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

Statement of Accounts for the year 2024/25

Contents

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 2024/25 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 I am there 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 2025 I announced the priorities of new Police and Crime plan which covers the period from 2025 to 2028. 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 am not only responsible for holding the Chief Constable for 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 from a wide range of local authority and third sector partners.

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 to the Chief Constable so he can fulfill his responsibilities, commissioning services for victims and crime prevention, funding my own office, ownership of estates and force assets and most 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 2025 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 my 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 were published by the required deadline.

Lisa Townsend

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 2025. 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 2024/25 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 updated and republished in June 2025 sets out the Commissioner's vision and priorities for policing and community safety across Surrey and is available on the Commissioner's website at www.surrey-pcc.gov.uk. 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 these in the plan for 2025 to 2028 are as follows:

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

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 Constabulary)
- 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 2025
- 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 is Lisa Townsend, who 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 the corporate governance and risk management arrangements in place and the associated control environment, advising according to good governance principles and proper practices. More specifically, this includes the following terms of reference:

- 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 Constabulary.
- 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 Constabulary 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 internation 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 Constabulary work in partnership with a whole range of organisations, including the Surrey County council. 11 District council and numerous parishes.

The Constabulary 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
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The PCC and Constabulary 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.

A 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 what 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
The Group has adopted the new accounting pronouncements which have become effective this year, and are as follows:

<u>IFRS 16 'Leases'</u>

IFRS 16 'Leases' replaces IAS 17 'Leases' along with three Interpretations (IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC 15 'Operating Leases- Incentives' and SIC 27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease') from 1 April 2024. The adoption of this new Standard has resulted in the Police and Crime Commissioner recognising a right-of-use asset and related lease liability in connection with all former operating leases except for those identified as low-value or having a remaining lease term of less than 12 months from the date of initial application.
The new Standard has been applied using the modified retrospective approach, with the cumulative effect of adopting IFRS 16 being recognised as an adjustment to the opening balances for the current period. Prior periods have not been restated.

For contracts in place at the date of initial application, the Police and Crime Commissioner has elected to apply the definition of a lease from IAS 17 and IFRIC 4 and has not applied IFRS 16 to arrangements that were previously not identified as lease under IAS 17 and IFRIC 4.

The PCC has elected not to include initial direct costs in the measurement of the right-of-use asset for operating leases in existence at the date of initial application of IFRS 16, being 1 April 2024. At this date, the PCC has also elected to measure the right-of-use assets at an amount equal to the lease liability adjusted for any prepaid or accrued lease payments that existed at the date of transition.
On transition, for leases previously accounted for as operating leases with a remaining lease term of less than 12 months, and for leases of low-value assets, the Police and Crime Commissioner has applied the exemptions permitted by the CIPFA Code of Practice 2024- 25, to not recognise right-of-use assets, but to account for the lease expense on a straight line basis over the remaining lease term. For those leases previously classified as finance leases, the right-of-use asset and lease liability are measured at the date of initial application at the same amounts as under IAS 17 immediately before the date of initial application. On transition to IFRS 16 a weighted average incremental borrowing rate has been applied to lease liabilities recognised under IFRS 16.

Further details are given in the financial statements

There have been no other changes to accounting policies during the year.

Going Concern
CIPFA’s Bulletin 09 ‘Closure of the 2020/21 Financial Statements’ sets out that the provisions in the Code on the going concern accounting requirements reflect the economic and statutory environment in which Constabularies and Police and Crime Commissioners operate. These provisions confirm that neither the Constabulary nor the PCC has the ability to cease being a going concern as described by IAS 1 Presentation of Financial Statements (i.e. management deciding to liquidate the entity or cease trading).

As the PCC cannot be created or dissolved without statutory prescription, it would not therefore 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 as a matter of fact that local authority (incl. PCC and Constabulary) accounts must be prepared on a going concern basis. Although the Government has announced that local government is to be reorganised, and in Surrey this could take place in 2028/29, the Police force as it exists would still continue and the PCC functions, together with its assets and liabilities, would be transferer to another statutory body namely the combined authority for Surrey.

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 Constabulary has therefore been reviewed and is discussed later in this narrative.

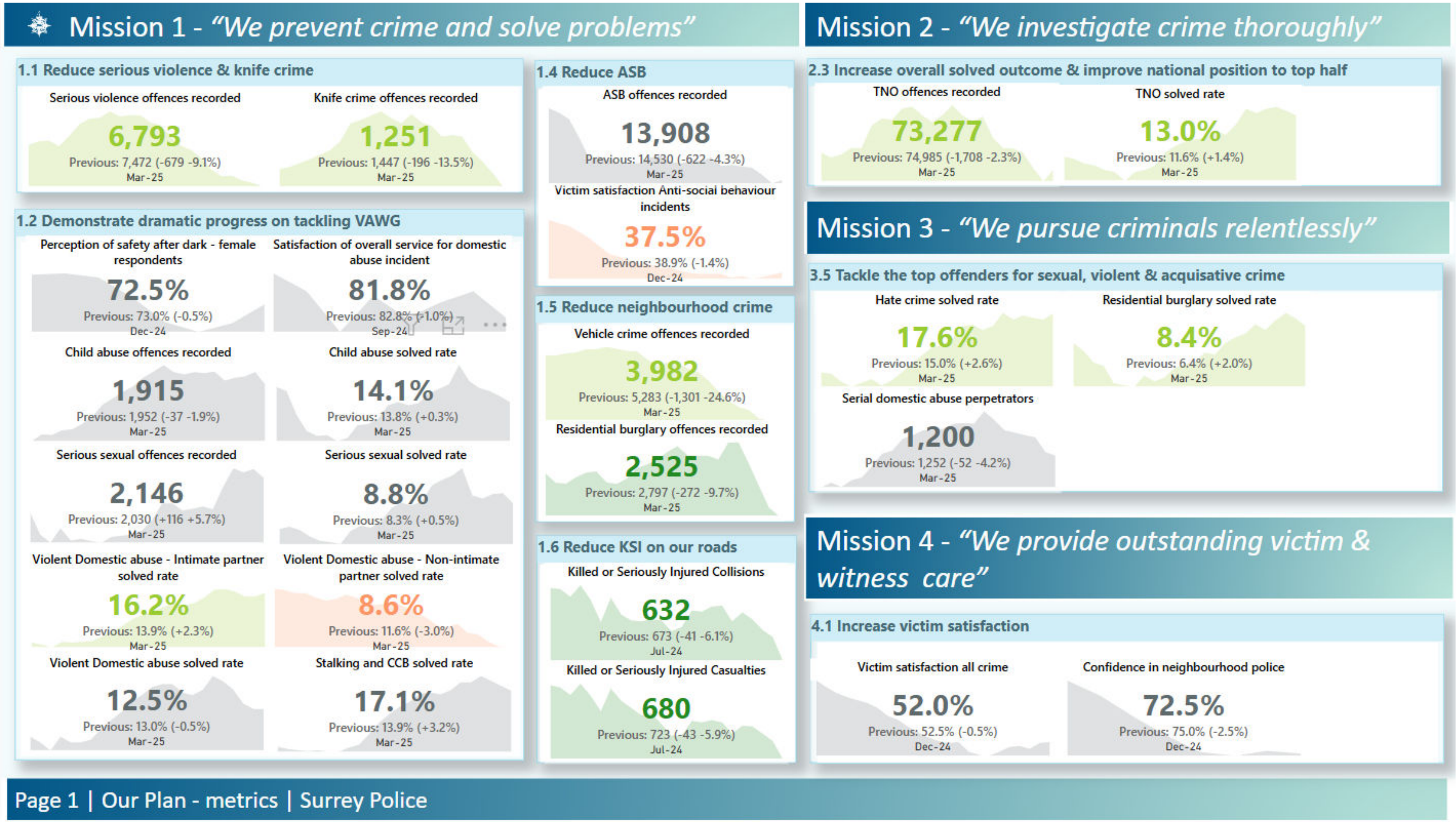
Operational Performance
In December 2023, His Majesty’s Inspector of Constabularies and Fire and Rescue Services (HMICFRS) reported their Police Efficiency Effectiveness and Legitimacy (PEEL) assessment of the extent to which Surrey Police keeps people safe and reduces crime. The full report is available at: PEEL 2023–2025: An inspection of Surrey Police - His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services

In September 2023 the Chief Constable, in association with the PCC, launched his vison for the force entitled “Our Plan” This sets out the following vision:

“Surrey Police fights crime and protects people. We strive to earn the trust and confidence of all our communities. Here for everyone who needs us, we put service before self”

This vision is underpinned by a number of missions which can be found by following this link our-plan-2023.pdf

This has brought a real change in performance for the force as it focusses on catching and charging criminals as is evidenced by the data below:



Financial performance

The Net Revenue Budget for 2024/25 was £463m, of which £45m was directly controlled by the Commissioner. There was an overall underspend against this budget of £12.3m (3%) meaning there was a net expenditure of £442m on policing services for the people of Surrey, for the costs of the Office of the Police and Crime Commissioner, and for commissioning services in accordance with the Police and Crime Plan objectives.

Revenue Budget and Outturn for 2024/25

In February 2024, the Commissioner approved funding for a net revenue budget for 2024/25 for the Group of £310.3m, an increase of £17.5m on the previous year. The table below gives a summary of the financial performance of the group against that budget for the year:

	Total 2024/25 Budget £m	Total 2024/25 Outturn £m	Variance £m
OPCC	3.4	3.2	(0.2)
Force	306.9	305.5	(1.4)
Group Expenditure 2024/25	**310.3**	**308.7**	**(1.6)**
Less: Funding	(310.3)	(309.0)	1.3
Net Group underspend for year	**0.0**	**(0.3)**	**(0.3)**

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:

2024/25	**PCC Outturn**		
Category	**Actual £m**	**Budget £m**	**Variance £m**
PCC Operational Costs	1.5	1.7	(0.2)
PCC Commissioned Services (net)	1.7	1.7	0.0
Net PCC Budget/Outturn	**3.2**	**3.4**	**(0.2)**

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

Force expenditure included within the Group.

The following table provides a high-level comparison between the approved budget for 2024/25 and actual expenditure at the Force level i.e. before consolidation into the group. This shows an underspend of 1.4m against a budget of £306.9m.

	Year to 31 March 2025		
	Budget £m	**Actual £m**	**Variance £m**
Wages and Salaries	257.9	261.8	3.9
Premises	13.8	12.5	(1.3)
Transport	5.1	6.4	1.3
Supplies and Services	35.7	33.7	(2.0)
Capital Financing and Reserves	13.3	15.7	2.4
Grants and Income	(18.9)	(24.6)	(5.7)
TOTAL	**306.9**	**305.5**	**(1.4)**

A brief explanation for the main variance is given below:

- Pay is showing an overspend of £3.9m due to the higher than expected police pay increase, part of which was funded by grant, and an overspend in overtime costs due to Local Policing demands and staff vacancies.

- Premises is underspent by £1.3m of which the largest element is a £1.1m underspend on Utilities due to a new energy contract and lower consumption.

- Transport is overspent mainly due to an increase in vehicle maintenance and repair costs.

- Supplies and Services is underspend mainly due to overachieved savings delivered in the year. Other overspends in the department, such as local policing for the cost of storing seized animals have been offset with underspends.

- Capital Financing is overspent due to more capital expenditure being funded directly from revenue than was originally budgeted for. This is due in part to the fact that investment income was higher than anticipated and so has been used to fund capital costs.

- Grant and income have come in higher than anticipated due to a number of actors. Grants were received in year for things such as pay and hotspot policing, which have been sued to offset against costs. Mutual aid and secondments were slightly better than budgeted (£0.5m). There was also additional income from op safeguard and the use of prison cells.

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 exclude such charges and accounting adjustments and are 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 2024/25 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.

	CC £m	PCC £m	Group £m
Total Actual net Expenditure per revenue outturn report 2024/25	**305.5**	**3.2**	**308.7**
Reserve and Provision transfers excluded from (Surplus)/Deficit on Provision of Services:			
Financial year end accounting adjustments	(17.3)	0.0	(17.3)
Amounts in the CIES not in the outturn report:			0.0
Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	13.0	0.0	13.0
Pensions	(31.0)	0.0	(31.0)
Net Cost of Services	**270.2**	**3.2**	**273.4**
Intra-group Adjustment from PCC to CC for resources consumed at the request of the Chief Constable	(301.4)	301.4	0.0
Pension Interest costs and expected return on pension assets	68.7	0.0	68.7
Other interest payable and interest receivable	0.0	(2.2)	(2.2)
Levies & other operating expenditure	0.0	0.9	0.9
Taxation and non-specific grant income	0.0	(319.8)	(319.8)
(Surplus)/Deficit on the provision of services	**37.5**	**(16.5)**	**21.0**
(Surplus) on revaluation of Property, Plant and Equipment	0.0	(6.7)	(6.7)
(Surplus) on revaluation of Equity Investment	0.0	0.0	0.0
Re-measurement of the net defined benefit liability/asset	(190.2)	0	(190.2)
Rounding	(0.1)	0	(0.1)
Total Comprehensive Income and Expenditure	**(152.8)**	**(13.5)**	**(166.3)**

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 program are 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 Program of £32m in February 2024 however with slippage requests from 2023/24 program, slippage into 2023/24 and further adjustments the meant that the final budget was £26.1m. The force runs a flexible program managing schemes over a rolling 2-year period enabling work to be brought forward or deferred.

