878)				(1,878)
Rounding	(1)	1		1	1
<b>at 31 March 2025</b>	<b>116,091</b>	<b>46,756</b>	<b>0</b>	<b>13,293</b>	<b>176,140</b>
<b>Accumulated Depreciation and Impairment</b>					
<b>at 1 April 2024</b>	<b>(306)</b>	<b>(23,996)</b>	<b>0</b>	<b>0</b>	<b>(24,302)</b>
Depreciation charge	(1,762)	(6,410)			(8,172)
Depreciation written out to the Revaluation Reserve	1,723				1,723
Depreciation written out to Revenue	133				133
Derecognition – disposals	19	3,652			3,671
Rounding	0	(1)			(1)
<b>at 31 March 2025</b>	<b>(193)</b>	<b>(26,755)</b>	<b>0</b>	<b>0</b>	<b>(26,948)</b>
<b>Net Book Value</b>					
<b>at 31 March 2025</b>	<b>115,898</b>	<b>20,001</b>	<b>0</b>	<b>13,293</b>	<b>149,192</b>
<b>at 31 March 2024</b>	<b>132,964</b>	<b>17,846</b>	<b>0</b>	<b>10,286</b>	<b>161,096</b>

Total downward revaluations of property, plant and equipment recognised in cost of services within the CIES (surplus)/deficit on provision of services is £0.131m. This is made up of cost revaluation increases/(decreases) of £(0.185m) and depreciation written out to revenue of £0.054m.

Total (surplus)/deficit on revaluation of property, plant and equipment recognised in Other CIES is £(0.623)m. This is made up of cost decreases of £(0.814)m and depreciation written out to the revaluation reserve of £1.437m.

## Depreciation

Depreciation is calculated on a straight-line basis over the estimated life of the asset. Although it is calculated on the estimated life of the specific individual asset concerned, the approximate average depreciation periods are as follows:

Buildings	25-60 years (as assessed by the valuer)
Plant, Furniture & Equipment	5 years (or as assessed by the business)
Vehicles	5 years (or as assessed by the Transport Manager)

### **Effects of Changes in Estimates**

Assets are depreciated over useful lives that are dependent on assumptions about the level of repair and maintenance that will be incurred in relation to individual assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £1.8m for every year that the useful lives had to be reduced.

### **Land and Buildings**

Surrey Police operates a rolling programme of asset valuations to ensure that all property, plant and equipment required to be measured at current value is subject to a full professional valuation at least once every five years in accordance with the CIPFA Code of Practice on Local Authority Accounting.

As at 31 March 2026, property valuations have been undertaken in accordance with the methodologies and bases for estimation set out in the Royal Institution of Chartered Surveyors (RICS) Valuation – Global Standards (the "Red Book"), International Financial Reporting Standards (IFRS) and the CIPFA Code. Valuations were prepared by Guy Harbord MA MRICS IRRV (Hons), Partner at Wilks Head and Eve LLP, an external independent valuer with no material connection to Surrey Police.

For assets not subject to a full valuation at 31 March 2026, the PCC has applied an indexation approach, where appropriate, in accordance with the provisions of the CIPFA Code. Relevant property indices, market intelligence and professional valuation advice have been used to assess whether carrying values remain materially equivalent to current value at the reporting date. The PCC has also considered local market conditions, construction cost inflation and other relevant economic factors in determining whether any material changes in value have occurred that would require adjustment outside the normal valuation cycle.

The significant assumptions applied in estimating the current value of property assets are:

- Operational purpose-built police buildings with integral active custody facilities are valued using Depreciated Replacement Cost (DRC), together with an assessment of Market Value. This reflects the specialised nature of these assets and the limited evidence of an active market.
- Operational purpose-built police buildings with non-integral active custody facilities are valued using Depreciated Replacement Cost for custody elements and Existing Use Value (EUV) for non-custody elements. The DRC element reflects the specialised nature of custody facilities, whilst the EUV element reflects the continuing operational use of the remaining accommodation.
- Operational purpose-built police buildings with closed custody facilities are valued at Existing Use Value, reflecting their continuing operational use and the existence of a wider market for comparable assets.
- Operational non-purpose-built police buildings are valued at Existing Use Value, reflecting their continuing operational use and the availability of market evidence.
- Residential police properties are valued at Existing Use Value, reflecting their continuing operational use and marketability.
- Surplus properties are valued at Market Value, reflecting their potential for disposal in the open market.

### **Assets under Construction (AUC)**

When an asset is initially purchased it is coded to a Capital Project and classed as AUC until complete. For example, when a new car is purchased, it has livery added and any additional equipment installed. Once that is complete and the car is operational, the asset is transferred from AUC to the Vehicles category. The same principle is true for other classes of PPE including IT projects and Equipment.

AUC for the 2025/26 year of £19.2m, comprised of £6.0m Vehicles, £12.3m Land & Buildings and £0.9m ICT and equipment.

## Physical Assets Held

Physical assets classified as PPE, excluding furniture and equipment as at 31 March 2026 comprised:

	<b>2024/25</b>	<b>2025/26</b>
	<b>No</b>	<b>No</b>
Operational Buildings*	14	14
Police Houses	30	26
Police Vehicles	879	999
<b>Total</b>	<b>923</b>	<b>1,039</b>

\*Operational Buildings comprise police stations and offices, including custody

## Note 12 - Intangible Assets

The Police and Crime Commissioner classifies computer software and systems development as intangible assets, to the extent that the software is not an integral part of a particular IT system or accounted for as part of the hardware of the asset which is classified under Property, Plant and Equipment.

Intangible assets expenditure during the year includes purchased computer software and systems development. The PCC for Surrey does not currently have any internally generated assets capitalised. All intangible assets are given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits.

The useful lives are assessed on an individual basis and are generally for 3 years (or as assessed by the business).

Amortisation of £1.0m (2024/25 £0.6m) was charged to the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement in 2025/26.

The movement on Intangible Asset balances during the year is illustrated in the following table.

Other Assets	31 March 2025		Total		31 March 2026		Total
	Intangible Assets Under Development	Intangible Assets Under Development			Other Assets	Intangible Assets Under Development	
£000	£000	£000	£000		£000	£000	£000
				Balance at start of year:			
5,340	1,313	6,653		Gross carrying amounts	5,295	0	5,295
(4,211)	0	(4,211)		Accumulated amortisation	(2,965)	0	(2,965)
<b>1,129</b>	<b>1,313</b>	<b>2,442</b>		<b>Net carrying amount at start of year</b>	<b>2,330</b>	<b>0</b>	<b>2,330</b>
				Additions:			
0	486	486		Purchases	0	281	281
(1,844)	0	(1,844)		Other disposals	0	0	0
1,799	(1,799)	0		Reclassifications and transfers	281	(281)	0
(598)	0	(598)		Amortisation for the period	(1,039)	0	(1,039)
1,844	0	1,844		Amortisation written off on disposal	0	0	0
<b>2,330</b>	<b>0</b>	<b>2,330</b>		<b>Net carrying amount at end of year</b>	<b>1,572</b>	<b>0</b>	<b>1,572</b>
				Comprising:			
5,295	0	5,295		Gross carrying amounts	5,576	0	5,576
(2,965)	0	(2,965)		Accumulated amortisation	(4,004)	0	(4,004)
<b>2,330</b>	<b>0</b>	<b>2,330</b>		<b>Total</b>	<b>1,572</b>	<b>0</b>	<b>1,572</b>

## Note 13 - Debtors

31 March 2025			31 March 2026	
PCC	Group	Category of Debtor	PCC	Group
£000	£000		£000	£000
1,280	1,280	Trade Receivables	893	893
5,908	5,908	Prepayments	5,989	5,989
24,318	24,428	Other Receivable Amounts	29,054	29,164
<b>31,506</b>	<b>31,616</b>	<b>TOTAL DEBTORS</b>	<b>35,936</b>	<b>36,046</b>

The following tables provide further detail on items included within the debtor categories above.

Analysis of Other Receivable Amounts:

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
3,767	3,767	Collaboration	3,346	3,346
10,602	10,602	Council Tax Debtors	9,084	9,084
558	558	Other	666	666
0	110	Restructuring Provision	0	110
389	389	Payroll/Pension	214	214
2,490	2,490	VAT	2,156	2,156
186	186	Estates	113	113
6,326	6,326	Grants/Contributions	13,474	13,474
<b>24,318</b>	<b>24,428</b>	<b>Total Other Receivable Amounts</b>	<b>29,054</b>	<b>29,164</b>

Analysis of Prepayments:

31 March 2025			31 March 2026	
PCC	Group		PCC	Group
£000	£000		£000	£000
8	8	Estates	8	8
759	759	Insurance/Legal/Property	735	735
3,808	3,808	Payroll/Pension	3,839	3,839
189	189	Other	77	77
1,144	1,144	IT Costs-Leases	1,329	1,329
<b>5,908</b>	<b>5,908</b>	<b>Total Prepayments</b>	<b>5,989</b>	<b>5,989</b>

Note 14 - Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

31 March 2025		31 March 2026
	£000	£000
1,311	Cash and Bank balances	1,348
45,710	Short term deposits	36,541
<b>47,021</b>	<b>Total Cash and Cash Equivalents</b>	<b>37,889</b>

The Group's treasury management function is carried out in conjunction with Surrey County Council. Daily transfers of cash are made between the PCC and Surrey County Council in the form of deposits.

## Note 15 - Assets Held for Sale

Assets are classified as held for sale where their carrying amount is expected to be recovered principally through a sale transaction rather than through continuing use, and the criteria set out in the CIPFA Code have been met.

As at 31 March 2026, the PCC Group held no assets that met the criteria for classification as Assets Held for Sale (31 March 2025: £1.090 million).

During 2025/26, two residential properties with a carrying value of £1.090 million, which had previously been classified as Assets Held for Sale, were reviewed against the requirements of the CIPFA Code and IFRS 5. Following this review, it was concluded that the properties no longer met the criteria for classification as held for sale.

The properties are being held to generate future capital appreciation and therefore meet the definition of Investment Properties under the CIPFA Code. Accordingly, they have been reclassified from Assets Held for Sale to Investment Properties. As a result, there were no assets classified as held for sale at 31 March 2026.

The movements during the year are summarised below:

<b>31 March 2025</b>		<b>31 March 2026</b>	
<b>£000</b>		<b>£000</b>	
2,031	Balance outstanding at start of year	1,090	
	Assets declassified as held for sale:		
0	Investment property	(1,090)	
(941)	Assets sold	0	
<b>1,090</b>	<b>Balance outstanding at year end</b>	<b>0</b>	

## Note 16 – Investment Properties

These properties are held for the purpose of capital appreciation. Therefore, they fall under the definition of investment properties as per the CIPFA code of Practice whereby they are used solely to earn rentals or for capital appreciation, or both.

The following table summarises the movements within the investment properties as of 31 March 2026.

<b>31 March 2025</b>		<b>31 March 2026</b>	
<b>£000</b>		<b>£000</b>	
17,782	Balance at start of the year	26,451	
	Asset newly classified as Investment properties:		
10,222	Property, plant and equipment	650	
0	Asset Held for Sale	1,090	
(1,554)	Net gains/losses from fair value adjustments	891	
1	Rounding	0	
<b>26,451</b>	<b>Balance at end of the year</b>	<b>29,082</b>	

## Note 17 - Creditors

31 March 2025			31 March 2026	
PCC	Group	Category of Creditor	PCC	Group
£000	£000		£000	£000
(3,113)	(3,113)	Trade Payables	(2,695)	(2,695)
(3,219)	(3,219)	Capital	(2,026)	(2,026)
(1,998)	(1,998)	Collaboration	(1,149)	(1,149)
(5,052)	(5,052)	Council Tax Creditors	(6,529)	(6,529)
(735)	(735)	Estates	(844)	(844)
(1,900)	(1,900)	Forfeiture Monies	(1,973)	(1,973)
(325)	(325)	Insurance/Legal/Property	(484)	(484)
(3,067)	(3,067)	Other	(4,231)	(4,231)
(1,369)	(1,369)	Partnership Monies	(825)	(825)
0	(1,356)	Holiday Pay	0	(3,714)
(5,931)	(5,931)	Payroll/Pension	(8,814)	(8,814)
(1,365)	(1,365)	IT	(463)	(463)
(4,549)	(4,549)	Tax	(5,305)	(5,305)
0	0	Rounding	(1)	0
<b>(32,623)</b>	<b>(33,979)</b>	<b>TOTAL CREDITORS</b>	<b>(35,338)</b>	<b>(39,052)</b>

## Note 18 - Provisions

Provisions held at 31 March 2026 are as follows:

### Current Provisions

2025/26	Restructuring Provision	Insurance Provision	Airwave Provision	Undercover Claims Provision	Total
	£000	£000	£000	£000	£000
Opening Balance	(110)	(2,248)	0	(223)	(2,581)
(Increase)\Decrease in provision during year	0	(220)	0	0	(220)
Utilised during the year	0	0	0	0	0
<b>Closing Balance</b>	<b>(110)</b>	<b>(2,468)</b>	<b>0</b>	<b>(223)</b>	<b>(2,801)</b>

2024/25	Restructuring Provision	Insurance Provision	Airwave Provision	Undercover Claims Provision	Total
	£000	£000	£000	£000	£000
Opening Balance	(110)	(2,004)	(322)	(223)	(2,659)
(Increase)\Decrease in provision during year	0	(244)	322	0	78
Utilised during the year	0	0	0	0	0
<b>Closing Balance</b>	<b>(110)</b>	<b>(2,248)</b>	<b>0</b>	<b>(223)</b>	<b>(2,581)</b>

### Restructuring Provision

The restructuring provision has been created for restructuring costs in accordance with Strategic Change Programmes that had formal plans or supporting business cases up to the period 31 March 2026. These change programmes are either in the process of being implemented or will be implemented during 2026/27. This provision is held in the Chief Constable's balance sheet and is shown here as part of the Group position.

