

**OFFICE OF THE POLICE AND CRIME COMMISSIONER FOR  
DERBYSHIRE**

**STATEMENT OF ACCOUNTS 2024/25**

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STATEMENT OF ACCOUNTS  
YEAR END 31 March 2025**

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# NARRATIVE REPORT

## Introduction

These accounts set out the overall financial position of Derbyshire Police for the year ended 31 March 2025.

## Organisational Overview and External Environment

Derbyshire Police serves an area of more than 1,000 square miles, and a population around one million. Derbyshire is renowned for being hugely diverse. It encompasses the rural areas of the High Peak, Derbyshire Dales and the Derwent Valley, a World Heritage Site. These areas attract a significant amount of tourism throughout the year. In addition, there are old mining communities, modern towns and business centres. It is also home to the vibrant and culturally diverse city of Derby, a cosmopolitan city with a fantastic heritage. There are more than 70 different languages spoken in Derbyshire.



## Governance

The Police and Crime Commissioner and the Chief Constable are established as separate legal entities under the Police Reform and Social Responsibility Act 2011. This Act created a Police and Crime Commissioner for Derbyshire (PCC), known as the 'Commissioner' and at the same time the Chief Constable was established as a separate body with responsibility for Derbyshire Constabulary.

One of the Commissioner's functions contained in the Act is to hold the Chief Constable to account for the exercise of operational policing duties, thereby securing the maintenance of an efficient and effective police service in Derbyshire. The Chief Constable has the primary function of delivering operational policing under the Police Act 1996.

More detail on the governance framework comprising the systems and processes, culture and values by which Derbyshire Police is directed and controlled is contained within the Annual Governance Statement, which accompanies the Commissioner's Statement of Accounts.

The Derbyshire Police and Crime Plan is an overview of the areas of policing that will take precedence during the Commissioner's term of office. It sets out a series of goals to improve confidence and public satisfaction and includes the Constabulary's current risks and threats, as well as the Constabulary's priorities. All newly elected commissioners are legally obliged to publish a plan as soon as possible to inform the public how they intend to fulfil their election pledges. A new Commissioner was elected in May 2024. The Police and Crime Plan 2024-2029 was presented to the Police and Crime Panel in 7 November 2024. A copy of the Police and Crime Plan can be obtained from the Office for the Police and Crime Commissioner for Derbyshire, Butterley Hall, Ripley, Derbyshire, DE5 3RS. It is also available on the Commissioner's website at [Police and Crime Plan | Office of the Derbyshire Police and Crime Commissioner \(derbyshire-pcc.gov.uk\)](https://www.derbyshire-pcc.gov.uk)

## Organisational Model

The Commissioner may choose to employ a Deputy and employs staff to assist them in discharging their core functions. Further details on the current Office structure for the Police and Crime Commissioner in Derbyshire are available on the Commissioner's website at: [Office Structure Chart | Office of the Derbyshire Police and Crime Commissioner \(derbyshire-pcc.gov.uk\)](https://www.derbyshire-pcc.gov.uk)

Policing in Derbyshire is divided into two geographic areas known as divisions. Each division is headed by a chief superintendent, known as the Divisional Commander, who is responsible for the overall policing of the area. Divisions are divided further into a series of Local Policing Units, led by an Inspector. Within each policing unit sit our Safer Neighbourhood Teams. Safer Neighbourhoods are about police and partners working with the public to identify and deal with issues of concern in their neighbourhood. These areas are patrolled by police officers, special constables and police community support officers (PCSOs). Local policing is complemented by a range of support units and departments that operate across the force area.

These include the Contact Management Centre that answers 999 and non-emergency telephone calls, our Roads Policing Section, Dog Section, National Police Air Service (NPAS), Criminal Justice, Crime Investigation and the Forensic Officers who work in our Scientific Support Unit.

Derbyshire Constabulary employs approximately 2,137 police officers, 199 PCSOs and 181 Specials/Volunteers and 1,665 staff in full-time and part-time positions. Active recruitment plans include positive action to improve the diversity and reflect more closely that of the County.

## **Basis for Preparation**

For accounting purposes, the Commissioner and Chief Constable together are known as the PCC Group. A separate set of statutory accounts has been published for the Chief Constable to recognise the financial transactions incurred during 2024/25 for the delivery of policing services by Derbyshire Constabulary.

The purpose of the Narrative Report is to outline the financial performance, financial position and cash flows of the Commissioner and PCC Group during 2024/25 and provide an overview of the most significant matters reported in the accounts.

The 2024/25 Statement of Accounts is prepared in accordance with the Chartered Institute of Public Finance and Accountancy's (CIPFA) Code of Practice on Local Authority Accounting 2024/25. The Accounts reflect the current legislative framework as well as the local arrangements operating in practice. Key elements of this framework include: -

- The Police Reform and Social Responsibility Act 2011 (the Act).
- Accounts and Audit (England and Wales) Regulations 2015 & Accounts and Audit (Amendment) Regulations 2022.
- The Home Office Financial Management Code of Practice for the Police Service of England and Wales 2018.
- Scheme of Consent between the Commissioner and Chief Constable.
- The Financial Handbook of the Commissioner and Chief Constable.