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

Capital Summary	**2024/25 Original Budget £m**	**Slippage From 2023/24 £m**	**2023/24 Total Budget including slippage £m**	**2024/25 Slippage during the year and adjustments**	**2024/25 Final Budget £m**	**2024/25 Total Spend £m**	**Variance £m**
DDaT Strategy	1.7	0.3	2.0	(0.3)	1.7	1.7	0.0
ERP	0.7	0.8	1.5	0.0	1.5	0.4	1.1
Cost of Change	1.0	0.5	1.5	(0.5)	1.0	0.0	1.0
Joint Transport Services	5.2	2.4	7.6	0.2	7.8	6.3	1.5
Estates and Facilities	2.2	0.9	3.1	(2.5)	0.6	0.5	0.1
Surrey Estates Strategy	20.7	2.1	22.8	(10.7)	12.1	5.0	7.1
Specialist Crime	0.0	0.3	0.3	0.0	0.3	0.8	(0.5)
Operations	0.5	0.2	0.7	0.4	1.1	0.7	0.4
Total	**32.0**	**7.5**	**39.5**	**(13.4)**	**26.1**	**15.4**	**(10.7)**

The Force requested that the PCC approves £21.9m be carried forward into the capital budget for 2025/26 as this represents slippage in the capital programme for the year. This has meant that the capital programme for 2025/26 becomes £69.8m (£47.9m plus £21.9m slippage).

This £15.4m of expenditure for 2024/25 was funded by:

Source of Funding	Capital Financing £m
Other Grants and Income	0.2
Capital Receipts	2.7
Revenue Funding	12.5
Total	**15.4**

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 £26.8m for 2024/25 but no additional borrowing was taken in the year. The external debt of £12.5m did not exceed the Capital Financing Requirement of £29.34m as of 31 March 2025 in accordance with the Prudential code.

In accordance with the borrowing strategy for 2024/25, 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 £12.5m was outstanding. The interest rate has been fixed for the 30-year term at 2.34%. In addition, the PCC is internally borrowed in the sum of £6.2m.

The Commissioner investments surplus balances on an overnight basis in the money markets by pooling with Surrey County council. Interest earned during the year amounted to £2.93m giving an average return for the year of 4.9%.

The Bank of England's Monetary Policy Committee (MPC) cut the official Bank Rate to 4.5% at its February 2025 meeting, following three previous 0.25% cuts from the peak at 5.25%. Forecasts indicate that the Bank of England's MPC will continue reducing rates through 2025, following a further 0.25% cut in May 2025 although the effect from the Autumn Budget on economic growth and inflation has reduced expectations on the pace of rate cuts.

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 remain legally 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 £42.45m split as follows:

Type of Reserve	**At 31st March 2025 £m**	**At 31st March 2024 £m**
General Reserves	12.1	12.1
Earmarked Reserves	35.6	25.1
Capital Reserves	1.3	2.0
Total	**49.0**	**39.2**

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 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.

<u>Police Pension Scheme</u>

Overall, the pension liability on the Police Officer Pension Scheme decreased by £151.6m from £1,457.4m at 31 March 2024 to £1,305.8m at 31 March 2025. 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 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.

<u>Staff Pension Scheme</u>

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 no review of rates in the year to 31st March 2025.

The Staff Pension Fund had a surplus of £63.3m at the end of Financial Year 23-24 and this year had a surplus of £78.9m before applying the Asset Ceiling Adjustment as defined in IAS19 of £81.6m which then left the fund with an overall liability of £2.7m.

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 2025/26 and Medium-Term Financial Strategy (MTFS) were approved by the Police and Crime Commissioner in February 2025 and published on the Commissioner's website. The budget includes a precept rise of £14 on a Band D property, below the referendum limit set by Government, and taking into account the public consultation and views of the Police and Crime Panel. A fully balanced budget of £330m was set for 2025/26, however, the MTFS shows the position for 2026/27 and 2027/28 is that all other things being equal and based on a number of assumptions, further savings of at least £18m would be required in those years to balance the budget.

The capital programme for 2025/26 includes £48.4m of planned expenditure of which £33.5m relates to new estate and £6m replacement vehicles. This will need to be funded from a combination of capital receipts, reserves, revenue and borrowing.

The United Kingdom continues to experience slower interest rate cuts and high inflation with modestly weaker economic growth over the medium term. Across the country, the impact of inflation on the finances of organisations, both public and private, has been well documented. In the public sector the significant pressures experienced have led to many organisations raising concerns as to their financial stability and sustainability, and a number of Local Authorities have issued Section 114 notices, with others mooted to be close to requiring Section 114 notices to be issued.

However, it is important to note that whilst policing has been impacted by inflation, the financial impact thus far has been absorbed within the budget and financial planning by the PCC and Constabulary, who have delivered a combined year end underspend for the 2024/25 financial year. This though has only been achieved through the relentless pursuit of savings and the Force having to carry a high level of vacancies.

For the position beyond 2025/26, the MTFS has been based on prudent funding assumptions. These show budget shortfalls across the 3 years post 2025/26. It is likely that efficiencies and/or savings will be necessary in future years to balance the budget. On the 9th June the Government announced its 3-year spending review that included growth in Police funding overall of 1.7% of the period from 2026/27 to 2028/29. How much of this will come down to PCCs or is reliant on an increase in council tax it is not possible to say at the moment – however it is safe to assume that Police finances will remain tight for the foreseeable future.

Work is ongoing to identify savings, and the Commissioner holds a reasonable level of reserves that could be called upon to cover the budget whilst savings are delivered. In the context of the overall budget the level of savings required is relatively small and so the CFO is content that there are no concerns as to the financial sustainability of the Constabulary or the Group. However, what is now increasing apparent that it is becoming more difficult to deliver savings without impacting the services that are being delivered.

New Force Headquarters

The redevelopment will modernise the ageing estate, making it more sustainable, efficient, and fit for 21st-century policing needs. The project progressed to RIBA stage 3 in January 2024 and a planning application was approved by Guildford BC in November 2024.

As part of the decision to move to RIBA stage 3 a full financial appraisal was undertaken. This indicated that the project should break even in cash terms, compared to doing nothing, in 28 years. The appraisal included allowances for inflation, interest rate increases and contingencies. Fundamentally the costs of the new HQ should have no financial impact on operations of the Force over the entire life of the project as the costs of the redevelopment will be met from asset disposals and savings in operating costs. However, there are cash implications for the Force in the short to medium term and this has been assessed against the wider Force Medium Term Financial Strategy.

Audit of the Statement of Accounts

As a result of the implementation of the Audit “back stop” by Government, which was put in place to clear the public audit backlog, the external auditors disclaimed their opinion on the 2022/23 and 2023/24 Group accounts. It is worth stating that during the work the auditor did undertake in those 2 years they found nothing that caused them to doubt the accuracy of the financial statements and did give unqualified value for money judgements.

The lack of an unqualified audit opinion for 2023/24 may impact the level of assurance they can take from the brought forward balances into 2024/25. If this is the case it likely to be reflected in the audit opinion given in 2024/25. The auditor is required to give an opinion or disclaim by the 27th of February 2026 whether the audit is completed or not. It is however envisaged that the audit will be completed much sooner – ideally by the statutory deadline.

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 have not been subject to audit.

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

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

Kelvin Menon, Chief Finance Officer, Office of the Police and Crime Commissioner for Surrey
Date: 18 February 2026

External Auditor’s Report

INDEPENDENT AUDITOR'S REPORT TO THE POLICE AND CRIME COMMISSIONER FOR SURREY

Qualified Opinion

We have audited the financial statements of the Police and Crime Commissioner for Surrey ('the Police and Crime Commissioner) and its subsidiaries (the 'Group') for the year ended 31 March 2025. The financial statements comprise the:

- Police and Crime Commissioner; for Surrey and Group Movement in Reserves Statement,
- Police and Crime Commissioner for Surrey and Group Comprehensive Income and Expenditure Statement,
- Police and Crime Commissioner for Surrey and Group] Balance Sheet,
- Police and Crime Commissioner for Surrey and Group Cash Flow statement
- the related notes 1 to 40 including material accounting policy information.
- and include the Police pension fund financial statements comprising the Surrey Police Pension Fund Account Statement, the Police Pension Fund Net Assets Statement, and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

In our opinion, except for the effects of the matters described in the Basis for qualified opinion section, the financial statements:

- give a true and fair view of the financial position of the Police and Crime Commissioner for Surrey and the Group as at 31 March 2025 and of its expenditure and income for the year then ended;
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25; and
- have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended).

Basis for qualified opinion

The Accounts and Audit (Amendment) Regulations 2024'. (Statutory Instrument 2024/907) ("the Regulations") which came into force on 30 September 2024 required the accountability statements for the year ended 31 March 2025 to be approved not later than 27 February 2026 ('the backstop date'),

As a result of the disclaimers of opinion on the financial statements for the years ended 31 March 2023 and 31 March 2024, we do not have sufficient appropriate audit evidence over:

- property, plant and equipment additions of £7.403 million made in the financial year 2022/23 that are held at cost, and the consequential impact of these on the Comprehensive Income and Expenditure Statement; and

- the classification of reserves between useable and unusable including General Fund Reserves, Earmarked Reserves, Capital Receipts Reserves, Revaluation Reserves, the Capital Adjustment Account and the Collection Fund Adjustment Account. Our inability to audit the classification is a consequence of the disclaimer of opinion on the reserve balances as at 31 March 2023. We have obtained assurance over the in year movements in reserves for the year ended 31 March 2025 and the comparative year.

Our opinion on the current period's financial statements is also modified because of the possible e effect of the disclaimers of opinion on the financial statements for the years ended 31 March 2023 and 31 March 2024 on the comparability of the current period's figures and the corresponding figures.

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Police and Crime Commissioner and Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

The audits of the financial statements for the years ended 31 March 2023 and 31 March 2024 for the Police and Crime Commissioner for Surrey and Group were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 3 December 2024 and 25 February 2025 respectively.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Chief Finance Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Police and Crime Commissioner and the Group's ability to continue as a going concern for a period to 31 March 2027.

Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Police and Crime Commissioner and the Group's ability to continue as a going concern.

Other information

The other information comprises the information included in the Statement of Accounts 2024/25, other than the financial statements and our auditor's report thereon. The Chief Finance Officer is responsible for the other information contained within the Statement of Accounts 2024/25.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

As described in the Basis for qualified opinion section of our report, our audit opinion is qualified due to a lack of sufficient appropriate audit evidence over property, plant and equipment, classification of reserves balances, and comparative values. information on these elements of the financial statements is included in the Narrative Report and accordingly we have concluded that the other information may be materially misstated for the same reason

Matters on which we report by exception We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Police and Crime Commissioner and the Group
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Ad 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the local Audit and Accountability Act 2014 (as amended)
- we are not satisfied that the Police and Crime Commissioner and the Group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We have nothing to report in these respects

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts 2024/25, which Police and Crime Commissioner and Group financial statements and the Police pension fund financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and *the* Group either intends to cease operations, or has no realistic alternative but to do so.

The authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when if exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Police and Crime Commissioner and the Group and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018, 2020, and 2022,
- The Local Government Finance Act 2012,
- The Local Audit and Accountability Act 2014 (as amended),
- The Accounts and Audit Regulations 2015,
- The Police Reform and Social Responsibility Act 2011,
- Anti-social behaviour, Police and Crime Act 2014,
- Police Pensions scheme regulations 1987,
- Police Pensions regulations 2006; and
- Police Pensions regulations 2015.

In addition, the Police and Crime Commissioner and Group has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how the Police and Crime Commissioner for Surrey and Group is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Group and the Police and Crime Commissioner's committee minutes, through enquiry of employees to confirm the Group and the Police and Crime Commissioner's policies, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Police and Crime Commissioner and the Group's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Group and the Police and Crime Commissioner's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.-We also considered whether management bias was present in key accounting estimates and judgements in the financial statements, and undertook procedures to identify significant unusual transactions outside the normal course of business

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in November 2024, as to whether the Police and Crime Commissioner for Surrey and Group had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the Police and Crime Commissioner for Surrey and Group put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2025.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether [the Police and Crime Commissioner for Surrey and Group had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in Certificate

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of the Police and Crime Commissioner for Surrey and Group.

Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Police and Crime Commissioner for Surrey, as a body, in accordance with Part 5 of the local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner for Surrey, as a body, for our audit work, for this report, or for the opinions we have formed.

Kevin Suter
Ernst + Young LLP.

Kevin Suter (Key Audit Partner)
Ernst & Young LIP (Local Auditor)
Southampton
18 February 2026

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 Statement of Accounts of the PCC for Surrey and the Group for the year ended 31 March 2025

Lisa Townsend

Lisa Townsend
Police and Crime Commissioner
Dated: 18 February 2026

I certify that the 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 2025.