## Insurance Provision

The insurance provision is to cover the anticipated costs of covering the excess on reported claims in line with Group estimates and the actuarial report produced by Marsh Ltd. This provision is held in the PCC's balance sheet and is shown here as part of the Group position.

## Airwave Provision

During 2023/24 Surrey Police applied Airwave credit notes amounting to £322k. This discount was denominated "CMA discount" and the Home Office requested Motorola to issue the discount to Police Forces in 2023/24. However, in March 24, the Home Office advised Police Forces to recognise a potential liability risk as the Airwave company (Motorola's subsidiary) was legally appealing the decision and it was likely to be a transfer of economic benefits from Surrey Police. The amount for 23/24 together with respective amounts for 24/25 and 25/26 have been moved to the Delegated Budget Holder Reserve.

The Home Office issued another informative Briefing Note in January 2025 explaining that Motorola has no further domestic right of appeal to the Supreme Court, therefore the probability to claim the money back has become remote, and the provision was no longer required in the accounts.

## Undercover Claims Provision

Based on the fact the test cases have shown that there is likely to be a transfer of economic benefit from Chief Constables to claimants, as claims are made, it is suggested that Surrey Police show their share (£223k) of the total cost as a Provision rather than a Contingent Liability.

This provision relates to undercover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments due to having to respond to communications outside their normal working hours. The basis of the claim was that they had been 'recalled to duty' and were therefore entitled to overtime payments. The case was upheld against Devon and Cornwall at the High Court, and the ruling applies to all other Home Office forces.

## Note 19 - Usable Reserves

Movements in the Group's usable reserves are detailed in the Movements in Reserves Statement. The balances are as follows:

<b>31 March 2025</b>	<b>Usable Reserves</b>	<b>31 March 2026</b>
<b>£000</b>		<b>£000</b>
(12,065)	General Fund Balance	(13,030)
(35,603)	Earmarked General Fund Balance	(29,993)
0	Capital Receipts Reserve	0
(1,269)	Capital Grants Unapplied	(799)
<b>(48,937)</b>	<b>Total Usable Reserves</b>	<b>(43,822)</b>

<b>31 March 2025</b>	<b>Capital Receipts Reserve</b>	<b>31 March 2026</b>
<b>£000</b>		<b>£000</b>
0	Balance 1 April	0
(2,731)	Capital Receipts in year	(557)
2,731	Capital Receipts used for financing	557
<b>0</b>	<b>Balance 31 March</b>	<b>0</b>

This reserve comprises net proceeds arising from the sale of capital assets e.g. houses & vehicles. The use of these receipts is limited by regulation (Part 1 of the Local Government Act 2003 and the Local Authorities Regulations 2003, Capital Finance and Accounting, England). The receipts can only be used to finance capital expenditure or the repayment of debt.

<b>31 March 2025</b>	<b>Capital Grants Unapplied</b>	<b>31 March 2026</b>
<b>£000</b>		<b>£000</b>
(1,957)	Balance 1 April	(1,269)
(190)	Capital grants recognised in year	(60)
161	Capital grants and contributions applied	140
717	Other movements	390
<b>(1,269)</b>	<b>Balance 31 March</b>	<b>(799)</b>

The Capital Grants Unapplied balance represents capital grants or contributions that have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from those grants or contributions has not been incurred.

## Note 20 - Unusable Reserves

<b>31 March 2025</b>			<b>31 March 2026</b>		
<b>PCC</b>	<b>Group</b>	<b>Unusable Reserves</b>	<b>PCC</b>	<b>Group</b>	
<b>£000</b>	<b>£000</b>		<b>£000</b>	<b>£000</b>	
(86,470)	(86,470)	Revaluation Reserve PPE	(85,712)	(85,712)	
(387)	(387)	Revaluation Reserve Equity Instruments	(330)	(330)	
(72,625)	(72,625)	Capital Adjustment Account	(86,581)	(86,581)	
0	1,308,485	Pension Reserve	384	1,297,343	
(5,550)	(5,550)	Collection Fund Adjustment Account	(2,556)	(2,556)	
0	1,356	Accumulated Absences Account	0	3,714	
(1)	(1)	Rounding	(1)	(1)	
<b>(165,033)</b>	<b>1,144,808</b>	<b>Total Unusable Reserves</b>	<b>(174,796)</b>	<b>1,125,877</b>	

## Revaluation Reserve PPE

31 March 2025		31 March 2026
£000		£000
<b>(92,347)</b>	<b>Balance 1 April</b>	<b>(86,470)</b>
(3,475)	Upward revaluation of assets	(2,644)
6,541	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	2,067
<b>3,066</b>	<b>Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services</b>	<b>(577)</b>
1,187	Difference between fair value depreciation and historical cost depreciation	1,043
1,624	Accumulated gains on assets sold or scrapped	292
<b>2,811</b>	<b>Amount written off to the Capital Adjustment Account</b>	<b>1,335</b>
<b>(86,470)</b>	<b>Balance 31 March</b>	<b>(85,712)</b>

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment and Intangible Assets.

The Revaluation Reserve balance is reduced when assets with accumulated gains are:

- re-valued downwards or impaired and the gains are lost
- used in the provision of services and the gains are consumed through depreciation, or
- disposed of and the gains are realised.

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

This reserve records the accumulated gains on non-current assets held by the Group.

## Revaluation Reserve Equity Instruments

31 March 2025		31 March 2026
£000		£000
<b>(355)</b>	<b>Balance 1 April</b>	<b>(387)</b>
(32)	Upward revaluation of investments	0
0	Downward revaluation of investments	6
<b>(387)</b>		<b>(381)</b>
0	Accumulated gains or losses on assets sold	51
<b>(387)</b>	<b>Balance 31 March</b>	<b>(330)</b>

The revaluation reserve for equity investments contains the gains made by the authority arising from increases in the value of its investments in equity loans to police officers to assist in the purchase of their properties. These are measured at fair value and movements put through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

#### Capital Adjustment Account

31 March 2025		31 March 2026
£000		£000
<b>(68,181)</b>	<b>Balance 1 April</b>	<b>(72,625)</b>
8,172	Charges for depreciation and impairment of non-current assets	8,570
1,243	Charges for depreciation of ROU assets	1,397
1,408	Revaluation losses/(gains) on non-current assets	131
598	Amortisation of intangible assets	1,039
0	Impairment of intangible assets	0
3,049	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	942
1	Rounding	1
14,471	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	12,080
(2,811)	Adjusting Amounts written out of the Revaluation Reserve	(1,335)
<b>11,660</b>	<b>Net written out amount of the cost of non-current assets consumed in the year</b>	<b>10,745</b>
(2,731)	Use of Capital Receipts Reserve to finance new capital expenditure	(557)
(161)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(140)
(2,087)	Statutory provision for financing of capital investment charged against the General Fund	(2,257)
(12,544)	Capital expenditure charged against the General Fund and HRA balances	(20,733)
<b>(17,523)</b>	<b>Capital financing applied in year:</b>	<b>(23,687)</b>
1,554	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	(891)
(135)	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	(124)
0	Rounding	1
<b>(72,625)</b>	<b>Balance 31 March</b>	<b>(86,581)</b>

The Capital Adjustment Account accumulates the write down of the historical cost of non-current assets as they are consumed by depreciation and impairments, or written off on disposal. The written down historical cost is offset by the resources that have been set aside to finance capital expenditure. The account balance will reflect the timing difference between the cost of non-current assets consumed and the capital financing set aside to pay for them.

<b>Pension Reserve</b>				
<b>31 March 2025</b>			<b>31 March 2026</b>	
<b>PCC £000</b>	<b>Group £000</b>		<b>PCC £000</b>	<b>Group £000</b>
<b>0</b>	<b>1,461,040</b>	<b>Balance 1 April</b>	<b>0</b>	<b>1,308,485</b>
		Transfer from CC to PCC		
<b>0</b>	<b>1,461,040</b>	<b>Revised Balance 1 April</b>	<b>0</b>	<b>1,308,485</b>
(14)	(190,230)	Re-measurements of the net defined benefit (liability)/asset	447	(39,968)
201	95,688	Reversal of items relating to retirement benefits debited or credited to Surplus/Deficit on the Provision of Services in the CIES	133	92,079
(187)	(58,013)	Employer's pensions contributions and direct payments to pensioners payable in the year	(196)	(63,253)
<b>0</b>	<b>1,308,485</b>	<b>Balance 31 March</b>	<b>384</b>	<b>1,297,343</b>

The pension reserve is an accounting reserve included in the Group Accounts that equals the total pension liability and the pension asset. (Police Officers and Police Staff).

The Pensions Reserve reflects the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions [Statutory Instrument No. 2010/454]. The group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned, to be financed as the Group maker employer contributions to pension funds, or eventual payment of any pensions for which it is directly responsible.

Where the pension payments made for the year in accordance with the scheme requirements do not match the change in the Group's recognised liability for the same period, the recognised cost of pensions will not match the amount to be raised in

taxation. This is represented by an appropriation to or from the pension reserve, which equals the net change in the pension liability recognised in the Group Comprehensive Income and Expenditure Statement.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid. Actuarial gains and losses are also recognised as movements on reserve above.

### Collection Fund Adjustment Account

31 March 2025		31 March 2026
£000		£000
(442)	<b>Balance 1 April</b>	(5,550)
(5,108)	Amount by which council tax and non-domestic rates income credited to the CIES differs from council tax income calculated for the year in accordance with statutory requirements	2,994
<b>(5,550)</b>	<b>Balance 31 March</b>	<b>(2,556)</b>

The Collection Fund Adjustment Account reflects the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement for the PCC and Group as it falls due for council tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

### Accumulated Absences Account

31 March 2025		31 March 2026
£000		£000
<b>1,589</b>	<b>Balance 1 April</b>	<b>1,356</b>
(1,589)	Settlement or cancellation of accrual made at the end of the preceding year	(1,356)
1,356	Amounts accrued at the end of the current year	3,714
(233)	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	2,358
<b>1,356</b>	<b>Balance 31 March</b>	<b>3,714</b>

The Accumulated Absences Account reflects the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The above figures are for the Group and come from the Chief Constable accounts as the PCC had no material balances for accumulated absences at the end of the 2025/26 year.

## Note 21 - Collaborations

The PCC and the Chief Constable for Surrey continue to develop joint working arrangements with other agencies principally with other southeast region Police and Crime Commissioners and in particular the Sussex PCC and Chief Constable.

The Police and Crime Commissioners and Chief Constables of Surrey and Sussex Police have entered into a legal arrangement (section 22A agreement) to provide a number of services jointly with other police forces. Each of these services is managed by one of the forces and includes a mix of staff from both forces. The net cost of each service agreed to be provided jointly under the Section 22A agreement, which cannot be directly attributable to each force, are shared on a formula basis of Surrey 45%; Sussex 55%. In 2025/26 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects. Each Force accounts for their share of total income and expenditure and assets in the Comprehensive Income and Expenditure Statement and Balance Sheet respectively.

The table below illustrates the Surrey share of the collaborated service costs.

<b>Surrey Share 2024/25</b>	<b>Collaboration Area</b>	<b>Surrey Share 2025/26</b>
<b>£m</b>		<b>£m</b>
9.3	Commercial and Finance Services*	9.0
2.9	Corporate Services	2.9
0	Criminal Justice & Custody	0.0
13.7	Digital, Data and Technology	15.5
0.3	Enterprise Resource Planning	0.0
20.3	Operations & Protective Security	21.3
4.9	People Services	6.6
25.3	Specialist Crime	26.3
<b>76.7</b>	<b>Total</b>	<b>81.6</b>

\*Commercial and Finance Services includes Estates & Facilities (£2.2m), Joint Transport (£5.1m) and Finance (£1.7m)

## Note 22 - Leases

### **The Group as a Lessee**

From 1st April 2024, the new International Financial Reporting Standard, IFRS 16, came into effect for Local Authorities. IFRS 16 introduces a new 'Right-of-Use' asset class to the balance sheet and also recognises the corresponding short-term and long-term lease liability. This applies to all leases - property, land, vehicles, plant and equipment.

IFRS 16 changes the recognition, measurement, presentation and disclosure of leases. In particular, it requires lessees to record all leases on the balance sheet, with exceptions available for low value and short-term leases. At the commencement of a lease, a lessee recognises lease payments (lease liability) and an asset representing the right to use the asset during the lease term (right of use asset). Lessees subsequently reduce the lease liability when paid and recognise depreciation on the right-of use asset.

A lease liability is re-measured upon the occurrence of certain events, such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the right of use asset.