The Accounts reflect that the Commissioner has responsibility for the finances of the whole Group and control of all land and buildings, liabilities and reserves. The Commissioner receives all income and funding and makes all the payments for the Group from the Police Fund. In turn the Chief Constable fulfils their functions under the Act within an annual budget (set by the Commissioner in consultation with the Chief Constable). A scheme of consent is in operation between the two bodies to give clarity to the way the two organisations are governed and how business is undertaken.

## **Financial Statements**

The financial statements for the Commissioner and PCC Group required under the 2024/25 Code consist of: -

### ***Comprehensive Income and Expenditure Summary (CIES)***

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

### ***The Movement in Reserves Statement***

This Statement shows the movement in the year on the different reserves, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves, which have been set aside for specific purposes to meet known commitments. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The 'Net Increase/Decrease' line shows the statutory General Reserve Balance movements in the year following those adjustments.

### ***The Balance Sheet***

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities. The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (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 are not able to be used 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 hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

## **The Cash Flow Statement**

The Cash Flow Statement shows the changes in cash and cash equivalents during the reporting period. The statement shows how the cash and cash equivalents are generated and used 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 are funded by way of taxation and grant income or from the recipients of services provided. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to 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).

## **Accounting Policies**

Accounting policies are the specific principles, conventions, rules and practices that are applied in preparing and presenting the annual accounts. The accounting policies applied in preparing the 2024/25 annual accounts are consistent with last year.

## **Other Contents**

In addition to the financial statements, the annual accounts include: -

- A Statement of Responsibilities for the Accounts and information on the Police Officer Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities).
- An Annual Governance Statement (AGS) is included within this Statement of Accounts. The statement is a statutory document which explains the governance processes and procedures in place to enable Derbyshire Police to carry out its functions effectively.
- Notes to the Financial Statements provide more detail on individual transactions, including the Expenditure and Funding Analysis.

## **Audit Backlog**

Due to the extensive audit backlog nationally, which had built up over a number of years, central government initiated a hard "backstop" date for all outstanding audit opinions on the accounts across the public sector. On 9 September 2024, the Government laid in Parliament a Statutory Instrument, 'The Accounts and Audit (Amendment) Regulations 2024', to implement mandatory audit completion "backstop" dates by which point local bodies must publish audited accounts. The Government's approach to clear the backlog of local audits and embed timely audit consisted of two parts:

- Reset measures involving clearing the backlog of historical audit opinions up to and including financial year 2022/23 by 13 December 2024.
- A recovery period after the Reset Measures that was designed to reduce the likelihood of the backlog re-emerging by using backstop dates to allow assurance to be rebuilt over one or more audit cycles.

The overarching objective of the proposals was to clear the backlog and reduce the likelihood of it returning. As a result of this legislation the Financial Statements for 2021/22 and 2022/23 were given a 'Disclaimed Opinion' from the then incumbent External Auditors Ernest Young, as even though the information had been prepared and was available from the organisation the external auditors did not have the time or resources to complete the full audit process within the new mandatory timescales.

The External Audit contract from 2023/24 onwards was awarded to Grant Thornton, however the disclaimed opinions for the 2021/22 and 2022/23 Statements have increased the volume of work required in auditing subsequent financial statements to build back to a clean opinion. Unaudited Opening balances inevitably lead to a lack of assurance overall as the current auditors cannot review in detail previous years evidence which has meant that the new External Auditors could not conclude that the accounts were historically free from material and pervasive misstatement of the financial statements. Whilst the new auditors have been able to be positive about the in-year transactions and value for money position of the organisation, the historical disclaimed opinion has resulted in a disclaimed opinion being issued by Grant Thornton for the 2023/24 statement of accounts, similar to the majority of public sector bodies affected by the backlog.

The impact of the disclaimed opinion in previous years presents an ongoing risk in subsequent years for the annual accounts whilst appropriate assurance is developed for all brought forward balances within the statements. It is important to highlight that the disclaimed opinion does not mean that the Financial Statements are mis-stated; it is a reference to the lack of audit resources and auditor time available to reach a conclusion within the audit review period. The disclaimed opinion should not therefore be seen as a reflection on the quality of the financial statements or of our commitment to work with our external auditors in responding to information requests, it is an expected consequence of the initial Audit Backlog.

## Strategy and Resource Allocation

### Revenue Budget

The revenue budget for 2024/25 was set at £231.761 million, which was an increase of 5.6% over 2023/4. The funding for this budget came from a combination of central government grants (Police Specific Grant, Localising Council Tax Support Grant and Revenue Support Grant (RSG)) of £137.644m, and locally-raised Council Tax of £94.116m.