K.L.S. Menon

Kelvin Menon FCPFA
Chief Finance Officer
Dated: 18 February 2026

OFFICE OF THE POLICE & CRIME COMMISSIONER FOR SURREY

Surrey Police

Police and Crime Commissioner's Annual Governance Statement 2024-25

Annual Governance Statement 2024/25

1. 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 2024/25. There is no significant reliance on other income.

There were no significant changes made from a governance perspective aside from some amendments to contract standing orders to reflect the changes brough 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 been conducted online so as to achieve maximum attendance from all invitees.

2. 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 Constabulary 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 2025 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.

3. Core Principles of Good Governance

a) 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 election in May 2021, a new Police and Crime Plan was published in November 2021. Updates on delivering the Plan are provided to the Police and Crime Panel. The updates show that 100% of the Plan was delivered by the end of 2024/25. An implementation plan has been established and is managed through programme and project management the Police and Crime Plan is tracked, monitored and delivered. 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 sends an annual leaflet to every council taxpayer with their bill setting out what the precept is being used for

Other consultation is undertaken 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 2024/25 precept and budget review. Public views and comments were captured for crimes and incidents that are of most concern to residents and businesses within Surrey. This is used as supporting evidence for the PCC's approach and decision making for future activity.

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.

b) 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 May 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 Estates 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.

c) 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 in public 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 to Policing in Surrey. Consultation for the 2024/25 precept and budget review took place in the run up to precept setting and formed part of the Police and Crime Panel 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 PCCs regular meetings with the CC, 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.

d) 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 and GDPR compliance.

e) 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 fluid to ensure Internal Audit's ability to react to the changing needs of the Police and Crime Commissioner. 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 Constabulary 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 holds the Commissioner to account for performance and formally provide 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. 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 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. It should be noted that resource difficulties with delivering audits nationally meant that the 2022/23 and 2023/24 accounts received a "disclaimed" audit opinion. However, an unqualified audit opinion for value for money was given for both years and 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.

f) 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 report as required and any recommendations are monitored by the Organisations Risk Board and JAC as required.

4. 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 2024-25:

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 2025, 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 work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are reasonable overall 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 he 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 Executive Director of Commercial and Financial Services 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.

5. 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.

6. 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 requires a new Police and Crime Plan to be published. The public and various bodies were consulted with during the autumn of 2024 with a draft plan going to the Police and crime panel for their comments in Spring 2025. The plan was published in May 2025 and is on the OPCC website

The plan will shape the strategic aims of the Police and Crime Commissioner and Constabulary for the next 4 years. The Scheme of Corporate Governance was scheduled for review March 2025. 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 received and agreed by the Joint Audit committee.

The Estates Strategy will require effective planning and co-ordination that will incur 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.

There is further potential for pressure on partnerships and commissioned services depending on the decisions taken by other local public authorities to withdraw funding in order to remain financially sound. The Office of the Police and Crime Commissioner will liaise 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 2024-25 had opinions as follows:

<u>No assurance</u>

- Dog School Income Generation – this audit was specifically requested to baseline a series of risks and gaps that management had identified during the year, and for which actions have been set to address. The Dog School sits within the Operations Command, which is a collaborated directorate.

<u>Limited Assurance</u>

- SSP 2024/25 Business Continuity Planning – Longer Term Planning 2024/25. Work is being done to implement the recommendations.
- SSP Application Management NICE Investigate. Work is being done to implement the recommendations.
- Missing Person Compliance. Work is being done to implement the recommendations.

<u>Reasonable assurance</u>

- SSP 2023/24 Legacy Application Management

- SSP 2023/24 Data protection Impact Assessments
- SSP 2024/25 NPAS - National Air Helicopter Service – Use of Allocated Hours
- SSP 2024/25 Management of Fleet Vehicles
- SSP 2024/25 Crime Management – Organised Crime Groups Processes
- 2024/25 Management Information – dashboard development and use
- SSP 2024/25 Recruitment
- SSP – Joint Procurement
- SSP – Data Centre, Facilities and Security
- SSP Service Transition
- Management Information – Dashboard Development and use

Substantial Assurance

- Estates Strategy – Redevelopment of Mount Browne
- Violence Against Women and Girls – relentlessly pursuing offenders
- SSP Use of Air Support (Drones) – Governance
- Transformation Savings Governance
- Right Care, Right Person
- PCC General and Statutory Duties – Assurance Framework

Progress against the implementation of recommendation is monitored at the Organizational Risk Board and reported to the PACC and JAC on a regular basis.

7. Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee and 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.

Police and Crime Commissioner
Date: 18 February 2026

Lisa Townsend, Police and Crime Commissioner for Surrey

Chief Finance Officer
Date: 18 February 2026

Kelvin Menon, Chief Finance Officer, Office of the PCC for Surrey

Contact details:
Kelvin Menon, Chief Finance Officer
Kelvin.Menon@Surrey.police.uk

Chief Executive
Date: 18 February 2026

Alison Bolton, Chief Executive, Office of the PCC for Surrey

Movement in Reserves Statement

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

2023/24 GROUP	Note	General Fund Balance	Earmarked General Fund Reserves	Total 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
Balance at 31 March 2023		**(9,897)**	**(20,906)**	**(30,803)**	**0**	**(3,874)**	**(34,677)**	**1,251,382**	**1,216,705**
Note							*19*	*20*	
Movement in reserves during 2023/24									
(Surplus)/deficit on the provision of services		28,969	0	**28,969**	0		28,969		**28,969**
Other Comprehensive Income / Expenditure		0	0		0		0	16,468	**16,468**
Total Comprehensive Income and Expenditure		**28,969**	**0**	**28,969**	**0**	**0**	**28,969**	**16,468**	**45,437**
Adjustments between accounting basis and funding basis under regulations	*6*	(35,372)	0	**(35,372)**	0	**1,917**	(33,455)	33,455	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(6,403)**	**0**	**(6,403)**	**0**	**1,917**	**(4,486)**	**49,923**	**45,437**
Transfers to / from Earmarked Reserves	*7*	4,234	(4,234)	**0**	0	**0**	0	0	**0**
Increase or Decrease in 2023/24		**(2,169)**	**(4,234)**	**(6,403)**	**0**	**1,917**	**(4,486)**	**49,923**	**45,437**
Rounding		**1**		**1**		**0**	**1**	**(1)**	
Balance at 31 March 2024		**(12,065)**	**(25,140)**	**(37,205)**	**0**	**(1,957)**	**(39,162)**	**1,301,304**	**1,262,142**

2024/25 PCC

2024/25 PCC	Note	General Fund Balance	Earmarked General Fund Reserves	Total 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
Balance at 31 March 2024		**(12,065)**	**(25,140)**	**(37,205)**	**0**	**(1,957)**	**(39,162)**	**(161,325)**	**(200,487)**
Note							*19*	*20*	
Movement in reserves during 2024/25									
(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**
Total Comprehensive Income and Expenditure		**(16,502)**	**0**	**(16,502)**	**0**		**(16,502)**	**3,019**	**(13,483)**
Adjustments between accounting basis and funding basis under regulations	*6*	6,039	0	**6,039**	0	688	6,727	(6,727)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(10,463)**	**0**	**(10,463)**	**0**	**688**	**(9,775)**	**(3,708)**	**(13,483)**
Transfers to / from Earmarked Reserves	*7*	10,463	(10,463)	**0**	0	0	0	0	**0**
Increase or Decrease in 2024/25		**0**	**(10,463)**	**(10,463)**	**0**	**688**	**(9,775)**	**(3,708)**	**(13,483)**
Rounding				**0**		0	0		
Balance at 31 March 2025		**(12,065)**	**(35,603)**	**(47,668)**	**0**	**(1,269)**	**(48,937)**	**(165,033)**	**(213,970)**

2023/24 PCC

2023/24 PCC	Note	General Fund Balance	Earmarked General Fund Reserves	Total 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
Balance at 31 March 2023		**(9,897)**	**(20,906)**	**(30,803)**	**0**	**(3,874)**	**(34,677)**	**(161,633)**	**(196,310)**
Note							*19*	*20*	
Movement in reserves during 2023/24									
(Surplus)/deficit on the provision of services		(7,384)	0	**(7,384)**	0	0	(7,384)	0	**(7,384)**
Other Comprehensive Income / Expenditure					0		0	3,207	**3,207**
Total Comprehensive Income and Expenditure		**(7,384)**	**0**	**(7,384)**	**0**		**(7,384)**	**3,207**	**(4,177)**
Adjustments between accounting basis and funding basis under regulations	*6*	981	0	**981**	0	1,917	2,898	(2,898)	**0**
Net Increase or Decrease before Transfers to Earmarked Reserves		**(6,403)**	**0**	**(6,403)**	**0**	**1,917**	**(4,486)**	**309**	**(4,177)**
Transfers to / from Earmarked Reserves	*7*	4,234	(4,234)	**0**	0	0	0	0	**0**
Increase or Decrease in 2023/24		**(2,169)**	**(4,234)**	**(6,403)**	**0**	**1,917**	**(4,486)**	**309**	**(4,177)**
Rounding		1		**1**		0	1	(1)	
Balance at 31 March 2024		**(12,065)**	**(25,140)**	**(37,205)**	**0**	**(1,957)**	**(39,162)**	**(161,325)**	**(200,487)**

Comprehensive Income and Expenditure Statement

Group

2023/24 Expenditure £000	2023/24 Income £000	2023/24 Net £000	*Note*		2024/25 Expenditure £000	2024/25 Income £000	2024/25 Net £000
128,942	0	128,942		Police Payroll	138,248	0	138,248
7,577	0	7,577		Police Overtime	7,083	0	7,083
81,430	0	81,430		Staff Payroll	86,305	0	86,305
2,558	0	2,558		Staff Overtime	2,179	0	2,179
611	0	611		Agency	759	0	759
1,537	0	1,537		Training	1,369	0	1,369
3,884	0	3,884		Other Payroll Costs	5,496	0	5,496
14,473	0	14,473		Premises	12,196	0	12,196
41,773	0	41,773		Supplies & Services	40,566	0	40,566
5,240	0	5,240		Transport	6,096	0	6,096
8,915	0	8,915	*	Capital Charges: Depreciation, Amortisation, Impairment	12,976	0	12,976
0	(30,574)	(30,574)		Income	0	(39,898)	(39,898)
296,940	**(30,574)**	**266,366**		**Cost of Services**	**313,273**	**(39,898)**	**273,375**
		0		Intra-Group Funding Transfer			**0**
296,940	**(30,574)**	**266,366**		**Net Cost of Services**	**313,273**	**(39,898)**	**273,375**
554	(587)	(33)	*34*	Other Operating Expenditure	904	0	904
65,263	(2,547)	62,716	*33*	Financing and Investment Income and Expenditure	68,676	(2,249)	66,427
0	(300,080)	(300,080)	*8*	Taxation and Non-Specific Grant Income	0	(319,781)	(319,781)
0	0	0		Rounding	0	0	1
362,757	**(333,788)**	**28,969**		**(Surplus) or Deficit on Provision of Services**	**382,853**	**(361,928)**	**20,926**
		2,955		(Surplus) or Deficit on revaluation of Property, Plant and Equipment			3,065
		(35)		(Surplus) on revaluation of Financial Instruments			(32)
		13,548		Re-measurement of the net defined benefit liability			(190,230)
		16,468		**Other Comprehensive Income and Expenditure**			**(187,197)**
		45,437		**Total Comprehensive Income and Expenditure**			**(166,271)**

* The Capital charges figure in 2024/2025 includes a figure of £1.408m 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

2023/24					2024/25		
Expenditure	**Income**	**Net**	*Note*		**Expenditure**	**Income**	**Net**
£000	**£000**	**£000**			**£000**	**£000**	**£000**
1,522	0	1,522		Staff Payroll	1,591	0	1,591
3	0	3		Staff Overtime	2	0	2
16	0	16		Training	9	0	9
20	0	20		Other Payroll Costs	20	0	20
61	0	61		Premises	63	0	63
6,294	0	6,294		Supplies & Services	6,481	0	6,481
13	0	13		Transport	8	0	8
0	(4,659)	(4,659)		Income	0	(4,958)	(4,958)
25,915	(25,915)	0		Income for Services provided by the Chief Constable	28,454	(28,454)	0
(1)	0	(1)		Rounding	0	0	0
33,843	**(30,574)**	**3,269**		**Cost of Services**	**36,628**	**(33,412)**	**3,216**
291,707	0	291,707		Intra-group Funding Transfer	301,407	0	301,407
325,550	**(30,574)**	**294,976**		**Net Cost of Services**	**338,035**	**(33,412)**	**304,623**
554	(587)	(33)	*34*	Other Operating Expenditure	904	0	904
314	(2,561)	(2,247)	*33*	Financing and Investment Income and Expenditure	670	(2,918)	(2,248)
0	(300,080)	(300,080)	*8*	Taxation and Non-Specific Grant Income	0	(319,781)	(319,781)
326,418	**(333,802)**	**(7,384)**		**(Surplus) or Deficit on Provision of Services**	**339,609**	**(356,111)**	**(16,502)**
		2,955		(Surplus) or Deficit on revaluation of Property, Plant and Equipment			3,065
		(35)		(Surplus) on revaluation of Financial Instruments			(32)
		287		Re-measurement of the net defined benefit liability			(14)
		3,207		**Other Comprehensive Income and Expenditure**			**3,019**
		(4,177)		**Total Comprehensive Income and Expenditure**			**(13,483)**