The standard has no impact on the actual cash flows of a group. However, the standard requires capitalisation, and subsequent depreciation of costs that were previously expenses as paid, which impacts disclosures of cash flows within the cash flow statement. The amounts previously expensed as operating cash outflows are instead capitalised and are presented as financing cash outflows.

The group has 26 leases for land and buildings, including 2 non-commercial 'peppercorn' leases, which meet the criteria of IFRS 16 Leases. Each lease is reflected on the balance sheet as a Right-of-Use asset and a lease liability.

## ***Right-of-Use Assets***

The authority's lease contracts comprise leases of operational land and buildings:

<b>31 March 2025</b>		<b>31 March 2026</b>	
<b>£000</b>	<b>Land and buildings</b>		<b>£000</b>
0	Balance at 1 April		8,893
8,258	Adjustments on transition to IFRS 16		0
1,878	Transfer from Property, Plant & Equipment on transition to IFRS 16		0
0	Additions		697
0	Revaluations		(47)
(1,243)	Depreciation		(1,397)
<b>8,893</b>	<b>Balance at 31 March</b>		<b>8,146</b>

## ***Transactions under leases***

The authority incurred the following expenses and cash flows in relation to leases:

<b>31 March 2025</b>		<b>31 March 2026</b>	
<b>£000</b>			<b>£000</b>
<b>Comprehensive Income and Expenditure Statement</b>			
361	Interest expense on lease liabilities		326
93	Expense relating to exempt leases of low-value items		83
<b>Cash Flow Statement</b>			
1,101	Minimum lease payments		1,194

### ***Maturity analysis of lease liabilities***

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of the expected cash payments):

<b>Maturity analysis of lease liabilities</b>				
<b>31 March 2025</b>			<b>31 March 2026</b>	
<b>£000</b>			<b>£000</b>	
<b>Low value leases</b>	<b>ROU Liabilities</b>		<b>Low value leases</b>	<b>ROU Liabilities</b>
98	1,371	Less than one year	62	1,524
98	3,914	One to five years	0	3,380
0	3,590	More than five years	0	3,069
<b>195</b>	<b>8,875</b>	<b>Total undiscounted liabilities</b>	<b>62</b>	<b>7,973</b>

The above figures for 2025/26 include £0.1m in relation to exempt leases of low-value items. The Group was committed at 31 March 2026 to making payments of £8.0m under 24 Right of Use leases from 2026/27.

### **The Group as a Lessor**

The Group leases sites under operating lease arrangements to other public organisations and/or partnerships such as Surrey County Council.

The group is expecting a rental income from its sites of £352k in 2026/27.

<b>Authority as Lessor - Operating Leases</b>		
<b>31 March 2025</b>		<b>31 March 2026</b>
<b>£000</b>		<b>£000</b>
305	Not later than one year	352
314	Later than one year and not later than five years	379
383	Later than five years	389
<b>1,002</b>	<b>Total</b>	<b>1,119</b>

The minimum lease payments receivable does not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the Group 2025/26 (2024/25 £Nil).

### Note 23 - Service Concession Arrangements

The Group has no assets recognised under a PFI arrangement and therefore has no outstanding contractual commitment with external organisations.

### Note 24 - Joint Audit Committee

Under the governance arrangements for policing, the Chief Constable and the PCC have a Joint Audit Committee to provide independent and effective assurance about the adequacy of financial management and reporting. The Committee help to raise the profile of internal control, risk management and financial reporting issues within Surrey Police and provide a forum for discussion with internal and external auditors.

Members' Allowances for the Joint Audit Committee are:

Members' Allowances	£2,226.46 per annum
Chair Allowance	£3,079.44 per annum

### Note 25 - Officers' Remuneration

The Accounts and Audit Regulations 2015 require the disclosure of remuneration details for police officers and police staff whose gross remuneration exceeded £50,000. In addition, remuneration details for senior employees, those earning a salary of over £150,000 and those in command of the Police and Crime Commissioner for Surrey organisations are also required to be disclosed. Remuneration is defined, by the regulations, as all sums subject to income tax, including expenses, but excluding employer pension contributions. This includes payments of accrued overtime, as well as annual increments, allowances, bonuses and pay awards. There are a small number of employees included that are seconded to other agencies. These costs are fully recovered.

The table below shows the numbers of police officers and police staff with remuneration in excess of £50,000. This table excludes the senior employee positions which are shown separately further in this note.

<b>No. Employees</b>	<b>Gross Remuneration</b>	<b>No. Employees</b>
<b>31 March 2025</b>	<b>£</b>	<b>31 March 2026</b>
484	50,000 to 54,999	367
411	55,000 to 59,999	464
235	60,000 to 64,999	306
152	65,000 to 69,999	152
79	70,000 to 74,999	110
26	75,000 to 79,999	57
18	80,000 to 84,999	14
22	85,000 to 89,999	21
8	90,000 to 94,999	12
12	95,000 to 99,999	11
9	100,000 to 104,999	12
6	105,000 to 109,999	5
1	110,000 to 114,999	4
2	115,000 to 119,999	3
0	120,000 to 124,999	2
3	125,000 to 129,999	0
0	130,000 to 134,999	2
1	135,000 to 139,999	0
0	140,000 to 144,999	2
1	145,000 to 149,999	0
0	150,000 to 154,999	1
<b>1,470</b>	<b>Total</b>	<b>1,545</b>

<b>Remuneration for Senior Officers with the responsibility for the management of Surrey Police were:</b>							
<b>Position</b>	<b>Position Start Date</b>	<b>Position End Date</b>	<b>2025/2026</b>				<b>Total Remuneration</b>
			<b>Salary, Fees &amp; Allowances</b>	<b>Employers Pension Contribution</b>	<b>Benefit in kind</b>	<b>Annual Leave not yet taken</b>	
			<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>	
<b>Police Officers</b>							
Chief Constable (T De Meyer)	01/04/2023	31/10/2025	199,527	65,329		1,459	<b>266,315</b>
Deputy Chief Constable	23/09/2019		78,831	43,129			<b>121,960</b>
Deputy Chief Constable	15/10/2025		134,402	46,887		3,063	<b>184,353</b>
Assistant Chief Constable *	10/01/2024		135,402	46,887		1,289	<b>183,578</b>
Assistant Chief Constable	10/01/2024		145,326	46,887		1,302	<b>193,516</b>
Assistant Chief Constable (T Jones)	10/01/2024		154,897	49,620			<b>204,517</b>
Chief Superintendent	01/04/2021	31/05/2025	119,507	40,186			<b>159,692</b>
Chief Superintendent	14/10/2019		122,821	40,186			<b>163,007</b>
Chief Superintendent	16/12/2019		114,947	40,186		1,302	<b>156,434</b>
Chief Superintendent	01/05/2022		120,274	30,336		1,302	<b>151,912</b>
Chief Superintendent	01/07/2023		115,648	37,946			<b>153,594</b>
Chief Superintendent	04/01/2024		21,456	6,537			<b>27,993</b>
Temporary Detective Chief Superintendent	01/09/2024		110,843	36,731		1,206	<b>148,780</b>
Temporary Detective Chief Superintendent	01/09/2024		106,002	36,428		3,166	<b>145,596</b>
Temporary Detective Chief Superintendent	01/09/2024		109,529	36,731		188	<b>146,449</b>
Temporary Detective Chief Superintendent	26/03/2007		109,591	36,198		6,030	<b>151,819</b>
Temporary Chief Superintendent	17/08/1998		110,768	36,731		1,884	<b>149,383</b>
Temporary Chief Superintendent	25/04/2005		100,598	36,002		1,167	<b>137,767</b>
<b>Police Staff</b>							
Head of Corporate Communications	16/07/2018		102,855	15,618		4,122	<b>122,595</b>
Chief Operating Officer (A Croxford) – See Note 1*	01/07/2021		184,663	28,688		5,583	<b>218,934</b>
<b>TOTAL CHIEF CONSTABLE</b>			<b>2,397,886</b>	<b>757,243</b>	<b>0</b>	<b>33,064</b>	<b>3,188,192</b>
<b>Officers of the PCC</b>							
PCC	12/05/2021		76,555	12,560		3,772	<b>92,887</b>
PCC Chief Executive Officer	27/09/2010		97,364	15,954		5,418	<b>118,735</b>
PCC Chief Finance Officer	01/04/2020		105,026	17,155		1,374	<b>123,555</b>
Deputy PCC	01/06/2021		62,214	10,048		3,018	<b>75,279</b>
<b>TOTAL PCC</b>			<b>341,159</b>	<b>55,717</b>	<b>0</b>	<b>13,581</b>	<b>410,457</b>
<b>TOTAL GROUP</b>			<b>2,739,045</b>	<b>812,960</b>	<b>0</b>	<b>46,645</b>	<b>3,598,649</b>

Note 1-The incumbent of this role was the Chief Information Officer but that person's role has been expanded and renamed accordingly

\*This individual is employed in a collaborative role therefore Surrey only funds 45% of this cost.

**Remuneration for Senior Officers with the responsibility for the management of Surrey Police were:**

			2024/2025				
Position	Position Start Date	Position End Date	Salary, Fees & Allowances	Employers Pension Contribution	Benefit in kind	Annual Leave not yet taken	Total Remuneration
			£	£	£	£	£
<b>Police Officers</b>							
Chief Constable (T De Meyer)	01/04/2023		187,505	61,347			<b>248,852</b>
Deputy Chief Constable (N Kemp)	23/09/2019		155,984	50,687			<b>206,671</b>
Assistant Chief Constable *	10/01/2024		128,995	42,337		89	<b>171,421</b>
Assistant Chief Constable	10/01/2024		129,857	42,337			<b>172,194</b>
Assistant Chief Constable	10/01/2024		148,025	47,016			<b>195,041</b>
Chief Superintendent	01/04/2021		109,887	38,066			<b>147,953</b>
Chief Superintendent	14/10/2019		114,391	38,066			<b>152,457</b>
Chief Superintendent	16/12/2019		113,464	38,066			<b>151,530</b>
Chief Superintendent	01/05/2022		112,890	37,919		3,077	<b>153,886</b>
Chief Superintendent	01/07/2023		102,084	35,313			<b>137,397</b>
Chief Superintendent	04/01/2024		102,597	34,780		570	<b>137,947</b>
Chief Superintendent	01/09/2024		61,483	20,513		3,861	<b>85,857</b>
Chief Superintendent	01/09/2024		58,403	20,108		2,388	<b>80,899</b>
Chief Superintendent	01/09/2024		61,590	20,512		1,414	<b>83,516</b>
<b>Police Staff</b>							
Head of Corporate Communications	16/07/2018		93,269	14,208			<b>107,478</b>
Chief Operating Officer (A Croxford) – See Note 1 *	01/07/2021		179,490	27,741			<b>207,231</b>
<b>TOTAL CHIEF CONSTABLE</b>			<b>1,859,914</b>	<b>569,016</b>	<b>0</b>	<b>11,399</b>	<b>2,440,330</b>
<b>Officers of the PCC</b>							
PCC	12/05/2021		73,783	12,094		3,188	<b>89,065</b>
PCC Chief Executive Officer	27/09/2010		94,721	15,489		5,250	<b>115,460</b>
PCC Chief Finance Officer	01/04/2020		102,031	16,656			<b>118,687</b>
Deputy PCC	01/06/2021		58,664	9,543		2,551	<b>70,758</b>
<b>TOTAL PCC</b>			<b>329,199</b>	<b>53,782</b>	<b>0</b>	<b>10,989</b>	<b>393,969</b>
<b>TOTAL GROUP</b>			<b>2,189,113</b>	<b>622,798</b>	<b>0</b>	<b>22,388</b>	<b>2,834,299</b>

Note 1-The incumbent of this role was the Chief Information Officer but that person's role has been expanded and renamed accordingly

\*This individual is employed in a collaborative role therefore Surrey only funds 45% of this cost.

## Exit Packages

The 2025/26 Code requires disclosure of the number and cost of exit packages agreed, including:

- Number of packages agreed (in bands of £20k up to £100k and £50k thereafter)
- Analysis between compulsory redundancies and "other" agreed departures
- Total cost for each band

<b>Exit Packages</b>				
<b>Total number of exit packages by cost band</b>	<b>Total cost of exit packages in each band (£)</b>	<b>Exit cost band (including special payments)</b>	<b>Total number of exit packages by cost band</b>	<b>Total cost of exit packages in each band (£)</b>
<b>2024/25</b>	<b>2024/25</b>		<b>2025/26</b>	<b>2025/26</b>
0	0	£0-£20,000	1	15,524
0	0	£20,000-£40,000	1	29,221
3	148,440	£40,001-£60,000	0	0
1	71,199	£60,001-£80,000	0	0
1	161,118	£160,001-£180,000	0	0
5	380,757	<b>TOTAL</b>	2	44,745

For the numbers and total amounts of exit packages paid to employees of the Group shown in the table above, all payments were for redundancies.

There were no exit packages paid to employees of the PCC as there were no redundancies.

## Note 26 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. These commitments are included in the Chief Constable's Accounts and consolidated into the Group Accounts.