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 2024				31 March 2025	
PCC	**Group**			**PCC**	**Group**
£000	**£000**	***Note***		**£000**	**£000**
161,096	161,096	*11*	Property, Plant and Equipment	149,192	149,192
0	0	*22*	Right of Use Assets	8,893	8,893
17,782	17,782	*16*	Investment Property	26,451	26,451
2,442	2,442	*12*	Intangible Assets	2,330	2,330
700	700		Long Term Debtors	732	732
182,020	**182,020**		**Long Term Assets**	**187,598**	**187,598**
2,031	2,031	*15*	Assets Held for Sale	1,090	1,090
1,267	1,267		Inventories	1,434	1,434
29,310	29,420	*13*	Short-Term Debtors	31,506	31,616
37,529	37,529	*14*	Cash and Cash Equivalents	47,021	47,021
70,137	**70,247**		**Current Assets**	**81,051**	**81,161**
(35,983)	(37,572)	*17*	Short-Term Creditors	(32,623)	(33,979)
(2,549)	(2,659)	*18*	Provisions	(2,471)	(2,581)
0	0	*22*	Short-Term Lease Liabilities	(1,062)	(1,062)
(38,532)	**(40,231)**		**Current Liabilities**	**(36,156)**	**(37,622)**
(12,999)	(12,999)	*38*	Long-Term Borrowing	(12,478)	(12,478)
0	0	*22*	Long-Term Lease Liabilities	(6,045)	(6,045)
(139)	(1,461,179)	*26*	Other Long-Term Liabilities	0	(1,308,485)
(13,138)	**(1,474,178)**		**Long Term Liabilities**	**(18,523)**	**(1,327,008)**
200,487	**(1,262,142)**		**Net Assets**	**213,970**	**(1,095,871)**
(39,162)	(39,162)	*19*	Usable Reserves	(48,937)	(48,937)
(161,325)	1,301,304	*20*	Unusable Reserves	(165,033)	1,144,808
(200,487)	**1,262,142**		**Total Reserves**	**(213,970)**	**1,095,871**

I certify that the 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 2025.

Kelvin Menon FCPFA
Chief Finance Officer
Dated: 18 February 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 2025 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.

2023/24				**2024/25**	
PCC	**Group**			**PCC**	**Group**
£000	**£000**	***Note***		**£000**	**£000**
(7,384)	28,969		Net deficit on the provision of services	(16,502)	20,926
(10,698)	(47,051)		Adjustment to surplus or deficit on the provision of services for noncash movements	(9,964)	(47,392)
3,383	3,383		Adjustment for items included in the net deficit on the provision of services that are investing or financing activities	2,921	2,921
1	1		Rounding		
(14,698)	**(14,698)**	**35**	**Net cash flows from operating activities**	**(23,545)**	**(23,545)**
10,765	10,765	36	Net cash flows from investing activities	12,516	12,516
521	521	37	Net cash flows from financing activities	1,538	1,538
0	0		Rounding	(1)	(1)
(3,412)	**(3,412)**		**Net (increase) or decrease in cash and cash equivalents**	**(9,492)**	**(9,492)**
34,117	34,117		Cash and cash equivalents at the beginning of the reporting period	37,529	37,529
			Rounding		
37,529	**37,529**	**14**	**Cash and cash equivalents at the end of the reporting period**	**47,021**	**47,021**

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 on the PCC/PCC Group Balance Sheet by having a policy to have valuations on a 5-year rolling basis supplied by external valuers, Wilks Head and Eve LLP. In addition to valuations, the local market conditions and national data are assessed as to whether there should be changes in asset values on an annual basis.

• **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** – the PCC has to determine whether the leases it enters should be classified as operating or finance leases. The PCC must also consider whether contractual arrangements it enters into have the substance of a lease. These judgements are made on the professional opinion of the PCC Group's accountants and procurement manager based on contract procedure rules and the strict criteria set out in International Accounting Standard 17 (IAS 17) relating to leases. These will also need to be considered for IFRS 16 compliance in future years.

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 when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.

- 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 2018 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 2024/25 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 that the authority will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Surrey and the Chief Constable of Surrey have assessed going concern and that cash flow requirements can be met for the assessment period to March 2027.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as policing bodies cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities and policing bodies carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a policing body were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements of a policing body to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that policing services will continue to operate for the foreseeable future. Surrey Police accounts therefore assume that Surrey Police will continue to operate for the foreseeable future.

Police funding is under the remit of the Home Office, for 2025/26 the Home Office approved a 1 year settlement for Police Bodies. Police and Crime Commissioners (PCCs) will have the flexibility to raise the police precept (the portion of Council Tax allocated to policing) by up to £14 for a Band D property, potentially generating an extra £329.8m.

Summary Table

Year	Total Police Funding	Increase from Previous Year	Funding to Police Forces	Notable Features
2024-25	£18.5 billion	-	-	-
2025-26	£19.5–£19.6 billion	£1.0–£1.1 billion	£17.4 billion	Focus on neighbourhood policing, pay awards, extra officers

Going Concern Section 2 – Current & Historical Financial Position

The 2025/26 revenue budget was set in February 2025 as a balanced budget of £329.3m. A capital and investment programme budget was also set in February 2024. The capital program for 2025/26, including prior year slippage is £70.27m (£48.358m plus slippage of £21.912m) to be financed by a combination of capital receipts, borrowing and revenue contributions. The capital programme supports investment in the Estate Strategy, Fleet Replacement and Equipment, Information Technology, Regional Schemes, Operations and Change Projects. This is essential to ensure fit-for-purpose services along with delivering revenue savings to balance the budget over the medium term financial plan period to 2026/27.

The Medium Term Financial Strategy forecast was revised as part of the budget setting process and includes an estimated savings requirement totalling £18.2m over the 4 year period of the strategy with £6.9m being required in 2025/26. The General

Reserves are projected to remain at 3% of net budget which is the minimum level set by the s.151 finance officer. Work is ongoing within the force as part of the Transformation Programme to identify areas to make efficiency and savings and/or generate income, with the aim of setting a balanced budget in 2025/26 and beyond.

Going Concern Section 3 – Cash Position

Surrey Police had a cash equivalent balance of £31.1m at 31 January 2026 compared to £47.0m at 31 March 2025. This includes £31.1m held for investment by Surrey County Council available within 24 hours (£45.7m at 31 March 2025). Surrey Police has no long-term non-property investments. Whilst there is uncertainty on income, Surrey Police remains confident in its ability to maintain sufficient cash for its services for 12 months from date of approval and has a borrowing strategy in place to borrow against capital investment as necessity arises. Surrey Police is also able to borrow short term for cash flow purposes if needed.

In a 'stressed' case scenario whereby income is constrained Surrey Police has sufficient levels of reserves and investments that it would not run out of cash in the short-term.

The forecasted cash flow as of 31 March 2027 shows that the Surrey PCC Group will have enough cash to continue operating as a going concern for the rest of 2025/26 and 2026/27.

Going Concern Section 4 – Conclusion

As a result of this assessment these accounts have been prepared on a going concern basis, Surrey Police has adequate reserves and a plan to produce a balanced budget in 2025/26 and 2026/27.

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 18 February 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 2025, 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 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations and Depreciation	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.	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 £1.6m for every year that useful lives are reduced. A 1% market movement for valuations of the asset classes held by the PCC for Surrey would be as follows: - Specialised Operational Property asset (Custody Suite) measured using DRC methodology £0.87m - Non-specialised Operational Property assets measured using EUV methodology £0.29m - Assets Held for Sale measured using Market Value £0.01m - Investment Property valued using Fair Value £0.26m
Intangible Assets	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 £0.3m if useful lives reduced by 1 year.
Insurance Claims Liability	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Arthur J Gallagher Insurance Brokers Limited (Gallagher) 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.
Pensions Costs	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	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 £8.m (£12.1m for 2023/24) and other Pension Grant to the PCC. Further details of the

	assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	schemes can be found in the Police Officer Pension Fund Accounts.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. 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. 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.	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 an increase in the staff scheme pension liability of £35.0m and an increase in the police officer pension scheme pension liability of £102.0m.
Debtors	At 31st March 2025, the Police and Crime Commissioner had a balance of trade debtors of £1.2m. 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 2025, if collection rates were to deteriorate, every 1% decrease would require an additional bad and doubtful debt provision of £0.052m.
Income & Expenditure	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

2023/24				2024/25		
Net Expenditure Chargeable to General Fund £000	**Adjustments Note 6 £000**	**Net Expenditure in the CIES £000**		**Net Expenditure Chargeable to General Fund £000**	**Adjustments Note 6 £000**	**Net Expenditure in the CIES £000**
92,003	36,938	128,941	Police Payroll	99,481	38,767	138,248
7,577	0	7,577	Police Overtime	7,083	0	7,083
81,990	(560)	81,430	Staff Payroll	87,629	(1,324)	86,305
2,558	0	2,558	Staff Overtime	2,179	0	2,179
611	0	611	Agency	759	0	759
1,537	0	1,537	Training	1,369	0	1,369
3,884	0	3,884	Other Payroll Costs	5,496	0	5,496
14,473	0	14,473	Premises	12,196	0	12,196
41,773	0	41,773	Supplies and Services	40,567	0	40,567
5,240	0	5,240	Transport	6,096	0	6,096
0	8,915	8,915	Capital Charges: Depreciation, Amortisation, Impairment (Proxy) *	0	12,976	12,976
(30,574)	0	(30,574)	Income	(39,898)	0	(39,898)
1	0	1	Rounding	0	(1)	(1)
221,073	**45,293**	**266,366**	**Net Cost of Services**	**222,957**	**50,418**	**273,375**
(227,475)	(9,921)	(237,396)	Other Income and Expenditure	(233,419)	(19,030)	(252,449)
0	0	(1)	Rounding	0	1	0
(6,402)	**35,372**	**28,969**	**Deficit on Provision of Services**	**(10,462)**	**31,389**	**20,926**
(30,803)			Opening Combined General Fund Balance	(37,205)		
(6,402)			Plus/less Surplus or Deficit on the General Fund Balance for the Year	(10,463)		
(37,205)			**Closing Combined General Fund Balance**	**(47,668)**		

*Capital charges in 2024/25 includes a figure of £1.408m for downward PPE Revaluations

PCC

2023/24				2024/25		
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**
1,498	25	1,523	Staff Payroll	1,577	14	1,591
3	0	3	Staff Overtime	2	0	2
16	0	16	Training	9	0	9
20	0	20	Other Payroll Costs	20	0	20
61	0	61	Premises	62	0	62
6,293	0	6,293	Supplies and Services	6,481	0	6,481
13	0	13	Transport	8	0	8
(8,915)	8,915	0	Depreciation/Amortisation (Proxy)	(12,976)	12,976	0
(4,659)	0	(4,659)	Income	(4,958)	0	(4,958)
(1)	0	(1)	Rounding	1	0	1
(5,671)	**8,940**	**3,269**	**Net Cost of Services**	**(9,774)**	**12,990**	**3,216**
(732)	(9,921)	(10,653)	Other Income and Expenditure	(689)	(19,030)	(19,719)
1	0	0	Rounding	0	1	1
(6,402)	**(981)**	**(7,384)**	**(Surplus) or Deficit on Provision of Services**	**(10,463)**	**(6,039)**	**(16,502)**
(30,803)			Opening Combined General Fund Balance	(37,205)		
(6,402)			Plus/less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(10,463)		
(37,205)			**Closing Combined General Fund Balance**	**(47,668)**		

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.