The Group participates in separate pension schemes for police staff and police officers:

- **The Local Government Pension Scheme (LGPS) for police staff employees**, administered locally by Surrey County Council – this is a funded defined benefit scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Up to 31 March 2014 the scheme was based on final salary but from 1 April 2014 the scheme has been based on career average.
- **The Police Pension Scheme for police officers** – this is an unfunded defined benefit final salary scheme, the funding arrangements of which are contained in the Police Pension Fund Regulations 2007 (SI 2007/1932). The Group and employees pay contributions into the fund during the year, but there is no investment assets built up to meet the pension liabilities and payments as they fall due. The regulations require that if the pension fund does not have enough funds to meet the cost of pensions in any year, the amount required to meet the deficit must be transferred from the Group to the pension fund. Subject to Parliamentary scrutiny and approval, up to 100% of this amount is then recouped by the Group in the form of a top-up grant paid by Central Government. Conversely, if the police pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which in turn is required to pay the amount to central Government.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. In accordance with IAS 19 requirements, the amount includes current and past service costs, curtailments and settlements, together with the gains/losses on the police injury pension. The current service cost and valuation of the Schemes as at 31 March 2026 have been produced by actuaries. The following transactions reflect the total charges in the Chief Constable's Comprehensive Income and Expenditure Statement. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments for those benefits and to disclose them at the time the employee earns them.

## **Virgin Media Judgement**

In June 2023, the UK High Court (*Virgin Media Limited v NTL Pension Trustees II Limited*) ruled that certain historical amendments to contracted-out defined benefit schemes were invalid unless accompanied by the appropriate actuarial confirmation. This judgment has now been upheld by the Court of Appeal. The Local Government Pension Scheme is a contracted-out defined benefit scheme, and amendments were made between 1996 and 2016 that may affect member benefits.

The Government Actuary's Department, as the Local Government Pension Scheme actuary, is currently assessing whether section 37 certificates are in place for all amendments. Some of these have already been confirmed; however, at the date of these financial statements, the full assessment is not complete. Until this analysis is concluded, we are unable to determine whether there is any impact on the liabilities or if it can be reliably estimated. As a result, SPCC does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

**General Fund Transactions**

PCC LGPS £000	2024/25				2025/26			Total £000
	CC LGPS £000	Police Officers £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officers £000	
201	11,184	15,620	27,005	Service cost comprising:				
	7	0	7	Current service cost	136	7,968	11,080	19,184
				Past service cost		187	0	187
(322)	(21,700)	0	(22,022)	Financing and Investment Income and Expenditure	(422)	(27,832)	0	(28,254)
322	21,846	68,530	90,698	Net interest expense	419	27,833	72,710	100,962
<b>201</b>	<b>11,337</b>	<b>84,150</b>	<b>95,688</b>	<b>Total charged to Surplus and Deficit on Provision of Services</b>	<b>133</b>	<b>8,156</b>	<b>83,790</b>	<b>92,079</b>

£000	2024/25				2025/26			£000
	£000	£000	£000		£000	£000	£000	
				Re-measurement of the net defined benefit liability comprising:				
(42)	(2,833)	0	(2,875)	Return on plan assets (excluding the amount included in the net interest expense)	(787)	(34,876)	0	(35,663)
(41)	(3,654)	(4,110)	(7,805)	Actuarial gains and losses - experience	1,372	31,167	(22,160)	10,379
(9)	(657)	(2,140)	(2,806)	Actuarial gains and losses -arising on changes in demographic assumptions	(81)	(7,133)	0	(7,214)
(1,290)	(74,191)	(184,230)	(259,711)	Actuarial gains and losses -arising on changes in financial assumptions	(154)	(16,736)	(43,210)	(60,100)
1,368	81,599	0	82,967	Asset Ceiling Adjustment	97	52,533	0	52,630
<b>(14)</b>	<b>264</b>	<b>(190,480)</b>	<b>(190,230)</b>	<b>Total Charged to Other CIES</b>	<b>447</b>	<b>24,955</b>	<b>(65,370)</b>	<b>(39,968)</b>
<b>187</b>	<b>11,601</b>	<b>(106,330)</b>	<b>(94,542)</b>	<b>Total charged to the Comprehensive Income and Expenditure Statement</b>	<b>580</b>	<b>33,111</b>	<b>18,420</b>	<b>52,111</b>

PCC LGPS	2024/25			Movement in Reserves Statement	2025/26			Total
	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	
£000	£000	£000	£000		£000	£000	£000	£000
(201)	(11,337)	(84,150)	(95,688)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(133)	(8,156)	(83,790)	(92,079)
187	12,546	45,280	58,013	Employers' contributions payable to scheme	196	13,317	49,740	63,253
<b>(14)</b>	<b>1,209</b>	<b>(38,870)</b>	<b>(37,675)</b>	<b>Total Pensions Adjustments between Accounting and Funding Basis in year</b>	<b>63</b>	<b>5,161</b>	<b>(34,050)</b>	<b>(28,826)</b>

PCC LGPS	2024/25			Pensions Assets and Liabilities Recognised in the Balance Sheet	2025/26			Total
	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	
£000	£000	£000	£000		£000	£000	£000	£000
(4,598)	(327,754)	(1,305,810)	(1,638,162)	Present value of the defined obligation	(4,323)	(354,232)	(1,274,490)	(1,633,045)
7,068	475,793	0	482,861	Fair value of plan assets	6,650	543,745	0	550,395
(2,470)	(150,714)	0	(153,184)	Changes in asset ceiling	(2,711)	(211,982)	0	(214,693)
<b>0</b>	<b>(2,675)</b>	<b>(1,305,810)</b>	<b>(1,308,485)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>(384)</b>	<b>(22,469)</b>	<b>(1,274,490)</b>	<b>(1,297,343)</b>

PCC LGPS	2024/25			Movements in the Value of Scheme Assets		2025/26		
	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
	£000	£000	£000	£000	£000	£000	£000	£000
<b>6,571</b>	<b>444,314</b>	<b>0</b>	<b>450,885</b>	<b>Opening fair value of scheme assets</b>	<b>7,068</b>	<b>475,793</b>	<b>0</b>	<b>482,861</b>
322	21,700	0	22,022	Interest income	422	27,832	0	28,254
				Re-measurement gain / (loss):				
				- The return on plan assets, excluding the amount included in the net interest expense				
42	2,833	0	2,875		(1,125)	31,883	0	30,758
187	12,546	45,280	58,013	Contributions from employer	196	13,292	49,740	63,228
87	4,385	12,770	17,242	Contributions from employees into the scheme	93	4,606	13,630	18,329
0	0	60	60	Transfers in	0	0	10	10
(141)	(9,985)	(58,110)	(68,236)	Benefits Paid	(4)	(9,661)	(63,380)	(73,045)
<b>7,068</b>	<b>475,793</b>	<b>0</b>	<b>482,861</b>	<b>Closing Balance of Scheme Assets</b>	<b>6,650</b>	<b>543,745</b>	<b>0</b>	<b>550,395</b>

2024/25				Movements in the Value of Scheme Liabilities	2025/26			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000		£000	£000	£000	£000
<b>(5,520)</b>	<b>(382,016)</b>	<b>(1,457,420)</b>	<b>(1,844,956)</b>	<b>Opening balance at 1 April</b>	<b>(4,598)</b>	<b>(327,754)</b>	<b>(1,305,810)</b>	<b>(1,638,162)</b>
(201)	(11,184)	(15,620)	<b>(27,005)</b>	Current service cost	(136)	(7,968)	(11,080)	<b>(19,184)</b>
(271)	(18,649)	(68,530)	<b>(87,450)</b>	Interest cost	(275)	(19,098)	(72,710)	<b>(92,083)</b>
(87)	(4,385)	(12,770)	<b>(17,242)</b>	Contributions from scheme participants	(93)	(4,606)	(13,630)	<b>(18,329)</b>
				Re-measurement gains and losses:				
41	3,654	4,110	<b>7,805</b>	- Actuarial gains / (losses) experience:	540	(28,174)	22,160	<b>(5,474)</b>
9	657	2,140	<b>2,806</b>	- Actuarial gains / (losses) from changes in demographic assumptions	81	7,133	0	<b>7,214</b>
1,290	74,191	184,230	<b>259,711</b>	- Actuarial gains / (losses) from changes in financial assumptions	154	16,736	43,210	<b>60,100</b>
0	(7)	0	<b>(7)</b>	Past service cost	0	(187)	0	<b>(187)</b>
0	0	(60)	<b>(60)</b>	Transfers in	0	0	(10)	<b>(10)</b>
141	9,985	58,110	<b>68,236</b>	Benefits / transfers paid	4	9,686	63,380	<b>73,070</b>
<b>(4,598)</b>	<b>(327,754)</b>	<b>(1,305,810)</b>	<b>(1,638,162)</b>	<b>Closing Balance of Scheme Liabilities - 31 March</b>	<b>(4,323)</b>	<b>(354,232)</b>	<b>(1,274,490)</b>	<b>(1,633,045)</b>

Below are the tables which show the 2024/25 figures as originally stated along with the restated position. The main change in the first set of tables relates to the disclosure of the asset ceiling adjustment and the present value of the defined obligation. The second set of tables correctly restates the opening and closing balances of the scheme liabilities.

2024/25 As Originally Stated				Pensions Assets and Liabilities Recognised in the Balance Sheet	2024/25 As Restated			
PCC LGPS £000	CC LGPS £000	Police Officers £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officers £000	Total £000
(7,068)	(478,468)	(1,305,810)	(1,791,346)	Present value of the defined obligation	(4,598)	(327,754)	(1,305,810)	(1,638,162)
7,068	475,793	0	482,861	Fair value of plan assets	7,068	475,793	0	482,861
0	0	0	0	Changes in asset ceiling	(2,470)	(150,714)	0	(153,184)
<b>0</b>	<b>(2,675)</b>	<b>(1,305,810)</b>	<b>(1,308,485)</b>	<b>Net (liability) / asset arising from the defined benefit obligation</b>	<b>0</b>	<b>(2,675)</b>	<b>(1,305,810)</b>	<b>(1,308,485)</b>

2024/25 As Originally Stated				Movements in the Value of Scheme Liabilities	2024/25 As Restated			
PCC LGPS £000	CC LGPS £000	Police Officers £000	Total £000		PCC LGPS £000	CC LGPS £000	Police Officers £000	Total £000
<b>(6,571)</b>	<b>(447,934)</b>	<b>(1,457,420)</b>	<b>(1,911,925)</b>	<b>Opening balance at 1 April</b>	<b>(5,520)</b>	<b>(382,016)</b>	<b>(1,457,420)</b>	<b>(1,844,956)</b>
(201)	(11,184)	(15,620)	<b>(27,005)</b>	Current service cost	(201)	(11,184)	(15,620)	<b>(27,005)</b>
(322)	(21,846)	(68,530)	<b>(90,698)</b>	Interest cost	(271)	(18,649)	(68,530)	<b>(87,450)</b>
(87)	(4,385)	(12,770)	<b>(17,242)</b>	Contributions from scheme participants	(87)	(4,385)	(12,770)	<b>(17,242)</b>
				Re-measurement gains and losses:				
41	3,654	4,110	<b>7,805</b>	- Actuarial gains / (losses) experience:	41	3,654	4,110	<b>7,805</b>
9	657	2,140	<b>2,806</b>	- Actuarial gains / (losses) from changes in demographic assumptions	9	657	2,140	<b>2,806</b>
1,290	74,191	184,230	<b>259,711</b>	- Actuarial gains / (losses) from changes in financial assumptions	1,290	74,191	184,230	<b>259,711</b>
0	(7)	0	<b>(7)</b>	Past service cost	0	(7)	0	<b>(7)</b>
0	0	(60)	<b>(60)</b>	Transfers in	0	0	(60)	<b>(60)</b>
141	9,985	58,110	<b>68,236</b>	Benefits / transfers paid	141	9,985	58,110	<b>68,236</b>
(1,368)	(81,599)	0	<b>(82,967)</b>	Asset Ceiling Adjustments	0	0	0	<b>0</b>
<b>(7,068)</b>	<b>(478,468)</b>	<b>(1,305,810)</b>	<b>(1,791,346)</b>	<b>Closing Balance of Scheme Liabilities - 31 March</b>	<b>(4,598)</b>	<b>(327,754)</b>	<b>(1,305,810)</b>	<b>(1,638,162)</b>

**LGPS – Pension Scheme – Assets comprised of:**

**Fair value of scheme assets**

	2024/25 PCC	2024/25 CC		2025/26 PCC	2025/26 CC
	£000	£000		£000	£000
<b>EQUITY SECURITIES</b>					
	69	4,609	Consumer	64	5,268
	125	8,443	Manufacturing	118	9,649
	0	0	Energy and Utilities	0	0
	93	6,237	Financial Institutions	87	7,128
	86	5,807	Health and Care	81	6,636
	151	10,131	Information Technology	142	11,578
	6	399	Other	6	456
	<b>530</b>	<b>35,626</b>	<b>Subtotal EQUITY SECURITIES</b>	<b>498</b>	<b>40,716</b>
<b>DEBT SECURITIES</b>					
	0	0	UK Government	0	0
	<b>0</b>	<b>0</b>	<b>Subtotal DEBT SECURITIES</b>	<b>0</b>	<b>0</b>
<b>PRIVATE EQUITY</b>					
	0	0	All	0	0
	<b>0</b>	<b>0</b>	<b>Subtotal PRIVATE EQUITY</b>	<b>0</b>	<b>0</b>
<b>REAL ESTATE</b>					
	393	26,462	UK Property	370	30,241
	1,033	69,567	Overseas Property	972	79,503
	<b>1,426</b>	<b>96,029</b>	<b>Subtotal REAL ESTATE</b>	<b>1,342</b>	<b>109,744</b>
<b>INVESTMENT FUNDS &amp; UNIT TRUSTS</b>					
	3,899	262,449	Equities	3,668	299,931
	1,038	69,893	Bonds	977	79,875
	<b>4,937</b>	<b>332,342</b>	<b>Subtotal INVESTMENT FUNDS &amp; UNIT TRUSTS</b>	<b>4,645</b>	<b>379,807</b>
<b>DERIVATIVES</b>					
	26	1,776	Foreign Exchange	25	2,029
	<b>26</b>	<b>1,776</b>	<b>Subtotal DERIVATIVES</b>	<b>25</b>	<b>2,029</b>
<b>CASH and CASH EQUIVALENTS</b>					
	149	10,020	All	140	11,451
	<b>149</b>	<b>10,020</b>	<b>Subtotal PRIVATE EQUITY</b>	<b>140</b>	<b>11,451</b>
	<b>7,068</b>	<b>475,793</b>	<b>Total Assets</b>	<b>6,650</b>	<b>543,745</b>

**The significant assumptions used by the actuary have been:**

<b>2024/25</b>	<b>LGPS</b>	<b>2025/26</b>
	<b>Long term expected rate of return on assets</b>	
5.5%	EQUITY SECURITIES	13.1%
5.5%	DEBT SECURITIES	13.1%
5.5%	PRIVATE EQUITY	13.1%
5.5%	REAL ESTATE	13.1%
5.5%	INVESTMENT FUNDS & UNIT TRUSTS	13.1%
5.5%	DERIVATIVES	13.1%
	<b>Mortality assumptions - current pensioners</b>	
21.2	Men	21.7
24.3	Women	24.7
	<b>Mortality assumptions - future pensioners</b>	
22.2	Men	22.9
25.8	Women	26.3
	<b>Financial assumptions</b>	
2.8%	Rate of inflation	3.0%
3.8%	Rate of increase in salaries	4.0%
2.8%	Rate of increase in pensions	3.0%
5.8%	Rate for discounting scheme liabilities	6.3%

Investment returns related to the staff pension scheme were higher than expected (compared to last year's accounting discount rate assumption), this resulted in an increase of £67.5m compared to a prior year increase of £32m on the 'Return on assets excluding amounts included in net interest expense' line within the Balance Sheet movements in the Value of Scheme Assets table above.

2024/25	Police Officer Schemes		2025/26
	<b>Mortality assumptions - current pensioners</b>		
21.9	Men		22.0
23.9	Women		24
	<b>Mortality assumptions - future pensioners</b>		
23.3	Men		23.4
25.2	Women		25.3
	<b>Financial assumptions</b>		
2.7%	Rate of inflation		3.0%
3.5%	Rate of increase in salaries		3.7%
2.7%	Rate of increase in pensions		3.0%
5.7%	Rate for discounting scheme liabilities		6.1%

2024/25		LGPS	2025/26	
Increase by 0.5%	Increase by 0.5%		Increase by 0.5%	Increase by 0.5%
PCC £000	CC £000		PCC £000	CC £000
40	1,020	Rate of increase in salaries	55	1,110
540	34,990	Rate of increase in pensions	395	31,895
(565)	(35,025)	Rate for discounting scheme liabilities	(455)	(33,000)

**Impact of assumptions on the police pension fund obligation:**

<b>2024/25</b>		<b>2025/26</b>
<b>Increase by 0.5%</b>	<b>Police Officers</b>	<b>Increase by 0.5%</b>
<b>£000</b>	<b>Assumption</b>	<b>£000</b>
14,000	Rate of increase in salaries	13,000
100,000	Rate of increase in pensions	91,000
(102,000)	Rate for discounting scheme liabilities	(94,000)
<b>Decrease by 1 year</b>	<b>Police Officers</b>	<b>Decrease by 1 year</b>
<b>£000</b>	<b>Assumption</b>	<b>£000</b>
28,000	Longevity	31,000

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £1.85m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1.3m. However statutory arrangements for funding the deficit means that the financial position of the Group remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme actuary.

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 rates of return experienced in the respective markets.

Finance is only required to be raised to cover police pensions when the pensions are actually paid and is restricted to the level of employers' contribution payable by the Chief Constable and funded by the PCC.

## Note 27 - External Audit Costs

2024/25				2025/26		
CC	PCC	Group		CC	PCC	Group
£000	£000	£000		£000	£000	£000
50.6	113.7	164.3	Fees payable to Ernst & Young with regard to external audit services carried out by the appointed auditor for the year	52.0	116.9	168.9
9.8	15.0	24.8	Adjustment to Standard EY Fees 21/22	0	0	0
(19.3)	(27.5)	(46.8)	Adjustment to Standard EY Fees 22/23	6.0	11.5	17.5
0	0	0	Adjustment to Standard EY Fees 23/24	24.9	54.7	79.6
<b>41.1</b>	<b>101.2</b>	<b>142.3</b>	<b>Total</b>	<b>82.9</b>	<b>183.1</b>	<b>266.0</b>

## Note 28 - Related Parties

The Police and Crime Commissioner is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Police and Crime Commissioner or to be controlled or influenced by the Police and Crime Commissioner. Disclosure of these transactions allows readers to assess the extent to which the Police and Crime 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 Police and Crime Commissioner.

### Officers of the Police and Crime Commissioner for Surrey and Chief Constable of Surrey

Officers of the Police and Crime Commissioner have direct control over financial and operating policies.

Details of all related party transactions are recorded in the Register of Members' Interest. Officers and Chief Officers of the Force and the Police and Crime Commissioner are required to declare whether they or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police and Crime Commissioner for Surrey and or the Chief Constable's Force during the financial year.

The Chief Executive has written to all Officers and Chief Officers of the Force and the Police and Crime Commissioner to collect this information. Responses were received from all recipients of the letter and the following related party transactions are disclosed for the 2025/26 year in respect of the Police and Crime Commissioner and Group.

Legal services are provided to the Surrey Police Group of £3,319,238.30 (2024/25: £2,506,297.52) by Weightmans LLP Solicitor in the normal course of business during the year, Ms Hannah Walsh (Solicitor to the Surrey Police from 1 April 2017) is employed by Weightmans LLP.

### **Central Government and Other Public Organisations**

The Police and Crime Commissioner also has business relationships with the Government and a number of other public organisations such as some local authorities in Surrey.

These include the Home Office, the Department for Communities and Local Government, and Surrey County Council.

Central Government has effective control over the general operations of the Police and Crime Commissioner for Surrey as it is responsible for providing the statutory framework within which the Police and Crime Commissioner operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Police and Crime Commissioner has with other parties (e.g. Precept regimes).

Details of grants received from government departments are set out in the subjective analysis Grant Income Note 9. Details of Joint working arrangements are included in the Collaboration Arrangements Note 21.

### **Note 29 - Contingent Liabilities**

In accordance with the 2025/26 CIPFA Code of Practice on Local Authority Accounting in the United Kingdom, contingent liabilities are disclosed where there is a possible obligation arising from past events whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Police and Crime Commissioner, or where a present obligation exists but it is not probable that a transfer of economic benefits or service potential will be required, or the amount of the obligation cannot be measured reliably. The Police and Crime Commissioner has considered the following matters and, whilst no provision has been recognised in the Statement of Accounts, the disclosures below are made due to the existence of uncertainties regarding potential future liabilities.

#### **McCloud Pension Case**

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons, and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation

mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022. As at 31 March 2026, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no contingent liability in respect of compensation claims is recognised in these accounts.

### **Motorway Speed Enforcement (Op Cabin)**

The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by Surrey Police. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

### **Construction Contract Claim**

A contractor engaged on a capital construction project has indicated that it may contest previous valuations relating to work undertaken during 2025/26 under the terms of the contract. At the reporting date, no formal Notice of Adjudication had been issued and discussions regarding the final assessment remained ongoing.

Whilst the contractor has indicated that it may seek additional payments in relation to the contract, the existence of any obligation and the likelihood of any future settlement remain uncertain. As at 31 March 2026, the Police and Crime Commissioner does not consider that a present obligation exists and there is insufficient information available to determine whether any financial settlement will arise. Furthermore, the potential financial effect cannot be measured reliably due to the uncertainty surrounding both the outcome of the matter and the amount, if any, that may ultimately become payable.

Accordingly, no provision has been recognised in these accounts. The matter is disclosed as a contingent liability because the existence of any obligation will be confirmed only by the occurrence or non-occurrence of future events that are not wholly within the control of the Police and Crime Commissioner.

## Note 30 - Contingent Assets

The Group has no contingent assets to disclose at 31 March 2026.

## Note 31 - Financial Instruments

### Non Current Financial Assets

	Debtor		Total	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
	£000	£000	£000	£000
Amortised Cost	0	0	0	0
Fair Value OCI	732	625	732	625
<b>Total financial assets</b>	<b>732</b>	<b>625</b>	<b>732</b>	<b>625</b>
Non - financial Assets	186,866	199,471	186,866	199,471
<b>Total Non-current assets</b>	<b>187,598</b>	<b>200,096</b>	<b>187,598</b>	<b>200,096</b>

### Current Financial Assets

	Debtor		Cash		Total	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
	£000	£000	£000	£000	£000	£000
Amortised Cost	1,349	958	47,021	37,889	48,370	38,847
Total financial assets	1,349	958	47,021	37,889	<b>48,370</b>	<b>38,847</b>
<b>Non - financial Assets</b>	<b>32,791</b>	<b>36,642</b>	<b>0</b>	<b>0</b>	32,791	36,642
Total current assets	<b>34,140</b>	<b>37,600</b>	<b>47,021</b>	<b>37,889</b>	<b>81,161</b>	<b>75,489</b>

### Non-Current Financial Liabilities

	Borrowing		Total	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
	£000	£000	£000	£000
Amortised Cost	(12,478)	(11,957)	(12,478)	(11,957)
Lease Liability	(5,788)	(5,235)	(5,788)	(5,235)
<b>Total financial assets</b>	<b>(18,266)</b>	<b>(17,192)</b>	<b>(18,266)</b>	<b>(17,192)</b>
Non - Financial Liabilities	(1,308,742)	(1,297,343)	(1,308,742)	(1,297,343)
<b>Total Non current liabilities</b>	<b>(1,327,008)</b>	<b>(1,314,535)</b>	<b>(1,327,008)</b>	<b>(1,314,535)</b>

**Current Financial Liabilities**

	Creditors		Total	
	31-Mar-25	31-Mar-26	31-Mar-25	31-Mar-26
	£000	£000	£000	£000
Fair Value through profit & loss	0	0	0	0
Amortised Cost	(3,132)	(3,825)	(3,132)	(3,825)
<b>Total financial assets</b>	<b>(3,132)</b>	<b>(3,825)</b>	<b>(3,132)</b>	<b>(3,825)</b>
Non - Financial Liabilities	(34,490)	(39,280)	(34,490)	(39,280)
<b>Total current liabilities</b>	<b>(37,622)</b>	<b>(43,105)</b>	<b>(37,622)</b>	<b>(43,105)</b>

The loan from the PWLB Board was borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

The year-end balance represents totals for long term finance borrowing and loans.

- For the loan from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- Estimated interest rates at 31 March 2026 for loans from the PWLB are based on a loan rate of 2.34% discounted at a rate of 4.93%.
- No early repayment or impairment is recognised.

The fair value of the PWLB loan is calculated at £9.5m as at 31 March 2026.

The fair values of short-term trade payables and receivables, cash and cash equivalents are assumed to equal the book values. These are exempt from IFRS13.

The fair value of the PWLB loan is lower than the carrying amount because the fixed rate loan's interest rate payable is lower than the prevailing rates 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.

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Assets and Liabilities are measured at fair value using the IFRS13 Fair Value market approach which uses prices and other relevant information (inputs) generated by market transactions involving similar assets or liabilities. The IFRS on Fair Value

includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

We have therefore categorised the valuations of the long term PWLB borrowing as a Level 1 input in the IFRS 13 fair value hierarchy.

## Note 32 - Nature and Extent of Risks Arising from Financial Instruments

The Group's activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Group
- Liquidity Risk – the risk that the Group might not have funds available to meet its commitment to make payments
- Market Risk/Interest Rate Risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and stock market movements.
- Market Failure Risk – the risk that financial loss might arise as a result of a failure in financial markets.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The Head of Financial Accounting is responsible for implementing the Group's approved Treasury Management Strategy which specifies the arrangements for specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Day-to-day treasury management activity is undertaken on behalf of the Group by Surrey County Council under the terms of a service level agreement.

## **Credit and Counterparty Risk**

A prime objective of the Group's treasury management activities is the security of the principal sums it invests. The Group maintains a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements, which includes all organisations included on Surrey County Council's counterparty lists.