GROUP 2024/25 ADJUSTMENTS	**General Fund**	**Capital Receipts Reserve**	**Capital Grants Unapplied**	**Movement in Unusable Reserves**
-	**£000**	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited/credited to the CIES:				
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
Impairment of intangible assets	0	0	0	0
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
Insertion of items not debited or credited to the CIES:				
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)
Adjustments primarily involving the Capital Grants Unapplied Account:				
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)
Adjustments primarily involving the Capital Receipts Reserve:				
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)
Adjustments primarily involving the Collection Fund Adjustment Account:				
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)
Adjustments primarily involving the Pensions Reserve:				
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)
Adjustment primarily involving the Accumulated Absences Account:				
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)
Total Adjustments	**(31,389)**	**0**	**688**	**30,701**

GROUP 2023/24 ADJUSTMENTS	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited/credited to the CIES:				
Depreciation and impairment of non-current assets	(7,599)	0	0	7,599
Revaluation (Gains)/Losses on Property Plant and Equipment	82	0	0	(82)
Movements in the market value of Investment Properties	(450)	0	0	450
Amortisation of intangible assets	(948)	0	0	948
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	587	0	0	2,577
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	1,597	0	0	(1,597)
Capital expenditure charged against the General Fund	10,766	0	0	(10,766)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	219	0	(219)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,919)	0	2,137	(218)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(3,163)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	3,163	0	(3,163)
Adjustments primarily involving the Collection Fund Adjustment Account:				
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	(1,330)	0	0	1,330
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(91,647)	0	0	91,647
Employers pension contributions and direct payments to pensioners payable in year	55,476	0	0	(55,476)
Adjustment primarily involving the Accumulated Absences Account:				
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	(207)	0	0	207
Rounding	1	0	(1)	(1)
Total Adjustments	**(35,372)**	**0**	**1,917**	**33,455**

PCC 2024/25 ADJUSTMENTS	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Depreciation and impairment of non-current assets	(9,416)			9,416
Revaluation (Gains)/Losses on Property Plant and Equipment	(1,408)			1,408
Movements in the market value of Investment Properties	(1,554)			1,554
Amortisation of intangible assets	(598)			598
Impairment of intangible assets	0			0
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 the CIES	(318)			318
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	2,087			(2,087)
Capital expenditure charged against the General Fund	12,545			(12,545)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	190		(190)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(717)		878	(161)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(2,731)		2,731
Use of the Capital Receipts Reserve to finance new capital expenditure		2,731		(2,731)
Adjustments primarily involving the Collection Fund Adjustment Account:				
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			(5,108)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(201)			201
Employers pension contributions and direct payments to pensioners payable in year	187			(187)
Adjustment primarily involving the Accumulated Absences Account:				
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
Total Adjustments	**6,039**	**0**	**688**	**(6,727)**

PCC 2023/24 ADJUSTMENTS	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Depreciation and impairment of non-current assets	(7,599)			7,599
Revaluation (Gains)/Losses on Property Plant and Equipment	82			(82)
Movements in the market value of Investment Properties	(450)			450
Amortisation of intangible assets	(948)			948
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	587			2,577
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	1,597			(1,597)
Capital expenditure charged against the General Fund	10,766			(10,766)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	219		(219)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,919)		2,137	(218)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(3,163)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		3,163		(3,163)
Adjustments primarily involving the Collection Fund Adjustment Account:				
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	(1,330)			1,330
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(200)			200
Employers pension contributions and direct payments to pensioners payable in year	175			(175)
Adjustment primarily involving the Accumulated Absences Account:				
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
Rounding	1		(1)	(1)
Total Adjustments	**981**	**0**	**1,917**	**(2,898)**

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 2024/25.

	Balance at 31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	Balance at 31 March 2024	Transfers In 2024/25	Transfers Out 2024/25	Balance at 31 March 2025
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves:							
Insurance Reserve	**(1,912)**	(1,653)	534	**(3,031)**	(779)	1,024	**(2,786)**
Ill Health Reserve	**(609)**	(200)	534	**(275)**	(200)	298	**(177)**
PCC Operational Reserve	**(1,234)**	0	0	**(1,234)**	0	0	**(1,234)**
PCC Estate Strategy Reserve	**(4,378)**	(1,658)	0	**(6,036)**	(416)	0	**(6,452)**
Cost of Change Reserve	**(5,562)**	(841)	0	**(6,403)**	(1,052)	0	**(7,455)**
Delegated Budget Holder Reserve	**(5,100)**	(692)	0	**(5,792)**	(4,876)	1,867	**(8,801)**
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	**0**	(259)	0	**(259)**	0	0	**(259)**
Camera Partnership Reserve	**0**	0	0	**0**	(4,253)	0	**(4,253)**
NDORS Reserve	**0**	0	0	**0**	(656)	0	**(656)**
POCA Incentivisation Reserve	**0**	0	0	**0**	(1,419)	0	**(1,419)**
Total Earmarked Reserves	**(20,906)**	**(5,303)**	**1,068**	**(25,141)**	**(13,651)**	**3,189**	**(35,603)**

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

Reserve		Level or Target
General		
General Reserves	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. 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.	3% of Net Revenue Expenditure Budget as at 31 March each year.
Contingency and Risk		
Police Officer Ill Health Pension Reserve	This reserve provides for the self-funding of police officer ill health and injury payments not covered by the pension grant funding. 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.	Assessed as part of the medium term financial planning process.
Insurance Reserve	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. 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.	Assessed as part of the annual insurance actuarial review.
Investment		
Capital Receipts Reserve	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.
Capital Grants & Contributions Unapplied Reserve	This reserve holds unused elements of grant and other external funding to be spend in the following financial year in line with the conditions of the grant or external funding.	As determined by the closure of accounts process.

Single Use		
PCC Operational Reserve	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.
PCC Estate Strategy Reserve	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.
PCC Cost of Change Reserve	This reserve funds projects that enhance the policing in Surrey and/or deliver savings. In practice the proposal is that any under spend 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.
Delegated Budget Holder Reserve	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
Net Zero Reserve	To provide funds to support the Surrey Police Commitment to achieve net zero	Created during 2022/23
Chief Constable Reserve for Op Pheasant	To provide resources for reopened historical investigations	Created during 2022/23
ICT Reserve	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
Camera Partnership Reserve	This provides funds to increase road safety and specifically provides speed and redlight cameras in the area.	Created during 2024/25
NDORS Reserve	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
POCA Incentivisation Reserve	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 2024/25:

2023/24 PCC £000	2023/24 Group £000		2024/25 PCC £000	2024/25 Group £000
(160,483)	(160,483)	Council tax income	(174,642)	(174,642)
(139,378)	(139,378)	Non-ringfenced government grants	(144,814)	(144,814)
(219)	(219)	Capital grants and contributions	(325)	(325)
(300,080)	(300,080)	**Total**	(319,781)	(319,781)

Note 9 - Grant Income

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

31 March 2024 PCC £000	31 March 2024 Group £000		31 March 2025 PCC £000	31 March 2025 Group £000
(81,125)	(81,125)	Home Office Police Grant	(85,147)	(85,147)
(35,018)	(35,018)	DCLG Revenue Support Police Grant	(35,737)	(35,737)
(6,759)	(6,759)	Council Tax Support Grant	(6,759)	(6,759)
(2,461)	(2,461)	Council Tax Freeze Grant	(2,461)	(2,461)
(1,964)	(1,964)	Police Officer Pension Grant	(6,536)	(6,536)
(12,051)	(12,051)	Home Office Grant Payable to cost of Retirement Benefits	(8,174)	(8,174)
(219)	(219)	Capital Grants and Contributions	(325)	(325)
(139,597)	**(139,597)**	**Total Non-Specific Grants**	**(145,139)**	**(145,139)**

31 March 2024 PCC £000	31 March 2024 Group £000		31 March 2025 PCC £000	31 March 2025 Group £000
0	(881)	Counter Terrorism	0	(801)
(4,363)	(4,930)	Victims Services Commissioning Grant - Victims	(4,244)	(4,637)
0	(4,059)	HO Police Uplift Programme	0	(6,166)
0	(594)	Safer Streets	0	(296)
0	(77)	County Lines	0	(69)
0	(421)	Cyber Crime	0	(274)
0	(522)	Other Grants and Contributions	0	(170)
(4,363)	**(11,484)**	**Total specific grants credited to net cost of services**	**(4,244)**	**(12,413)**

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.

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.

31 March 2024 £000		**31 March 2025 £000**
24,766	**Opening Capital Financing Requirement**	**23,169**
	Capital Investment:	
12,599	Property Plant and Equipment	14,950
0	Right of Use Assets recognised in year	8,258
1,549	Intangible Assets	486
14,148	**Total Capital Spending**	**23,694**
	Sources of Finance:	
(3,163)	Capital receipts	(2,731)
(218)	Government Grants and other contributions	(296)
	Sums set aside from revenue:	
(10,767)	- Direct revenue contributions	(12,544)
(1,597)	- Minimum Revenue Provision	(2,087)
(15,745)	**Total Sources of Finance**	**(17,658)**
23,169	**Closing Capital Financing Requirement**	**29,205**

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 2025	**Land and Buildings**	**Vehicles, Plant, Furniture & Equipment**	**Surplus Assets**	**Assets Under Construction**	**Total Property, Plant and Equipment**
	£000	**£000**	**£000**	**£000**	**£000**
Cost or Valuation					
at 1 April 2024	**133,270**	**41,842**	**0**	**10,286**	**185,398**
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
at 31 March 2025	**116,091**	**46,756**	**0**	**13,293**	**176,140**
Accumulated Depreciation and Impairment					
at 1 April 2024	**(306)**	**(23,996)**	**0**	**0**	**(24,302)**
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)
at 31 March 2025	**(193)**	**(26,755)**	**0**	**0**	**(26,948)**
Net Book Value					
at 31 March 2025	**115,898**	**20,001**	**0**	**13,293**	**149,192**
at 31 March 2024	**132,964**	**17,846**	**0**	**10,286**	**161,096**

Movements to 31 March 2024	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2023	**141,614**	**38,620**	**0**	**5,219**	**185,453**
Additions	166	5,401		7,032	12,599
Revaluation inc/(dec) recognised in Revaluation Reserve	(4,784)				(4,784)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	81				81
Derecognition – disposals	(1,980)	(4,031)			(6,011)
Reclassifications and transfer	113	1,852		(1,965)	0
Assets reclassified (to)/from Investment Properties	0				0
Assets reclassified (to)/from Held for Sale	(1,940)				(1,940)
Rounding					0
at 31 March 2024	**133,270**	**41,842**	**0**	**10,286**	**185,398**
Accumulated Depreciation and Impairment					
at 1 April 2023	**(267)**	**(22,072)**	**0**	**0**	**(22,339)**
Depreciation charge	(1,891)	(5,708)			(7,599)
Depreciation written out to the Revaluation Reserve	1,829				1,829
Depreciation written out to Revenue	1				1
Derecognition – disposals	23	3,784			3,807
Reclassifications and transfers	0				0
Eliminated on reclassification to Held for Sale	0				0
Rounding	(1)				(1)
at 31 March 2024	**(306)**	**(23,996)**	**0**	**0**	**(24,302)**
Net Book Value					
at 31 March 2024	**132,964**	**17,846**	**0**	**10,286**	**161,096**
at 31 March 2023	**141,347**	**16,548**	**0**	**5,219**	**163,114**

Total downward revaluations of property, plant and equipment recognised in cost of services within the CIES (surplus)/deficit on provision of services is £1.408m. This is made up of cost revaluation increases/(decreases) of £(1.541m) and depreciation written out to revenue of £0.133m.

Total (surplus)/deficit on revaluation of property, plant and equipment recognised in Other CIES is £3.065m. This is made up of cost decreases of £(4.784m) and depreciation written out to the revaluation reserve of £1.723m.

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 £1.6m for every year that the useful lives had to be reduced.

Land and Buildings

The entire Surrey Police estate was revalued for 2024/25 Statement of Accounts on 31 March 2025. Surrey Police carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years.

The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS) Valuations - Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards'), International Financial Reporting Standards (IFRS) and Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code'). The valuation was prepared by Guy Harbord MA MRICS IRRV (Hons), partner in Wilks Head and Eve LLP, who are an external organisation and have no ties to Surrey Police.

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

• Operational purpose-built Police Buildings with integral active Custody to be valued to Depreciated Replacement Cost and Market Value – This reflects the specialised nature of these assets and that they are not traded in the open market – and that we need to identify any significant variation from DRC to MV.
• Operational purpose-built Police Buildings with non-integral active Custody to be valued to Depreciated Replacement Cost for Custody elements and Existing Use Value for non-Custody elements. – The DRC element reflects the specialised nature of these
Custody assets and that they are not traded in the open market. The EUV elements reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.
• Operational purpose-built Police Buildings with closed Custody to be valued to Existing Use Value – This reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.
• Operational non-purpose-built Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
• Residential Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
• Surplus buildings to be valued to Market Value - This reflects that the assets could be traded 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 to have 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 2024/25 year of £13.3m, comprised of £5.1m Vehicles, £7.9m Land & Buildings and £0.3m ICT and equipment.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the PCC as at 31 March 2025 comprised:

	2023/24	2024/25
	No	No
Operational Buildings*	14	14
Police Houses	36	30
Police Vehicles	839	879
Total	**889**	**923**

*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 include 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 £0.6m (2023/24 £0.9m) was charged to the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement in 2024/25.

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

31 March 2024				31 March 2025		
Other Assets	**Intangible Assets Under Development**	**Total**		**Other Assets**	**Intangible Assets Under Development**	**Total**
£000	**£000**	**£000**		**£000**	**£000**	**£000**
			Balance at start of year:			
4,852	252	5,104	Gross carrying amounts	5,340	1,313	6,653
(3,263)	0	(3,263)	Accumulated amortisation	(4,211)	0	(4,211)
1,589	**252**	**1,841**	**Net carrying amount at start of year**	**1,129**	**1,313**	**2,442**
			Additions:			
0	1,549	1,549	Purchases	0	486	486
0	0	0	Other disposals	(1,844)	0	(1,844)
488	(488)	0	Reclassifications and transfers	1,799	(1,799)	0
(948)	0	(948)	Amortisation for the period	(598)	0	(598)
0	0	0	Amortisation written off on disposal	1,844	0	1,844
1,129	**1,313**	**2,442**	**Net carrying amount at end of year**	**2,330**	**0**	**2,330**
			Comprising:			
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)
1,129	**1,313**	**2,442**	**Total**	**2,330**	**0**	**2,330**

Note 13 - Debtors

31 March 2024			31 March 2025	
PCC	**Group**	**Category of Debtor**	**PCC**	**Group**
£000	**£000**		**£000**	**£000**
4,202	4,202	Trade Receivables	1,280	1,280
7,058	7,058	Prepayments	5,908	5,908
18,049	18,159	Other Receivable Amounts	24,318	24,428
1	1	Rounding	0	0
29,310	**29,420**	**TOTAL DEBTORS**	**31,506**	**31,616**

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

Analysis of Other Receivable Amounts:

31 March 2024			31 March 2025	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
1,075	1,075	Collaboration	3,767	3,767
6,304	6,304	Council Tax Debtors	10,602	10,602
5	5	Other	558	558
0	110	Restructuring Provision	0	110
3,622	3,622	Payroll/Pension	389	389
1,981	1,981	VAT	2,490	2,490
346	346	Estates	186	186
4,716	4,716	Grants/Contributions	6,326	6,326
18,049	**18,159**	**Total Other Receivable Amounts**	**24,318**	**24,428**

Analysis of Prepayments:

31 March 2024			31 March 2025	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
4	4	Estates	8	8
779	779	Insurance/Legal/Property	759	759
4,422	4,422	Payroll/Pension	3,808	3,808
243	243	Capital	0	0
407	407	Partnership Money	0	0
0	0	Other	189	189
1,203	1,203	IT Costs-Leases	1,144	1,144
7,058	**7,058**	**Total Prepayments**	**5,908**	**5,908**

Note 14 - Cash and Cash Equivalents

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

31 March 2024		31 March 2025
£000		**£000**
1,719	Cash and Bank balances	1,311
35,810	Short term deposits	45,710
37,529	**Total Cash and Cash Equivalents**	**47,021**

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

As at 31 March 2025, 2 properties met the criteria of being held for sale. The following chart summarises the transactions that took placed in 2024/25 and the chart shows the closing balance as of 31 March 2025:

31 March 2024 £000		31 March 2025 £000
372	Balance outstanding at start of year	2,031
	Assets newly classified as held for sale:	
1,940	Property, plant and equipment	0
91	Investment property	0
(372)	Asset sold	(941)
2,031	**Balance outstanding at year end**	**1,090**

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 2025.

31 March 2024 £000		31 March 2025 £000
18,323	Balance at start of the year	17,782
	Asset newly classified as Investment properties:	
0	Property, plant and equipment	10,222
(91)	Asset transferred to Held for Sale	0
(450)	Net gains/losses from fair value adjustments	(1,554)
0	Rounding	1
17,782	**Balance at end of the year**	**26,451**

Note 17 - Creditors

31 March 2024			31 March 2025	
PCC	**Group**	**Category of Creditor**	**PCC**	**Group**
£000	**£000**		**£000**	**£000**
(2,359)	(2,359)	Trade Payables	(3,113)	(3,113)
(1,550)	(1,550)	Capital	(3,219)	(3,219)
(788)	(788)	Collaboration	(1,998)	(1,998)
(5,862)	(5,862)	Council Tax Creditors	(5,052)	(5,052)
(2,714)	(2,714)	Estates	(735)	(735)
(3,441)	(3,441)	Forfeiture Monies	(1,900)	(1,900)
(711)	(711)	Insurance/Legal/Property	(325)	(325)
(1,424)	(1,424)	Other	(3,067)	(3,067)
(6,954)	(6,954)	Partnership Monies	(1,369)	(1,369)
0	(1,589)	Holiday Pay	0	(1,356)
(3,696)	(3,696)	Payroll/Pension	(5,931)	(5,931)
(1,305)	(1,305)	IT	(1,365)	(1,365)
(5,178)	(5,178)	Tax	(4,549)	(4,549)
(1)	(1)	Rounding	0	0
(35,983)	**(37,572)**	**TOTAL CREDITORS**	**(32,623)**	**(33,979)**

Note 18 - Provisions

Provisions held at 31 March 2025 are as follows:

Current Provisions

2024/25	Restructuring Provision £000	Insurance Provision £000	Airwave Provision £000	Undercover Claims Provision £000	Total £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
Closing Balance	**(110)**	**(2,248)**	**0**	**(223)**	**(2,581)**

2023/24	Restructuring Provision £000	Insurance Provision £000	Airwave Provision £000	Undercover Claims Provision £000	Total £000
Opening Balance	(110)	(2,876)	0	0	(2,986)
(Increase)\Decrease in provision during year	0	872	(322)	(223)	327
Utilised during the year	0	0	0	0	0
Closing Balance	**(110)**	**(2,004)**	**(322)**	**(223)**	**(2,659)**

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 as at the 31 March 2025. These change programmes are either in the process of being implemented or will be implemented during 2025/26. 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 Gallagher (Arthur J. Gallagher Insurance Brokers 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 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 shows 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:

31 March 2024 £000	Usable Reserves	31 March 2025 £000
(12,065)	General Fund Balance	(12,065)
(25,140)	Earmarked General Fund Balance	(35,603)
0	Capital Receipts Reserve	0
(1,957)	Capital Grants Unapplied	(1,269)
(39,162)	**Total Usable Reserves**	**(48,937)**

31 March 2024 £000	Capital Receipts Reserve	31 March 2025 £000
0	Balance 1 April	0
(3,163)	Capital Receipts in year	(2,731)
3,163	Capital Receipts used for financing	2,731
0	**Balance 31 March**	**0**

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.

31 March 2024 £000	Capital Grants Unapplied	31 March 2025 £000
(3,874)	Balance 1 April	(1,957)
(219)	Capital grants recognised in year	(190)
218	Capital grants and contributions applied	161
1,918	Other movements	717
(1,957)	**Balance 31 March**	**(1,269)**

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

31 March 2024			31 March 2025	
PCC £000	Group £000	Unusable Reserves	PCC £000	Group £000
(92,347)	(92,347)	Revaluation Reserve PPE	(86,470)	(86,470)
(355)	(355)	Revaluation Reserve Equity Instruments	(387)	(387)
(68,181)	(68,181)	Capital Adjustment Account	(72,625)	(72,625)
0	1,461,040	Pension Reserve	0	1,308,485
(442)	(442)	Collection Fund Adjustment Account	(5,550)	(5,550)
0	1,589	Accumulated Absences Account	0	1,356
0	0	Rounding	(1)	(1)
(161,325)	**1,301,304**	**Total Unusable Reserves**	**(165,033)**	**1,144,808**

Revaluation Reserve PPE

31 March 2024 £000		31 March 2025 £000
(97,825)	**Balance 1 April**	**(92,347)**
(3,598)	Upward revaluation of assets	(3,475)
6,552	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	6,541
2,954	**Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services**	**3,066**
1,280	Difference between fair value depreciation and historical cost depreciation	1,187
1,244	Accumulated gains on assets sold or scrapped	1,624
2,524	**Amount written off to the Capital Adjustment Account**	**2,811**
(92,347)	**Balance 31 March**	**(86,470)**

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 2024 £000		31 March 2025 £000
(320)	**Balance 1 April**	**(355)**
(36)	Upward revaluation of investments	(32)
1	Downward revaluation of investments	0
(355)	**Balance 31 March**	**(387)**

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 2024 £000		31 March 2025 £000
(61,404)	**Balance 1 April**	**(68,181)**
7,599	Charges for depreciation and impairment of non-current assets	8,172
0	Charges for depreciation of ROU assets	1,243
(82)	Revaluation losses/(gains) on non-current assets	1,408
948	Amortisation of intangible assets	598
2,577	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	3,049
0	Rounding	1
11,042	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	14,471
(2,524)	Adjusting Amounts written out of the Revaluation Reserve	(2,811)
8,518	**Net written out amount of the cost of non-current assets consumed in the year**	**11,660**
(3,163)	Use of Capital Receipts Reserve to finance new capital expenditure	(2,731)
(218)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(161)
(1,597)	Statutory provision for financing of capital investment charged against the General Fund	(2,087)
(10,766)	Capital expenditure charged against the General Fund and HRA balances	(12,544)
(15,744)	**Capital financing applied in year:**	**(17,523)**
449	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	1,554
0	Movement in the donated assets account credited to the Comprehensive Income and Expenditure Statement	(135)
(68,181)	**Balance 31 March**	**(72,625)**

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.

Pension Reserve

31 March 2024			31 March 2025	
PCC £000	**Group £000**		**PCC £000**	**Group £000**
(312)	**1,411,321**	**Balance 1 April**	**0**	**1,461,040**
287	13,548	Re-measurements of the net defined benefit (liability)/asset	(14)	(190,230)
200	91,647	Reversal of items relating to retirement benefits debited or credited to Surplus/Deficit on the Provision of Services in the CIES	201	95,688
(175)	(55,476)	Employer's pensions contributions and direct payments to pensioners payable in the year	(187)	(58,013)
0	**1,461,040**	**Balance 31 March**	**0**	**1,308,485**

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 2024 £000		31 March 2025 £000
(1,771)	**Balance 1 April**	**(442)**
1,329	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	(5,108)
(442)	**Balance 31 March**	**(5,550)**

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 2024 £000		31 March 2025 £000
1,382	**Balance 1 April**	**1,589**
(1,382)	Settlement or cancellation of accrual made at the end of the preceding year	(1,589)
1,589	Amounts accrued at the end of the current year	1,356
207	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	(233)
1,589	**Balance 31 March**	**1,356**

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 2024/25 year.

Note 21 - Collaborations

The PCC and the Chief Constable for Surrey continues to develop joint working arrangements with other agencies principally with other south east 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 2024/25 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.

Surrey Share 2023/24 £m	Collaboration Area	Surrey Share 2024/25 £m
6.9	Commercial and Finance Services**	9.3
2.3	Corporate Services	2.9
0	Criminal Justice & Custody	0
12.7	Digital, Data and Technology	13.7
0	Enterprise Resource Planning	0.3
19.4	Operations & Protective Security	20.3
4.3	People Services	4.9
23.5	Specialist Crime	25.3
69.1	**Total**	**76.7**

*Now Reported at Portfolio level
**Commercial and Finance Services includes Estates & Facilities (£2.0m), Joint Transport (£5.6m), Finance (£1.5m) and Capital (£0.2m)

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 the 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 25 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:

31 March 2024		**31 March 2025**
£000	**Land and buildings**	**£000**
0	Balance at 1 April	0
0	Adjustments on transition to IFRS 16	8,258
0	Transfer from Property, Plant & Equipment on transition to IFRS 16	1,878
0	Depreciation	(1,243)
0	**Balance at 31 March**	**8,893**

Transactions under leases

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

31 March 2024 £000		31 March 2025 £000
	Comprehensive Income and Expenditure Statement	
0	Interest expense on lease liabilities	361
0	Expense relating to exempt leases of low-value items	93
	Cash Flow Statement	
0	Minimum lease payments	1,101

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):

Maturity analysis of lease liabilities

31 March 2024 £000		31 March 2025 £000 Low value leases	ROU Liabilities
1,446	Less than one year	98	1,371
4,196	One to five years	98	3,914
3,415	More than five years	0	3,590
9,057	**Total undiscounted liabilities**	**195**	**8,875**

The above figures for 2024/25 include £0.2m in relation to exempt leases of low-value items. The Group was committed at 31 March 2025 to making payments of £8.6m under 23 Right of Use leases from 2025/26.

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 £305k in 2025/26.

Authority as Lessor - Operating Leases

31 Mar 2024 £000		31 Mar 2025 £000
271	Not later than one year	305
271	Later than one year and not later than five years	314
0	Later than five years	383
542	**Total**	**1,002**

The minimum lease payments receivable do 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 2024/25 (2023/24 £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	£2,189.24 per annum
Chair Allowance	£3,027.96 per annum

Note 25 - Officers' Remuneration

The Accounts and Audit Regulations 2015 requires 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.