The Group's only direct counterparty in relation to treasury management is Surrey County Council. All investments made by Surrey County Council are made in accordance with that Council's investment policies and prevailing legislation and regulations. If the list of counterparties and their time or value limits need to be revised, amendments are presented to the Surrey County Council Audit & Governance Committee. It is considered that these arrangements minimise the risk in this area.

The maximum exposure to credit risk at the Balance Sheet date was as follows: trade receivables £0.9m (2024/25 £1.3m), and cash and temporary loan investments £37.9m (2024/25 £47.0m). The Group does not have any material exposure to concentrations of credit risk with any single counterparty.

## **Liquidity Risk**

The Group aims to ensure that it has adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it to have the level of funds available to it that are necessary to achieve the objectives stated in its Policing Plan.

Day-to-day cash balances are monitored on behalf of the Group under a service level agreement by Surrey County Council, whose remit is to aggregate and invest any surpluses with its own balances, and to pay interest based on its quarterly internal borrowing rate.

The Group has had sufficient available cash balances to meet its daily requirements. In March 2019 the PCC entered into an external Loan with PWLB for £15.6m in order to purchase land for a new potential Headquarters at the time, however the plan has changed as Mount Browne will be retained and redeveloped.

All trade and other payables are due to be paid in less than one year.

## **Interest Rate Risk**

The Group aims to protect itself against the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Group's finances.

Since the Group investment activity is undertaken by Surrey County Council, fixed and variable rate exposure limits are set so as not to conflict with that Council's prevailing limits. In order to achieve this, both fixed and variable rate upper and lower exposure limits have been set at 100% and 0% respectively.

Surrey County Council employs a treasury consultant to advise on treasury strategy, provide economic data and interest rate forecasts. This information feeds into the Group's annual budget setting process and allows for any adverse changes to be accommodated.

As at 31 March 2026, the Group has borrowing of £12.0m (2024/25 £12.5m) and holds £36.5m in variable rate loan investments (2024/25 £45.7m).

### Note 33 - Financing and Investment Income and Expenditure

2024/25			2025/26	
PCC	Group		PCC	Group
£000	£000		£000	£000
669	669	Interest payable and similar charges	615	615
0	68,676	Net interest on the net defined benefit liability (asset)	(3)	72,708
(2,918)	(2,918)	Interest receivable and similar income	(2,354)	(2,354)
0	0	Income and expenditure in relation to investment properties and changes in their fair value	(891)	(891)
0	0	Gains/losses on derecognition of financial instruments classified as fair value through profit or loss	(51)	(51)
<b>(2,249)</b>	<b>66,427</b>	<b>Total</b>	<b>(2,684)</b>	<b>70,027</b>

## Note 34 - Other Operating Expenditure

2024/25			2025/26	
PCC	Group		PCC	Group
£000	£000		£000	£000
587	587	Levies	643	643
317	317	Gains/losses on the Disposal of Non-Current Assets	386	386
<b>904</b>	<b>904</b>	<b>Total Other Operating Expenditure</b>	<b>1,029</b>	<b>1,029</b>

Figures in the above table all relate to the PCC and the Group, as the Chief Constable has no transactions for Other Operating Expenditure.

## Note 35 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2024/25			2025/26	
PCC	Group		PCC	Group
£000	£000		£000	£000
<b>OPERATING ACTIVITIES - INTEREST</b>				
(2,918)	(2,918)	Interest received	(2,354)	(2,354)
669	669	Interest paid	615	615
<b>(2,249)</b>	<b>(2,249)</b>	<b>Total</b>	<b>(1,739)</b>	<b>(1,739)</b>

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2024/25			2025/26	
PCC	Group	OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	PCC	Group
£000	£000		£000	£000
(9,416)	(9,416)	Depreciation	(9,967)	(9,967)
(2,962)	(2,962)	Impairment and downward valuations	(131)	(131)
(598)	(598)	Amortisation	(1,039)	(1,039)
3,732	3,732	(Increase)/decrease in creditors	(5,073)	(5,073)
2,197	2,197	Increase/(decrease) in debtors	4,429	4,429
167	167	Increase/(decrease) in inventories	120	120
(14)	(37,675)	Movement in pension liability	63	(28,826)
(3,049)	(3,049)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(891)	(891)
(22)	211	Other non-cash movements charged to the (surplus)/deficit on provision of services	3,153	795
1	1	Rounding	0	0
<b>(9,964)</b>	<b>(47,392)</b>	<b>Total</b>	<b>(9,336)</b>	<b>(40,583)</b>

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2024/25			2025/26	
PCC	Group	OPERATING ACTIVITIES ADJUSTMENTS INVESTING/FINANCING	PCC	Group
£000	£000		£000	£000
2,731	2,731	Proceeds from the sale of property, plant and equipment, non-current assets held for sale, investment property and intangible assets	557	557
190	190	Other items for which the cash effects are investing or financing cash flows	60	60
<b>2,921</b>	<b>2,921</b>	<b>Total</b>	<b>617</b>	<b>617</b>

## Note 36 - Cash Flow from Investing Activities

2024/25			2025/26	
PCC	Group	INVESTING ACTIVITIES	PCC	Group
£000	£000		£000	£000
15,436	15,436	Purchase of property, plant, equipment, investment property and intangible assets	21,430	21,430
(2,731)	(2,731)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(557)	(557)
0	0	Proceeds from short-term and long-term investments	(101)	(101)
(190)	(190)	Other receipts from investing activities	(60)	(60)
1	1	Rounding	0	0
<b>12,516</b>	<b>12,516</b>	<b>Total</b>	<b>20,712</b>	<b>20,712</b>

## Note 37 - Cash Flow from Financing Activities

2024/25			2025/26	
PCC	Group	FINANCING ACTIVITIES	PCC	Group
£000	£000		£000	£000
1,017	1,017	Cash payments for the reduction of the outstanding liabilities relating to leases	1,194	1,194
521	521	Repayments of short-term and long-term borrowing	521	521
<b>1,538</b>	<b>1,538</b>	<b>Total</b>	<b>1,715</b>	<b>1,715</b>

## Note 38 - Reconciliation of Liabilities Arising from Financing Activities

### Reconciliation of Liabilities Arising from Financing Activities

	01 April 2025	Financing cash flows	Non-cash changes		Rounding	31 March 2026
			Acquisition	Other non-cash changes		
	£000	£000	£000	£000		£000
Long-term borrowings	(12,478)	521	0	0	0	(11,957)
Lease Liabilities	(7,107)	1,194	(574)	0	0	(6,487)
<b>Total liabilities from financing activities</b>	<b>(19,585)</b>	<b>1,715</b>	<b>(574)</b>	<b>0</b>	<b>0</b>	<b>(18,444)</b>

	01 April 2024	Financing cash flows	Non-cash changes		Rounding	31 March 2025
			Acquisition	Other non-cash changes		
	£000	£000	£000	£000		£000
Long-term borrowings	(12,999)	521	0	0	0	(12,478)
Lease Liabilities	0	1,017	(8,124)	0	0	(7,107)
<b>Total liabilities from financing activities</b>	<b>(12,999)</b>	<b>1,538</b>	<b>(8,124)</b>	<b>0</b>	<b>0</b>	<b>(19,585)</b>

## Note 39 - Accounting Policies

### General Principles

The Statement of accounts summarises the organisation's transactions for the financial year and its position at the year-end of 31 March. The organisation is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The financial statements have been prepared in accordance with the Code, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and reviewed by the Financial Reporting Advisory Board (FRAB). The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International

Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board (ASB) where these provide additional guidance.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner for Surrey (PCC) and the Chief Constable of Surrey (CC) were set up as two 'corporation sole' bodies. Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements (Statement of accounts) included here represent the accounts for the PCC and also those for the PCC Group. The term 'Group' is used to indicate individual transactions and policies of PCC and CC for the year ended 31 March. Under the Police Reform and Social Responsibility Act 2011 the powers and responsibilities attributed to the PCC as the holding organisation identifies the requirement to produce group accounts.

The accounting convention adopted in the statement of accounts is principally historical cost, modified by the revaluation of certain categories of non-current asset and financial instruments.

The following sections set out the Group's principal accounting policies that have been reviewed and adopted in 2024/25.

### **Income & Expenditure Recognition**

Revenue (Income) is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods or services provided in the normal course of business less discounts and VAT.

Revenue is recognised when goods are delivered, and title has passed. The provision of services contains many accounting aspects and revenue is only recognised when all related work has been completed or when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC and group. Whilst all income is received by the PCC and all expenditure is paid for by the PCC including wages of police staff and officers, the actual recognition in the respective Police and Crime Commissioner and Chief Constable Accounts is based on economic benefit.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date on which supplies are received and when they are consumed, they are carried as inventories or stocks on the Balance Sheet.

Income and Expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure. Works of a capital nature are charged as capital expenditure when they are completed, before which they are carried as Assets Under Construction on the Balance Sheet.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, thus the accounts reflect the normal accruals concept for both capital and revenue. Exceptions to this can be made for utilities (gas, electricity, telephones, etc.), where invoices may be accounted for in the year they fall, providing that only four quarterly or twelve monthly invoices are charged in any one year.

Where revenue or expenditure have been recognised by cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Creditors are included within the Balance Sheet for goods and services received and risks and rewards of ownership transferred but not paid for at the year end. Debtors are included within the Balance Sheet where services have been provided but not yet reimbursed at the year end.

The above recognition policy complies with IFRS 15 *Revenue from Contracts with Customers*.

### **Cash & Cash Equivalents**

Cash equivalents are short term, highly liquid instruments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All investments due in 1 day or less are therefore treated as "cash and cash equivalents" and are not therefore included within Investments.

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 instruments that mature in one day or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Investments held by Surrey County Council on behalf of the Group are classified as cash equivalents as they are low risk, short term and readily available.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

## **Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors**

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

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 Police and Crime Commissioner'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.

## **Events after the Balance Sheet Date**

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

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

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

## **Government Grants and Contributions**

Government grants and third-party contributions are recognised as income at the date the Group satisfies the conditions of entitlement to the grant or contribution and where there is reasonable assurance that the monies will be received.

Net expenditure is expressed before deducting government grants in support of the overall expenditure of the Group, e.g. specific police grants, revenue support grants and national non domestic rates. Other smaller revenue grants are shown as income in arriving at net expenditure, and can be matched against specific items of expenditure.

Amounts recognised as due to the PCC are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution, are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Grants and contributions in excess of £20,000 are considered material.

### **Funding of Capital Expenditure to purchase Non-Current Assets**

Capital expenditure is funded by government grants, capital receipts, revenue contributions, third party contributions and borrowing.

Capital contributions and grants are accounted for in the Comprehensive Income and Expenditure Statement on an accruals basis (unless the grant or contribution has an unsatisfied condition); they are then transferred to the Balance Sheet as follows:

- When a capital grant or contribution has been recognised in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital reserves to finance expenditure.
- When a grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account, reflecting its status as a capital resource available to finance expenditure. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

- When a capital grant or contribution has been received with conditions that the Group has not met, the grant or contribution is recognised in the Balance Sheet as Capital Grants Receipts in Advance. Once the condition has been met, the grant or contribution is transferred from the Capital Grants Receipts in Advance Account and recognised as income in the Comprehensive Income and Expenditure Statement and accounted for as above depending on whether expenditure has been incurred.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

At the year end the Police and Crime Commissioner reviews all material grants and considers whether any existing conditions are outstanding, and the appropriate accounting policy treatment is then applied accordingly. Capital grants and contributions in excess of £20,000 are considered material.

### **Non-Current Assets – Property, Plant and Equipment**

Assets that have physical substance, are used to supply services and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

#### **Recognition**

The cost of acquisition, creation or enhancement of Property, Plant and Equipment is capitalised, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Police and Crime Commissioner for a period of more than one year, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. When a component is replaced, restored or enhanced, the carrying amount of the old component is de-recognised, and the new component reflected in the carrying amount.

The Police and Crime Commissioner has the following de-minimis limits for capitalisation whereby items above these amounts must be capitalised:

- Land and buildings                   £100,000
- ICT and other equipment           £25,000
- Vehicles                               £Nil

## Measurement

Items of Property, Plant and Equipment are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

The Police and Crime Commissioner does not capitalise its borrowing costs.

The Code stipulates that assets and liabilities should be measured, and disclosures provided in accordance with IFRS 13 *Fair Value Measurement*. There are no adaptations to IFRS 13 for the public sector context. However, section 4 of the Code adapts IAS 16 to require that items of property, plant and equipment that are operational and therefore providing service potential for the authority are measured for their service potential at existing use value or depreciated replacement cost, and not fair value. Surplus assets of property, plant and equipment are measured at fair value.

Property, plant and equipment assets are therefore measured at current value as follows:

- Assets under construction - depreciated historical cost
- Land and Buildings - current value, determined using the following bases:
  - Operational properties – Existing Use Value (EUUV) in accordance with RICS valuation standards
  - Operational specialised properties such as police custody centres – Depreciated Replacement Cost (DRC)
  - Non-operational properties such as police houses – Fair Value (based on Market Value)
  - All other assets – (EUUV)

Depreciated Replacement Cost (DRC) is used for assets where there is no market-based evidence of current value and/or the asset is specialised.