No. Employees 31 March 2024	**Gross Remuneration £**	**No. Employees 31 March 2025**
468	50,000 to 54,999	484
313	55,000 to 59,999	411
181	60,000 to 64,999	235
117	65,000 to 69,999	152
40	70,000 to 74,999	79
16	75,000 to 79,999	26
21	80,000 to 84,999	18
12	85,000 to 89,999	22
14	90,000 to 94,999	8
8	95,000 to 99,999	12
3	100,000 to 104,999	9
2	105,000 to 109,999	6
0	110,000 to 114,999	1
3	115,000 to 119,999	2
1	120,000 to 124,999	0
1	125,000 to 129,999	3
0	130,000 to 134,999	0
1	135,000 to 139,999	1
0	145,000 to 149,999	1
1,201	**Total**	**1,470**

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
			£	£	£	£	£
Police Officers							
Chief Constable (T De Meyer)	01/04/2023		187,505	61,347			**248,852**
Deputy Chief Constable	23/09/2019		155,984	50,687			**206,671**
Assistant Chief Constable	10/01/2024		128,995	42,337		89	**171,421**
Assistant Chief Constable	10/01/2024		129,857	42,337			**172,194**
Assistant Chief Constable	10/01/2024		148,025	47,016			**195,041**
Chief Superintendent	01/04/2021		109,887	38,066			**147,953**
Chief Superintendent	14/10/2019		114,391	38,066			**152,457**
Chief Superintendent	16/12/2019		113,464	38,066			**151,530**
Chief Superintendent	01/05/2022		112,890	37,919		3,077	**153,886**
Chief Superintendent	01/07/2023		102,084	35,313			**137,397**
Chief Superintendent	04/01/2024		102,597	34,780		570	**137,947**
Chief Superintendent	01/09/2024		61,483	20,513		3,861	**85,857**
Chief Superintendent	01/09/2024		58,403	20,108		2,388	**80,899**
Chief Superintendent	01/09/2024		61,590	20,512		1,414	**83,516**
Police Staff							
Head of Corporate Communications	16/07/2018		93,269	14,208			**107,478**
Chief Operating Officer -See Note 1	01/07/2021		179,490	27,741			**207,231**
TOTAL CHIEF CONSTABLE			**1,859,914**	**569,016**	**0**	**11,399**	**2,440,330**
Officers of the PCC							
PCC	12/05/2021		73,783	12,094		3,188	**89,065**
PCC Chief Executive Officer	27/09/2010		94,721	15,489		5,250	**115,460**
PCC Chief Finance Officer	01/04/2020		102,031	16,656			**118,687**
Deputy PCC	01/06/2021		58,664	9,543		2,551	**70,758**
TOTAL PCC			**329,199**	**53,782**	**0**	**10,989**	**393,969**
TOTAL GROUP			**2,189,113**	**622,798**	**0**	**22,388**	**2,834,299**

Note 1-The encumbent of this role was the Chief Information Officer but that persons role has been expanded and renamed accordingly

Remuneration for Senior Officers with the responsibility for the management of Surrey Police were:							
			2023/2024				
Position	**Position Start Date**	**Position End Date**	**Salary, Fees & Allowances**	**Employers Pension Contribution**	**Benefit in kind**	**Annual Leave not yet taken**	**Total Remuneration**
			£	**£**	**£**	**£**	**£**
Police Officers							
Chief Constable (T De Meyer)	01/04/2023		173,677	49,804		6,386	**229,867**
Deputy Chief Constable	23/09/2019		145,834	41,417		1,585	**188,836**
Assistant Chief Constable	07/10/2019	31/12/2023	111,828	29,037			**140,865**
Assistant Chief Constable	16/12/2019	29/02/2024	127,025	35,072			**162,097**
Assistant Chief Constable	10/01/2024		28,751	8,052		1,438	**38,241**
Assistant Chief Constable	10/01/2024		28,751	8,052		1,106	**37,909**
Assistant Chief Constable	10/01/2024		32,927	9,072			**41,999**
Chief Superintendent	01/04/2021		101,733	30,766			**132,499**
Chief Superintendent	09/06/2014	31/03/2023	106,663			10,692	**117,355**
Chief Superintendent	14/10/2019		107,151	30,766			**137,917**
Chief Superintendent	16/12/2019		106,876	30,766			**137,642**
Chief Superintendent	01/05/2022		100,936	29,548			**130,484**
Chief Superintendent	01/07/2023		73,951	21,733			**95,684**
Chief Superintendent	04/01/2024		24,073	7,132			**31,205**
Police Staff							
Head of Corporate Communications	16/07/2018		84,166	13,000			**97,166**
Chief Information Officer	01/07/2021		156,598	24,057			**180,655**
TOTAL CHIEF CONSTABLE			**1,510,940**	**368,274**	**0**	**21,207**	**1,900,421**
Officers of the PCC							
PCC	12/05/2021		73,647	12,094			**85,741**
PCC Chief Executive Officer	27/09/2010		89,568	14,681			**104,249**
PCC Chief Finance Officer	01/04/2020		97,308	15,787			**113,095**
Deputy PCC	01/06/2021		56,586	9,071			**65,657**
TOTAL PCC			**317,109**	**51,633**	**0**	**0**	**368,742**
TOTAL GROUP			**1,828,049**	**419,907**	**0**	**21,207**	**2,269,163**

Exit Packages

The 2024/25 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

Exit Packages

Total number of exit packages by cost band 2023/24	Total cost of exit packages in each band (£) 2023/24	Exit cost band (including special payments)	Total number of exit packages by cost band 2024/25	Total cost of exit packages in each band (£) 2024/25
4	27,373	£0-£20,000	0	0
2	95,498	£40,001-£60,000	3	148,440
0	0	£60,001-£80,000	1	71,199
1	129,291	£100,001-£150,000	0	0
0	0	£150,001-£200,000	1	161,118
7	**252,162**	**TOTAL**	**5**	**380,757**

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 2025 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.

Work is being carried out by the Government Actuary’s Department, as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed; however, at the date of these financial statements, the full assessment is not complete. Until this analysis is 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

2023/24					2024/25			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000		£000	£000	£000	£000
Comprehensive Income and Expenditure Statement								
Cost of Services								
				Service cost comprising:				
214	11,945	14,460	26,619	Current service cost	201	11,184	15,620	27,005
	79	0	79	Past service cost		7	0	7
(275)	(18,725)	0	(19,000)	Financing and Investment Income and Expenditure	(322)	(21,700)	0	(22,022)
261	17,958	65,730	83,949	Net interest expense	322	21,846	68,530	90,698
200	**11,257**	**80,190**	**91,647**	**Total charged to Surplus and Deficit on Provision of Services**	**201**	**11,337**	**84,150**	**95,688**

2023/24					2024/25			
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement								
£000	£000	£000	£000		£000	£000	£000	£000
				Re-measurement of the net defined benefit liability comprising:				
(416)	(28,383)	0	(28,799)	Return on plan assets (excluding the amount included in the net interest expense)	(42)	(2,833)	0	(2875)
137	12,607	22,740	35,484	Actuarial gains and losses - experience	(41)	(3,654)	(4,110)	(7,805)
(29)	(2,103)	0	(2,132)	Actuarial gains and losses - arising on changes in demographic assumptions	(9)	(657)	(2,140)	(2,806)
(456)	(27,538)	(29,980)	(57,974)	Actuarial gains and losses - arising on changes in financial assumptions	(1,290)	(74,191)	(184,230)	(259,711)
1,051	65,918	0	66,969	Asset Ceiling Adjustment	1,368	81,599	0	82,967
287	**20,501**	**(7,240)**	**13,548**	**Total charged to Surplus and Deficit on Provision of Services**	**(14)**	**264**	**(190,480)**	**(190,230)**
487	**31,758**	**72,950**	**105,195**	**Total charged to the Comprehensive Income and Expenditure Statement**	**187**	**11,601**	**(106,330)**	**(94,542)**

2023/24					2024/25			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
Movement in Reserves Statement								
£000	£000	£000	£000		£000	£000	£000	£000
(200)	(11,257)	(80,190)	(91,647)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(201)	(11,337)	(84,150)	(95,688)
175	11,981	43,320	55,476	Employers' contributions payable to scheme	187	12,546	45,280	58,013
(25)	**724**	**(36,870)**	**(36,171)**		**(14)**	**1,209**	**(38,870)**	**(37,675)**

2023/24				**Pensions Assets and Liabilities Recognised in the Balance Sheet**	2024/25			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000		£000	£000	£000	£000
(6,571)	(447,934)	(1,457,420)	(1,911,925)	Present value of the defined obligation	(7,068)	(478,468)	(1,305,810)	(1,791,346)
6,571	444,314	0	450,885	Fair value of plan assets	7,068	475,793	0	482,861
0	**(3,620)**	**(1,457,420)**	**(1,461,040)**	**Net (liability) / asset arising from the defined benefit obligation**	**0**	**(2,675)**	**(1,305,810)**	**(1,308,485)**

2023/24				Movements in the Value of Scheme Assets	2024/25			
PCC LGPS	**CC LGPS**	**Police Officers**	**Total**		**PCC LGPS**	**CC LGPS**	**Police Officers**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
5,682	**391,272**		**396,954**	**Opening fair value of scheme assets**	**6,571**	**444,314**		**450,885**
275	18,725	0	19,000	Interest income	322	21,700	0	22,022
Re-measurement gain / (loss):				Re-measurement gain / (loss):				
416	28,383	0	28,799	- The return on plan assets, excluding the amount included in the net interest expense	42	2,833	0	2,875
175	11,981	43,320	55,476	Contributions from employer	187	12,546	45,280	58,013
80	4,090	10,890	15,060	Contributions from employees into the scheme	87	4,385	12,770	17,242
0	0	140	140	Transfers in	0	0	60	60
(57)	(10,137)	(54,350)	(64,544)	Benefits Paid/Fair Value	(141)	(9,985)	(58,110)	(68,236)
6,571	**444,314**	**0**	**450,885**	**Net (liability) / asset arising from the defined benefit obligation**	**7,068**	**475,793**	**0**	**482,861**

2023/24				Movements in the Value of Scheme Liabilities	2024/25			
PCC LGPS	**CC LGPS**	**Police Officers**	**Total**		**PCC LGPS**	**CC LGPS**	**Police Officers**	**Total**
£000	**£000**	**£000**	**£000**		**£000**	**£000**	**£000**	**£000**
(5,370)	**(375,115)**	**(1,427,790)**	**(1,808,275)**	**Opening balance at 1 April**	**(6,571)**	**(447,934)**	**(1,457,420)**	**(1,911,925)**
(214)	(11,945)	(14,460)	**(26,619)**	Current service cost	(201)	(11,184)	(15,620)	**(27,005)**
(261)	(17,958)	(65,730)	**(83,949)**	Interest cost	(322)	(21,846)	(68,530)	**(90,698)**
(80)	(4,090)	(10,890)	**(15,060)**	Contributions from scheme participants	(87)	(4,385)	(12,770)	**(17,242)**
(137)	(12,607)	(22,740)	**(35,484)**	Re-measurement gains and losses: - Actuarial gains / (losses) experience:	41	3,654	4,110	**7,805**
29	2,103	0	**2,132**	- Actuarial gains / (losses) from changes in demographic assumptions	9	657	2,140	**2,806**
456	27,538	29,980	**57,974**	- Actuarial gains / (losses) from changes in financial assumpsions	1,290	74,191	184,230	**259,711**
0	(79)	0	**(79)**	Past service cost	0	(7)	0	**(7)**
0	0	(140)	**(140)**	Transfers in	0	0	(60)	**(60)**
57	10,137	54,350	**64,544**	Benefits / transfers paid	141	9,985	58,110	**68,236**
(1,051)	(65,918)	0	**(66,969)**	Asset Ceiling Adjustments	(1,368)	(81,599)	0	**(82,967)**
(6,571)	**(447,934)**	**(1,457,420)**	**(1,911,925)**	**Net (liability) / asset arising from the defined benefit obligation**	**(7,068)**	**(478,468)**	**(1,305,810)**	**(1,791,346)**
0	**(3,620)**	**(1,457,420)**	**(1,461,040)**		**0**	**(2,675)**	**(1,305,810)**	**(1,308,485)**

LGPS – Pension Scheme – Assets comprised of:

Fair value of scheme assets

2023/24 PCC £000	2023/24 CC £000		2024/25 PCC £000	2024/25 CC £000
		EQUITY SECURITIES		
87	5,855	Consumer	69	4,609
105	7,089	Manufacturing	125	8,443
0	0	Energy and Utilities	0	0
87	5,882	Financial Institutions	93	6,237
89	6,047	Health and Care	86	5,807
158	10,657	Information Technology	151	10,131
0	0	Other	6	399
526	**35,530**	**Subtotal EQUITY SECURITIES**	**530**	**35,626**
		DEBT SECURITIES		
0	0	UK Government	0	0
0	**0**	**Subtotal DEBT SECURITIES**	**0**	**0**
		PRIVATE EQUITY		
1,006	68,005	All	0	0
1,006	**68,005**	**Subtotal PRIVATE EQUITY**	**0**	**0**
		REAL ESTATE		
207	14,043	UK Property	393	26,462
115	7,779	Overseas Property	1,033	69,567
322	**21,822**	**Subtotal REAL ESTATE**	**1,426**	**96,029**
		INVESTMENT FUNDS & UNIT TRUSTS		
3,662	247,586	Equities	3,899	262,449
958	64,753	Bonds	1,038	69,893
4,620	**312,339**	**Subtotal INVESTMENT FUNDS & UNIT TRUSTS**	**4,937**	**332,342**
		DERIVATIVES		
(4)	(254)	Foreign Exchange	26	1,776
(4)	**(254)**	**Subtotal DERIVATIVES**	**26**	**1,776**
		CASH and CASH EQUIVALENTS		
101	6,872	All	149	10,020
101	**6,872**	**Subtotal PRIVATE EQUITY**	**149**	**10,020**
		Rounding		
6,571	**444,314**	**Total Assets**	**7,068**	**475,793**

The significant assumptions used by the actuary have been:

2023/24	LGPS	2024/25
	Long term expected rate of return on assets	
12.0%	EQUITY SECURITIES	5.5%
12.0%	DEBT SECURITIES	5.5%
12.0%	PRIVATE EQUITY	5.5%
12.0%	REAL ESTATE	5.5%
12.0%	INVESTMENT FUNDS & UNIT TRUSTS	5.5%
12.0%	DERIVATIVES	5.5%
	Mortality assumptions - current pensioners	
23.2	Men	21.2
25.0	Women	24.3
	Mortality assumptions - future pensioners	
23.6	Men	22.2
26.5	Women	25.8
	Financial assumptions	
2.8%	Rate of inflation	2.8%
3.8%	Rate of increase in salaries	3.8%
2.8%	Rate of increase in pensions	2.8%
4.9%	Rate for discounting scheme liabilities	5.8%

Investment returns have been significantly lower than expected (compared to last year's accounting discount rate assumption), this results in an increase of £32.0m compared to a prior year increase of £53m 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.