Non-property assets that have short useful lives or low values (or both) are valued using the depreciated historical cost basis (DHC) as a proxy for current value. This is on the assumption that the useful life is a realistic reflection of the life of the asset and the depreciation method used is a realistic reflection of the consumption of that asset class.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are recognised in the Revaluation Reserve to recognise unrealised gains unless the increase is reversing a previous impairment loss in which case it would be charged to the Comprehensive Income and Expenditure Statement. Decreases in valuations are recognised in the Revaluation Reserve to the extent of previous revaluation increases recognised

in the Revaluation Reserve in respect of that asset, and decreases in excess of that amount are recognised in the Comprehensive Income and Expenditure Statement.

### **Component Assets**

The Police and Crime Commissioner recognises and records component assets separately from the main asset with which they are associated where the component life differs significantly. The Police and Crime Commissioner has agreed an accounting policy stating that for accounting purposes, the value of the component must be above a minimum material level of £200,000 and the value of the component constitutes more than 20% of the main asset category value. Where a component asset is identified it is written down on a straight-line basis over its useful economic life in line with the depreciation policy for that class of asset.

### **Impairment**

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- Significant decline in a specific asset's carrying amount during the period;
- Evidence of obsolescence or physical damage of an asset;
- Commitment by the Group to undertake a significant reorganisation
- Significant adverse change in the statutory or other regulatory environment in which the Group operates.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and all impairment losses are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset and thereafter written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

### **Depreciation**

Depreciation is provided for on all Property, Plant and Equipment assets by allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land), assets that are not yet available for use (i.e. assets under construction) and assets held for sale.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Approximate average depreciation periods are as follows:

- Buildings 25-60 years (or as assessed by the valuer)
- Plant, Furniture & Equipment 5 years (or as assessed by the business)
- Vehicles 3-5 years (depending on vehicle type as assessed by the Transport Manager)
- Intangibles 3 years (or as assessed by the business)

Revaluation gains are 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.

## **Disposal**

When a non-current 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. Disposal proceeds are credited to the Comprehensive Income and Expenditure Statement and netted off against the asset's carrying value. The resulting balance represents either the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Assets of £Nil Net Book Value are routinely disposed of as being end of useful life assets unless exceptional circumstances determine they should be kept on the asset register whilst still in active use.

Receipts in excess of £10,000 from the sale of non-current assets are defined as capital receipts and are used to fund future capital expenditure. These receipts are transferred to the Capital Receipts Reserve via the Movement in Reserves Statement. Individual receipts of less than £10,000 remain in the Comprehensive Income and Expenditure Statement.

The disposal value is not a charge against council tax, as the cost of non-current assets is fully provided for under a separate arrangement for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

## **Assets Held for Sale**

Non-current assets are classified as Held for Sale only if they meet all of the following criteria:

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable. This means the appropriate level of management within the Group must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is re-valued immediately before reclassification and then carried at the lower of carrying value and fair value less costs to sell. Fair Value for Assets Held for Sale is the market value.

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

Assets Held for Sale are not depreciated.

## **Inventories (Stock) and Long-Term Contracts**

Inventories are included in the Balance Sheet at cost. All other expenditure on stock and stores is charged to the revenue account in the year of purchase.

This policy is a departure from the IFRS standard IAS2 which requires inventories to be valued at the lower of cost or net realisable value. For many inventory items, particularly uniforms, net realisable value would be minimal and does not accurately reflect the value to the Group of holding these items. The variation from IAS2 does not have a material impact on these financial statements.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

### **Investment Property**

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date, this is assessed using the IFRS13 Fair Value market approach. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are re-valued annually according to market conditions at the year-end. The IFRS13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgement in accordance with RICS valuation (professional standards published by the Royal Institution of Chartered Surveyors).

The IFRS on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

Property market conditions in the South East of England are such that similar properties are actively purchased and sold, and the level of observable inputs are significant. We have therefore categorised the valuations of the investment portfolio as Level 2 inputs in the IFRS 13 fair value hierarchy.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory

arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

### **Joint Operations**

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Activities undertaken in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the PCC/Group recognises the following as a joint operator:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

### **Intangible Assets**

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are included in the Balance Sheet at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. Useful life of intangible assets is generally 3 years or as assessed by the business. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. Any gains or losses arising on the disposal or

abandonment of an intangible asset are posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains or losses are not permitted to have an impact on the General Fund Balance therefore they are moved 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.

### **Charges to Revenue for Non-Current Assets**

The Group is not permitted to raise council tax to cover charges for depreciation, impairment losses or amortisation. However, it is required to make an annual provision from revenue towards the repayment of borrowing, known as the Minimum Revenue Provision (MRP).

Depreciation, impairment losses and amortisation are reversed from the General Fund via the Movement in Reserves Statement and MRP is charged as a contribution to the Capital Adjustment Account.

### **Debts Outstanding**

Income is accounted for on an accruals basis. Debts that cannot be collected are written off via the Comprehensive Income and Expenditure Statement to the command team or department that raised the debt. The level of any bad debt provision is reviewed annually.

The writing off of bad debt can be authorised by either the PCC's CFO or the CC's Executive Director of Commercial & Finance Services in respect of their own corporations up to a value of £10,000 for individual bad debt cases and £25,000 cumulatively in any one financial year. The write off of bad debts greater than these limits requires the approval of both CC's Executive Director of Commercial & Finance Services and PCC's CFO up to a maximum of a cumulative value of £50,000 in any one financial year. The PCC will approve where appropriate the writing off of debts in excess of the CFOs delegated authority.

### **Reserves**

The PCC maintains reserves to finance future commitments, unforeseen circumstances, fluctuations in annual grant settlements and council tax precepts and emergency expenditure which cannot be contained within the approved budget. The approved Reserves Policy sets a target for the level of General Reserve of 3% of net budgeted expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement benefits and other employee benefits and do not represent usable resources for the Group.

The nature and purpose of each reserve set up by the Group is described in the Notes to the Financial Statements.

The classification of reserves is consistent with the CIPFA Code of Practice and is reviewed annually by the Police and Crime Commissioner.

### **Overheads and Support Services**

The costs of overheads and support services are charged to the Comprehensive Income and Expenditure Statement in accordance with the PCC/Group arrangements for accountability and financial performance.

### **Provisions and Contingent Liabilities**

#### **Provisions**

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation, but where the timing of transfer is uncertain. Provisions are recognised on the Balance Sheet.

#### **Contingent Liabilities**

A contingent liability arises where an event has taken place that gives the Group a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

#### **Precept Income**

Precept income from relevant local authorities is fixed for the year and not subject to revision.

## **VAT**

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

A single VAT return is submitted on behalf of the Group.

## **Leases**

The PCC classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use.

The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

## **Initial measurement of the Right of Use**

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options.

The PCC initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- Fixed payments, including in-substance fixed payments;
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date;
- Amounts expected to be payable under a residual value guarantee;
- The exercise price under a purchase option that the Group is reasonably certain to exercise;
- Lease payments in an optional renewal period if the Group is reasonably certain to exercise an extension option;

- Penalties for early termination of a lease, unless the Group is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments, or nil consideration leases, the asset is measured at fair value.

### **Subsequent measurement**

The right-of-use asset is subsequently measured using the fair value model. The PCC considers the cost model to be a reasonable proxy except for:

- Assets held under non-commercial leases;
- Leases where rent reviews do not necessarily reflect market conditions;
- Leases with terms of more than five years that do not have any provision for rent reviews;
- Leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

### **Employee Benefits Payable During Employment**

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Police and Crime Commissioner. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the short term accumulated absences reserve so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

## **Termination Benefits / Exit Packages**

Termination benefits are amounts payable as a result of a decision by the Group to terminate a member of staff's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to the termination of the employment of a staff member or group of staff members or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

## **Long-term Employee Benefits – Pension Arrangements**

The Chief Constable operates on behalf of the Group, three pension schemes for police officers and a single scheme for police staff:

- The Police Pension Scheme (PPS), regulated under the Police Pensions Act 1976
- The New Police Pension Scheme (NPPS), regulated under the Police Pension Regulations 2006
- The Police Pension Scheme 2015 (the 2015 scheme)
- The Local Government Pensions Scheme (LGPS), administered by Surrey County Council

All police schemes are contributory occupational pension schemes with officers making contributions.

A Police Pension Account was set up on 1st April 2006 to administer the police pension schemes. All police schemes are unfunded schemes which are treated as defined benefit schemes and provide defined benefits to members (retirement lump sums and pensions), earned as employees worked.

All police pension schemes are unfunded schemes which are treated as defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS19 Employee Benefits, the net liability and a pensions reserve for both Pension Schemes have been recognised on the Balance

Sheet, as have entries in the CIES for movements in the asset/liability relating to the defined benefit scheme. Transfers into and out of the Scheme representing joining and leaving police officers, are recorded on a cash basis in the Pension Fund, because of the length of time taken to finalise the sums involved.

Following the Code's requirements, IAS19 has been fully recognised in the Chief Constable and Group accounts.

- The liabilities of the police schemes attributable are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees
- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond

Police Staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Surrey County Council. This is a funded scheme. The employer's contribution rate is determined by the Fund's actuary based on valuations every three years.

Additional contributions are payable to cover the cost of any early retirements except those due to ill-health. In addition, the Chief Constable is responsible for all pension payments relating to any added years' benefits, together with the related increases.

- The assets of the LGPS attributable to Surrey Police are included in the Balance Sheet at their fair value:
  - quoted securities - current bid price
  - unquoted securities - professional estimate
  - unitised securities - current bid price
  - property - market value

The change in the net pension liability is analysed into seven components:

- **current service cost** - the increase in liabilities as a result of years of service earned this year allocated in the CIES to the services for which the employees worked

- **past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- **interest cost** - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the CIES
- **expected return on assets** - the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the CIES
- **gains or losses on settlements and curtailments** - the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- **actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- **contributions paid to the pension fund** - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

### **Discretionary Benefits**

The Police and Crime Commissioner has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant Pension Scheme.

The Police and Crime Commissioner also has restricted powers to make material payments in relation to injury awards. Any liabilities estimated to arise as a result of an award to any member of staff or police officer are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant pension scheme.

### **Fair Value Measurement of non-financial assets**

The Police and Crime Commissioner measures some non-financial assets, surplus assets and assets held for sale at fair value at each reporting date using the IFRS13 Fair Value market approach. Fair value is the price that would be received to sell an asset or be 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 Police and Crime Commissioner uses External Valuers to measure the fair 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.

This fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Valuers use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Police and Crime Commissioner follows the fair value hierarchy prescribed by IFRS13 to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value as follows:

- Level 1 Inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 Inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 Inputs – unobservable inputs for the asset or liability.

## **Financial Instruments**

### **Financial Liabilities**

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

For the PCC borrowings held, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

### **Financial Assets**

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) if or when any financial instruments are held at fair value through other comprehensive income or has designated assets as such financial instruments. The PCC doesn't currently hold any FVOCI assets.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

### **Financial Assets Measured at Amortised Cost**

Financial assets measured at amortised cost are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at

their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the PCC, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Soft Loans are offered at less than market rates, where an objective would justify the authority making a concession. The authority does not hold any soft loans.

### **Expected Credit Loss**

The authority will recognise material expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

### **Financial Assets Measured at Fair Value through Profit of Loss**

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

### **Financial Assets Measured at Fair Value through Other Comprehensive Income**

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Movements in amortised cost are recognised in the Surplus or Deficit on the Provision of Services, but movements in the fair value are recognised as Other Comprehensive Income and Expenditure.

Interest is credited to the Surplus or Deficit on the Provision of Services using the effective interest rate method. Movements in impairment loss allowances are recognised in the Surplus or Deficit on the Provision of Services, with a compensating amount to Other Comprehensive Income and Expenditure to offset the movements against gains/losses on fair value (i.e. not against the carrying amount of the asset).

### **Loans and Receivables**

Loans and receivables are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. The Police and Crime Commissioner does not currently make any soft loans.

### **Foreign currency translation**

Where transactions are entered into that are denominated in a foreign currency, the transactions is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

### **Interests in Companies and Other Entities**

All the financial transactions incurred during the year for policing Surrey have been recognised and recorded within the Statement of Accounts of the PCC for Surrey, which sets out the overall financial position of the PCC and Chief Constable Group for the year ended 31 March.

The Group position therefore reflects the consolidated accounts of the PCC and its 100% subsidiary the Chief Constable. Where the Group position differs from the PCC position this is made clear within the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

The Group has no other subsidiaries, associates or joint ventures.

## Note 40 - Accounting Standards issued but not yet adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2026/27 Code). This means that only the standards listed in paragraph 9 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

The standards introduced by the 2026/27 Code where disclosures are required in the 2025/26 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

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

It is likely there will be limited application of items a) to d), although authorities will need to consider their individual circumstances in case any of these standards apply. Further details on these changes to the Code can be found in the 2026/27 Code Consultation.

## Police Pensions Fund Account Statements as at 31 March 2026

These statements show the contributions and benefits payable for the year. The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social responsibility Act 2011. During the year all payments and receipts are made to and from the PCC Police Fund. This standalone statement shows income and expenditure for the police pension schemes and does not form part of the Chief Constable or the PCC Group's statement of accounts.

### Surrey Police Pension Fund Account Statement

As at March 2025			As at March 2026	
£000	£000		£000	£000
		<b>Contributions Receivable</b>		
		From Employer:		
(33,687)		- Normal	(35,859)	
(298)		- Early Retirements	(1,337)	
(12,836)		From Members	(13,650)	
(362)		McCloud Receipts	(29)	
	<b>(47,183)</b>			<b>(50,875)</b>
		<b>Transfers In</b>		
	<b>(64)</b>	Individual Transfers in From Other Schemes		<b>(11)</b>
	<b>(47,247)</b>	<b>Total Inflows</b>		<b>(50,886)</b>
		<b>Benefits Payable</b>		
49,793		Pensions	51,516	
4,848		Commutations and Lump Sums	6,908	
246		Lump Sum Death Benefits	175	
240		Lump Sum Ill-health Benefits	1,400	
	<b>55,127</b>			<b>59,999</b>
		<b>Payments To and On Account of Leavers</b>		
241		Refund of Contributions	134	
53		Individual Transfers Out To Other Schemes	98	
	<b>294</b>			<b>232</b>
	<b>55,421</b>	<b>Total Outflows</b>		<b>60,231</b>
	<b>8,174</b>	<b>Net amount payable for the year from the Group (equal to deficit amount)</b>		<b>9,345</b>
	<b>(8,174)</b>	Additional contribution from the Group to fund the deficit for the year *		<b>(9,345)</b>
	<b>0</b>	<b>Net Amount Payable for the Year</b>		<b>0</b>

\* The annual deficit on the Police Pensions Account is funded by the Home Office Pension's Top-up grant. This income is shown in the PCC and Group Income and Expenditure account.

### Police Pension Fund Net Assets Statement

2024/25	Net Current Assets And Liabilities	2025/26
£000		£000
	<b>Current Assets:</b>	
0	Contributions due from the PCC	0
0	Recoverable overpayments of pensions	0
	<b>Current Liabilities:</b>	
0	Unpaid pensions benefits	0
0	Surplus for the year owing to the PCC	0
<b>0</b>	<b>Net Assets / (Liabilities)</b>	<b>0</b>

## Police Pension Funds - Notes

### Accounting Policies

The Police Pension Account Statements have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit Regulations 2003, which states that Chief Constables are obliged to include the police pensions account in their statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 based on International Financial Reporting Standards IAS19. The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement.

### Explanatory Notes to the Police Pension Fund Account Statements

The Chief Constable is required to include a separate police pension account in their Statement of Accounts and is responsible for paying the pension of its former police officers. The Pension Fund is administered by the Chief Constable in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

On 1 April 2006 new arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority (preceding the Police Reform and Social Responsibility Act 2011 creating the two corporation sole bodies; the Police and Crime Commissioner for Surrey and the Chief

Constable of Surrey) received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

From 1 April 2006 pensions are paid from a separate local police pensions account, rather than direct from the Income and Expenditure Account. Overall, the change to the financial arrangements for police officer pensions is intended to be 'cost neutral' with no impact on either the national or local council tax payer.

There are currently three Police Officer pension schemes. Officers in the 'old scheme' currently contribute between 14.25% and 15.05% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'old scheme' contributed 11% of pensionable pay). Officers in the 'new scheme' currently contribute between 11.0% and 12.75% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'new scheme' contributed 9.5% of earnings or 6% if ineligible for ill-health benefits). From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – with the exception of those qualifying for protections allowing them to remain in their current scheme. Officers contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable makes an employer's contribution of 35.3% of pensionable pay. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The Police Pension scheme has no assets to cover its liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

Under the current financing arrangements, the Pension Account is balanced to nil at the end of the year. In the event that the Pension Account is in deficit, the Home Office partially reimburses the Police and Crime Commissioner and the remaining amount required to balance it to nil is met from the Police Operating Account.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date.

Liabilities to pay future pension benefits have been disclosed separately at Note 17 in accordance with IAS 19 'Employee Benefits'.

The New Police Pension Scheme (NPPS) applies to police entrants who joined the service on or after 6 April 2006 up to 31 March 2015, or who chose to transfer from the previous Police Pension Scheme (PPS) to the NPPS. The Police Pensions Scheme 2015 applies to all current active members who do not qualify for any protections allowing them to remain in their original scheme. Benefits payable under all three schemes are shown in tabular form below:

	<b>Police Pension Scheme (PPS) (1987)</b>	<b>New Police Pension Scheme (NPP) (2006)</b>	<b>Police Pensions Scheme 2015</b>
What is maximum pension	2/3 final salary, with option to exchange part of the pension for a lump sum	½ final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of lump sum for extra pension	Pension at retirement is the sum of each of the accrued pension pots, subject to revaluation at a rate of CPI +1.25% per year
Final salary basis	Pensionable remuneration is normally the average remuneration in the employee's final year	Earnings over the last ten years are taken into account via best average over 3 consecutive years	Scheme is a Career Average Revalued Earnings scheme
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Earliest age to receive pension	Age 50 after 25 years of service Any age after 30 years of service Age 55 for less than 25 years of service Age 60 if leave service before compulsory retirement age with less than 25 years of service	Age 55 if remain in police service until that age  Age 65 if leave police service before age 55 or opting out of the scheme	Age 60 if remain in police service until that age.  State pension age if leave police service before age 60.
Pension increases	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 1/30 for final 10 years of service up to a maximum pension entitlement of 40/60.	1/70 of final salary for each year of service up to a maximum 50% of final pensionable after 35 years of service.	1/55.th of pensionable earnings each year is added to the members' pension pot for each year of membership.

## Glossary of Accounting Terms

### **ACCRUAL**

An accrual is a liability for expenditure relating to goods and services that have been received or supplied but are not invoiced until the following financial year.

### **ACCRUED INCOME**

Income earned in the financial year which has not yet been received.

### **ACTUARIAL GAINS AND LOSSES (PENSIONS)**

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

### **AMORTISATION**

An annual charge made to the overall PCC budget, reducing the value of an asset to zero, over a period of time.

### **ASSET**

Tangible or intangible resources owned by the force and which have future economic value that can be measured and can be expressed in pounds.

### **BILLING AUTHORITY**

The local authority is responsible for administering the collection fund. These are district and borough councils in Surrey.

### **CAPITAL EXPENDITURE**

Expenditure spent 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 PROGRAMME**

A statement of proposed capital and revenue investment projects for current and future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles and major equipment items.

**CAPITAL RECEIPTS**

Proceeds of not less than £10,000 received from the disposal of buildings or other assets. They cannot be used to finance normal day to day revenue spending.

**CC**

Chief Constable

**CIPFA**

The Chartered Institute of Public Finance and Accountancy is one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services. More details can be found on the CIPFA website: [www.cipfa.org.uk](http://www.cipfa.org.uk)

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT**

The main revenue fund of the PCC receiving the precept, government grants and other income receipts, and from which the costs of providing services are met.

**CREDITORS**

Individuals or organisations, to whom money is owed at the end of the financial year.

**CODE**

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the Service Reporting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2011 Regulations. More details can be found on the CIPFA website: [www.cipfa.org.uk](http://www.cipfa.org.uk)

**COLLECTION FUND**

A fund administered by each Billing Authority. Council tax monies are paid into the fund whilst part of the net revenue spending of the Police and Crime Commissioner, County, Unitary Authority and District Councils are met from the fund.

**CONTINGENCY PROVISION**

An amount set aside for exceptional budget requirements in the financial year.

**COUNCIL TAX**

Council tax payable locally is based upon house values. Each dwelling is valued and placed into one of eight bands, which determines the level of Council Tax payable.

**CURRENT SERVICE COST (PENSIONS)**

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

**CURTAILMENT (PENSIONS)**

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:-

- Termination of employees' services earlier than expected, and
- Termination of or amendment to the terms, of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

**DEBTORS**

Individuals or organisations, who owe the PCC money at the end of the financial year.

**DEFINED BENEFIT SCHEME (PENSIONS)**

A 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 are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

**DEFINED CONTRIBUTION SCHEME (PENSIONS)**

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.

**DEPRECIATION**

The measure of the cost, or re-valued amount of the benefit, of a non-current asset, that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset, whether arising from the use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

**EXPECTED RATE OF RETURN ON PENSION ASSETS**

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

**EXPENSE**

Money spent or cost incurred by the force to police and protect the county, representing the cost of policing.

**FAIR VALUE**

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase or use of the asset. For land and buildings, fair value is the amount that would be paid for the asset in its existing use.

**FINANCE LEASE**

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to a lessee.

**FIXED ASSET (NON-CURRENT ASSET)**

The value of fixed (non-current) assets for capital accounting purposes represents depreciated replacement cost or open market value for land and buildings and the depreciated historic cost of other assets.

**GENERAL FUND BALANCES**

Accumulated surpluses maintained to meet expenditure, pending the receipt of income, and to provide a cushion against expenditure being higher, or income lower, than expected.

**GOING CONCERN**

The concept that the PCC will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of the operations.

**GOVERNMENT GRANTS**

Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets in return for past or future compliance with certain conditions relating to the activities of the PCC.

**IAS19**

International Accounting Standard 19 (IAS19) for Employee Benefits sets out the accounting treatment and disclosure for employee benefits and pensions.

**IFRS**

International Financial Reporting Standards

**IMPAIRMENT**

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet due to a significant decline in its market value during the period, evidence of obsolescence or significant physical damage to the non-current asset or a significant adverse change in the statutory or regulatory environment in which the PCC operates.

**INCOME**

Income is money (or some equivalent value) that the force, usually receives in exchange for providing a police service.

**INTANGIBLE ASSETS**

Intangible assets occur when capital expenditure does not result in the acquisition of a non-current asset, for example software licenses and training for development purposes etc.

**INTEREST COSTS (PENSIONS)**

For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

**INVESTMENTS (PENSION FUND)**

The investments of the pensions fund will be accounted for in the statement of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

**JOINT AUDIT COMMITTEE (JAC)**

The JAC is an independent Joint External Audit Committee of the Surrey Police and Crime Commissioner and the Chief Constable of Surrey providing a key component of corporate governance arrangements for both corporations sole.

**LAAP**

The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting and Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but are not prescriptive and do not have the formal status of the Code or Prudential Code.

**LEVIES**

A levy is an amount of money a local authority is compelled to collect (and include in its budget) on behalf of another organisation – for example, a government agency – and which appears as a separate item on the council tax bill.

**LIABILITY**

An obligation that legally binds an individual or company to settle a debt.

**LIQUID RESOURCES**

Current asset investments that are readily disposable by the PCC without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

**MINIMUM REVENUE PROVISION (MRP)**

The statutory minimum amount set aside on an annual basis, as a provision to redeem debt.

**NATIONAL NON DOMESTIC RATE (NNDR) – or BUSINESS RATES**

The rate in the pound charged on non-domestic properties. It is the same for all businesses in England and is set annually by Government, on whose behalf it is collected by billing authorities. The Police and Crime Commissioners then receive a share of the national pool as part of its resources used to meet Total Net Expenditure.

**NET BOOK VALUE**

The amount at which non-current assets are included in the Balance Sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

**NET CURRENT REPLACEMENT COST**

The cost of replacing an asset or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

**NET OPERATING EXPENDITURE**

The total net expenditure before financing from Central Government grants or local Council Tax and before the movements shown in the Statement of Movement on the General Fund Balance.

**NON-CURRENT ASSETS (FIXED ASSETS)**

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

**OPERATING LEASE**

An operating lease is a lease other than a finance lease.

**PAST SERVICE COSTS (PENSIONS)**

For a defined benefit scheme, 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.

**PCC**

Police and Crime Commissioner

**POLICE GRANT**

A specific grant paid to the PCC by the Home Office to support its revenue expenditure. It is a fixed sum calculated by the Government on an assumed needs basis.

**PRECEPT**

An amount determined by the PCC (the preceptor) which is collected on its behalf by the local District Councils (the billing authorities) as part of the Council Tax.

**PREPAYMENT**

Any amounts that have been paid for goods and services not received by the end of an accounting period are shown as prepayments in the debtors section of the balance sheet.

**PROJECTED UNIT METHOD**

A Projected Unit Method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- The accrued benefits for member in service on the valuation date.

**PROVISION**

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

**RELATED PARTIES**

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party, or
- the parties are subject to common control from the same source, or

- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

### **RELATED PARTY TRANSACTION**

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

### **RESERVE**

An amount set aside for a specific purpose and carried forward to meet expenditure in future years. General reserves represent accumulated balances which may be used to support future spending. Earmarked reserves are those reserves set aside to meet specific policy purposes.

### **RESIDUAL VALUE**

The residual value is the net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future price changes.

### **REVENUE BUDGET**

The Revenue Budget estimates annual income and expenditure requirements, and sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.

### **REVENUE SUPPORT GRANT**

Central Government grant supporting the cost of public services.

### **SCHEME LIABILITIES (PENSIONS)**

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

**SETTLEMENT (PENSIONS)**

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to affect the settlement. Settlements include:-

- a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

**SPECIFIC GRANTS**

Central Government grants towards specific services, usually on a fixed percentage for a particular service such as Police. These are included as income on the Income & Expenditure Account.

**TOTAL NET EXPENDITURE**

Total net spending requirement after deducting specific grants and other local income is financed by Central Government grants and local Council Tax

**WORK IN PROGRESS/ASSETS UNDER CONSTRUCTION**

Completed and continuing work required on an incomplete project.