2023/24	Police Officer Schemes	2024/25
	Mortality assumptions	
	Longevity at retirement for 65 year old current pensioners	
	Mortality Assumptions -Current Pensioners	
23.0	Men	21.9
25.0	Women	23.9
	Mortality Assumptions – Future Pensioners	
23.6	Men	23.3
26.5	Women	25.2
	Financial Assumptions	
2.6%	Rate of inflation	2.7%
3.9%	Rate of increase in salaries	3.5%
2.6%	Rate of increase in pensions	2.7%
4.8%	Rate for discounting scheme liabilities	5.7%

Impact of assumptions on the LGPS obligation:

2023/24 Increase by 0.5% PCC £000	2023/24 Increase by 0.5% CC £000	LGPS	2024/25 Increase by 0.5% PCC £000	2024/25 Increase by 0.5% CC £000
50	1,240	Rate of increase in salaries	40	1,020
690	43,490	Rate of increase in pensions	540	34,990
725	(43,915)	Rate for discounting scheme liabilities	565	(35,025)

Impact of assumptions on the police pension fund obligation:

2023/24 Increase by 0.5% £000	Police Officers Assumption	2024/25 Increase by 0.5% £000
17,000	Rate of increase in salaries	14,000
118,000	Rate of increase in pensions	100,000
(121,000)	Rate for discounting scheme liabilities	(102,000)

Decrease by 1 year £000	Police Officers Assumption	Decrease by 1 year £000
36,000	Longevity	28,000

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 £1,791m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,308m. However statutory arrangements for funding the deficit mean 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

2023/24 CC £000	2023/24 PCC £000	2023/24 Group £000		2024/25 CC £000	2024/25 PCC £000	2024/25 Group £000
44.2	105.2	149.4	Fees payable to Ernst & Young with regard to external audit services carried out by the appointed auditor for the year	50.6	113.7	164.3
0.0	0.0	0.0	Adjustment to Standard EY Fees 21/22	9.8	15.0	24.8
0.0	0.0	0.0	Additional Fees relating to 2022/23	(19.3)	(27.5)	(46.8)
44.2	**105.2**	**149.4**	**Total**	**41.1**	**101.2**	**142.3**

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 2024/25 year in respect of the Police and Crime Commissioner and Group.

Legal services are provided to the Surrey Police Group of £2,506,297 (2023/24: £1,917,011) 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

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Group at 31 March 2025, they exclude potential costs where the liability is not yet established and/or the amounts are uncertain.

At 31 March 2025, the Police and Crime Commissioner for Surrey had no known contingent liabilities.

Note 30 - Contingent Assets

The Group has no contingent assets to disclose at 31 March 2025.

Note 31 - Financial Instruments

Non Current Financial Assets

	Debtor		Total	
	31-Mar-24	**31-Mar-25**	**31-Mar-24**	**31-Mar-25**
	£000	£000	£000	£000
Amortised Cost	0	0	0	-
Fair Value OCI	700	732	700	732
Total financial assets	**700**	**732**	**700**	**732**
Non - financial Assets	194,572	186,866	194,572	186,866
Total non current assets	**195,272**	**187,598**	**195,272**	**187,598**

Current Financial Assets

	Debtor		Cash		Total	
	31-Mar-24	**31-Mar-25**	**31-Mar-24**	**31-Mar-25**	**31-Mar-24**	**31-Mar-25**
	£000	£000	£000	£000	£000	£000
Amortised Cost	4,255	1,349	37,529	47,021	41,785	48,370
Total financial assets	**4,255**	**1,349**	**37,529**	**47,021**	**41,785**	**48,370**
Non - financial Assets	28,642	32,792	0	0	28,462	32,792
Total current assets	**32,717**	**34,141**	**37,529**	**47,021**	**70,247**	**81,162**

Non Current Financial Liabilities

	Borrowing		Total	
	31-Mar-24	**31-Mar-25**	**31-Mar-24**	**31-Mar-25**
	£000	£000	£000	£000
Amortised Cost	(13,138)	(12,478)	(13,138)	(12,478)
Lease Liability	0	(5,788)	0	(5,788)
Total financial assets	**(13,138)**	**(18,266)**	**(13,138)**	**(18,266)**
Non - Financial Liabilities	(1,461,040)	(1,308,743)	(1,461,040)	(1,308,743)
Total non current liabilities	**(1,474,178)**	**(1,327,009)**	**(1,474,178)**	**(1,327,009)**

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 2025 for loans from the PWLB are based on a loan rate of 2.34% discounted at a rate of 4.65%.
• No early repayment or impairment is recognised.
The fair value of the PWLB loan is calculated at £10.4m as at 31 March 2025.

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 2025) 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.

Current Financial Liabilities

	Creditors		Total	
	31-Mar-24	31-Mar-25	31-Mar-24	31-Mar-25
	£000	£000	£000	£000
Fair Value through profit & loss	0	0	0	0
Amortised Cost	(2,379)	(3,132)	(2,379)	(3,132)
Total financial assets	**(2,379)**	**(3,132)**	**(2,379)**	**(3,132)**
Non - Financial Liabilities	(37,852)	(34,490)	(37,852)	(34,490)
Total current liabilities	**(40,231)**	**(37,622)**	**(40,231)**	**(37,622)**

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 £1.3m (2023/24 £4.2m), and cash and temporary loan investments £47.0m (2023/24 £37.5m). 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 2025, the Group has borrowing of £12.5m (2023/24 £13.0m) and holds £45.7m in variable rate loan investments (2023/24 £35.8m).

Note 33 - Financing and Investment Income and Expenditure

2023/24			2024/25	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
314	314	Interest payable and similar charges	669	669
(14)	64,949	Net interest on the net defined benefit liability (asset)	0	68,676
(2,547)	(2,547)	Interest receivable and similar income	(2,918)	(2,918)
(2,247)	**62,716**	**Total**	**(2,249)**	**66,427**

Note 34 - Other Operating Expenditure

2023/24			2024/25	
PCC	**Group**		**PCC**	**Group**
£000	**£000**		**£000**	**£000**
554	554	Levies	587	587
(587)	(587)	Gains/losses on the Disposal of Non-Current Assets	317	317
(33)	**(33)**	**Total Other Operating Expenditure**	**904**	**904**

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:

2023/24 PCC £000	2023/24 Group £000	OPERATING ACTIVITIES - INTEREST	2024/25 PCC £000	2024/25 Group £000
(2,547)	(2,547)	Interest received	(2,918)	(2,918)
314	314	Interest paid	669	669
(2,233)	**(2,233)**	**Total**	**(2,249)**	**(2,249)**

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

2023/24 PCC £000	2023/24 Group £000	OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	2024/25 PCC £000	2024/25 Group £000
(7,599)	(7,599)	Depreciation	(9,416)	(9,416)
(368)	(368)	Impairment and downward valuations	(2,962)	(2,962)
(948)	(948)	Amortisation	(598)	(598)
(3,371)	(3,371)	(Increase)/decrease in creditors	3,732	3,732
3,289	3,289	Increase/(decrease) in debtors	2,197	2,197
366	366	Increase/(decrease) in inventories	167	167
(25)	(36,171)	Movement in pension liability	(14)	(37,675)
(2,577)	(2,577)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(3,049)	(3,049)
535	328	Other non-cash movements charged to the (surplus)/deficit on provision of services	(22)	211
0	0	Rounding	1	1
(10,698)	**(47,051)**	**Total**	**(9,964)**	**(47,392)**

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

2023/24			2024/25	
PCC	**Group**	**OPERATING ACTIVITIES ADJUSTMENTS INVESTING/FINANCING**	**PCC**	**Group**
£000	**£000**		**£000**	**£000**
3,163	3,163	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	2,731	2,731
219	219	Other items for which the cash effects are investing or financing cash flows	190	190
3,382	**3,382**	**Total**	**2,921**	**2,921**

Note 36 - Cash Flow from Investing Activities

2023/24			2024/25	
PCC	**Group**	**INVESTING ACTIVITIES**	**PCC**	**Group**
£000	**£000**		**£000**	**£000**
14,148	14,148	Purchase of property, plant, equipment, investment property and intangible assets	15,436	15,436
(3,163)	(3,163)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(2,731)	(2,731)
(219)	(219)	Other receipts from investing activities	(190)	(190)
(1)	(1)	Rounding	1	1
10,765	**10,765**	**Total**	**12,516**	**12,516**

Note 37 - Cash Flow from Financing Activities

2023/24 PCC £000	2023/24 Group £000	FINANCING ACTIVITIES	2024/25 PCC £000	2024/25 Group £000
0	0	Cash payments for the reduction of the outstanding liabilities relating to leases	1,017	1,017
521	521	Repayments of short-term and long-term borrowing	521	521
521	**521**	**Total**	**1,538**	**1,538**

Note 38 - Reconciliation of Liabilities Arising from Financing Activities

	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)
Total liabilities from financing activities	**(12,999)**	**1,538**	**(8,124)**	**0**	**0**	**(19,585)**

	01 April 2023	Financing cash flows	Non-cash changes		Rounding	31 March 2024
			Acquisition	Other non-cash changes		
	£000	£000	£000	£000		£000
Long-term borrowings	(13,521)	521	0	0	1	(12,999)
Lease Liabilities	0	0	0	0	0	0
Total liabilities from financing activities	**(13,521)**	**521**	**0**	**0**	**1**	**(12,999)**

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 adaptions 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 (EUV) 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 – (EUV)

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 has 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.

28. 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 2025/26 Code). This means that only the standards listed in paragraph 29 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

29. The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) **IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)*** issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.

b) **IFRS 17 *Insurance Contracts*** issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.

c) The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8. However, the adaptations also include a relief from the requirements of IAS 8 following a change in accounting policy as confirmed in paragraph 3.3.1.4.

30. It is likely there will be limited application of items a) and b), although authorities will need to consider their individual circumstances in case either of these standards apply.

Police Pensions Fund Account Statements as at 31 March 2025

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 2024			As at March 2025	
£000	£000		£000	£000
		Contributions Receivable		
		From Employer:		
(27,569)		- Normal	(33,687)	
(534)		- Early Retirements	(298)	
(11927)		From Members	(12,836)	
0		McCloud Receipts	(362)	
	(40,030)			**(47,183)**
		Transfers In		
	(158)	Individual Transfers in From Other Schemes		**(64)**
	(40,188)	**Total Inflows**		**(47,247)**
		Benefits Payable		
46,463		Pensions	49,793	
5,058		Commutations and Lump Sums	4,848	
113		Lump Sum Death Benefits	246	
228		Lump Sum Ill-health Benefits	240	
	52,042			**55,127**
		Payments To and On Account of Leavers		
110		Refund of Contributions	241	
87		Individual Transfers Out To Other Schemes	53	
	197			**294**
	52,239	**Total Outflows**		**55,421**
	12,051	**Net amount payable for the year from the Group (equal to deficit amount)**		**8,174**
	(12,051)	Additional contribution from the Group to fund the deficit for the year *		**(8,174)**
	0	**Net Amount Payable for the Year**		**0**

* 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

2023/24	Net Current Assets And Liabilities	2024/25
£000		£000
	Current Assets:	
0	Contributions due from the PCC	0
0	Recoverable overpayments of pensions	0
	Current Liabilities:	
0	Unpaid pensions benefits	0
0	Surplus for the year owing to the PCC	0
0	**Net Assets / (Liabilities)**	**0**

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 it 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 reimburse 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:

	Police Pension Scheme (PPS) (1987)	New Police Pension Scheme (NPP) (2006)	Police Pensions Scheme 2015
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.	1/55.3th 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

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

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 effect 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.