As a result of what is known as the 'gearing' effect (the ratio of government grants to overall funding), the impact of annual increases in grant on the overall budget can vary markedly between different forces. During the period 2014/15 to 2024/25 the Constabulary's revenue budget has increased by 40.7% from £164.7m to £231.8m. This equates to an average annual growth rate of 4.7%. In the same period, Government Grant increased by 20.2% (from £114.5m to £137.6m) with the difference being met by local Council Tax payers (£50.2m to £94.1m).

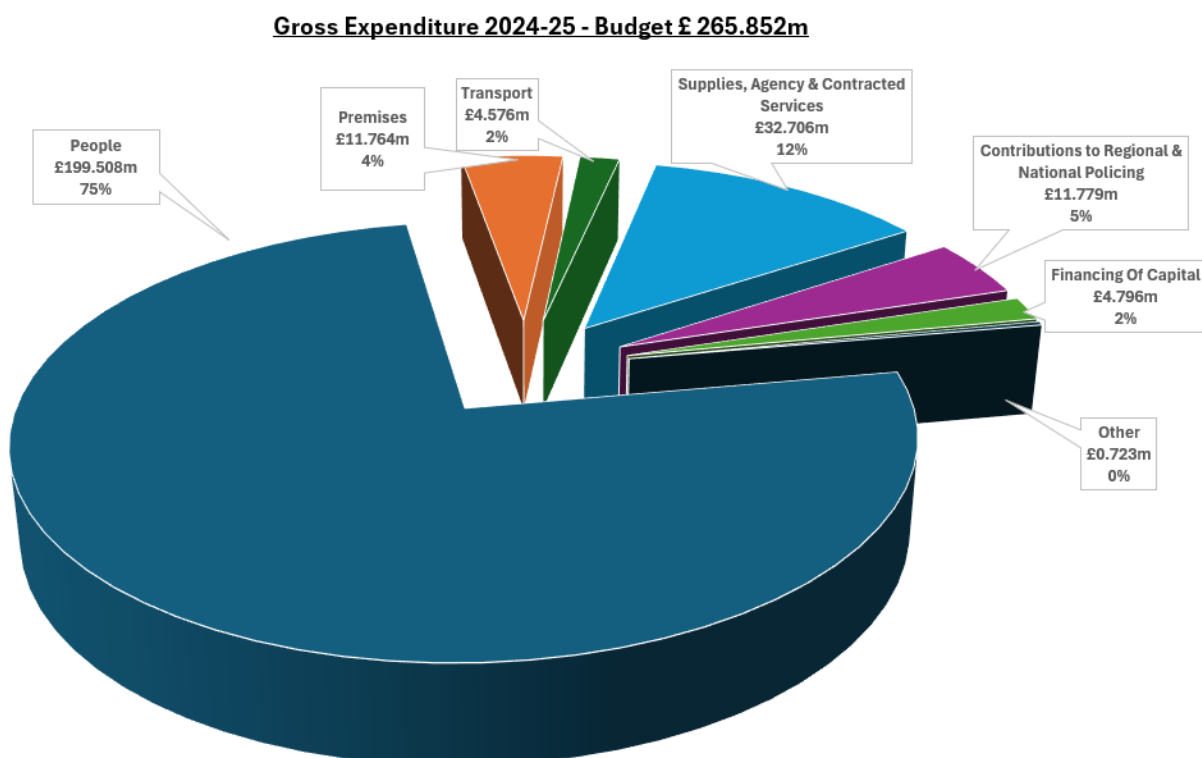
In addition to the £137.644m funding for the revenue budget, a grant of £28.923m was also received from the Home Office to cover the deficit on the police pension fund for the year.

The policing element of Council Tax for an average band D dwelling in Derbyshire was £279.60, an increase of £13 or 4.88% over 2023/24. This was the maximum increase the Commissioner could approve under the government's Precept Limitation regulations for 2024/25 without holding a local referendum.

The policing element of all Council Tax bandings in Derbyshire was as follows:-

Council Tax by Band	2023/24	2024/25
A	£ 177.73	£ 186.40
B	£ 207.36	£ 217.47
C	£ 236.98	£ 248.53
D	£ 266.60	£ 279.60
E	£ 325.84	£ 341.73
F	£ 385.09	£ 403.87
G	£ 444.33	£ 466.00
H	£ 553.20	£ 559.20

After taking into account all income sources, Derbyshire Police's gross expenditure budget was £265.852m which was allocated across major budget headings as follows: -



## Financial Performance Report

This section provides an introduction and a broad analysis of the Group's performance and position for 2024/25

### **Deficit on the Provision of Services**

The Comprehensive Income and Expenditure Statement for the year shows a deficit on the provision of services of **£39.626m**.

However, this outcome reflects the 'full accounting costs' attributable to the year as required by the Code of Practice on Local Authority Accounting. This includes a number of technical adjustments relating to pensions and capital charges which are reversed in the Movements in Reserve Statement to give a more realistic measure of performance in the year of the amount funded from local taxation.

### **Net Expenditure against Revenue Funding Income (2024/25 Revenue Budget) - Performance against budget**

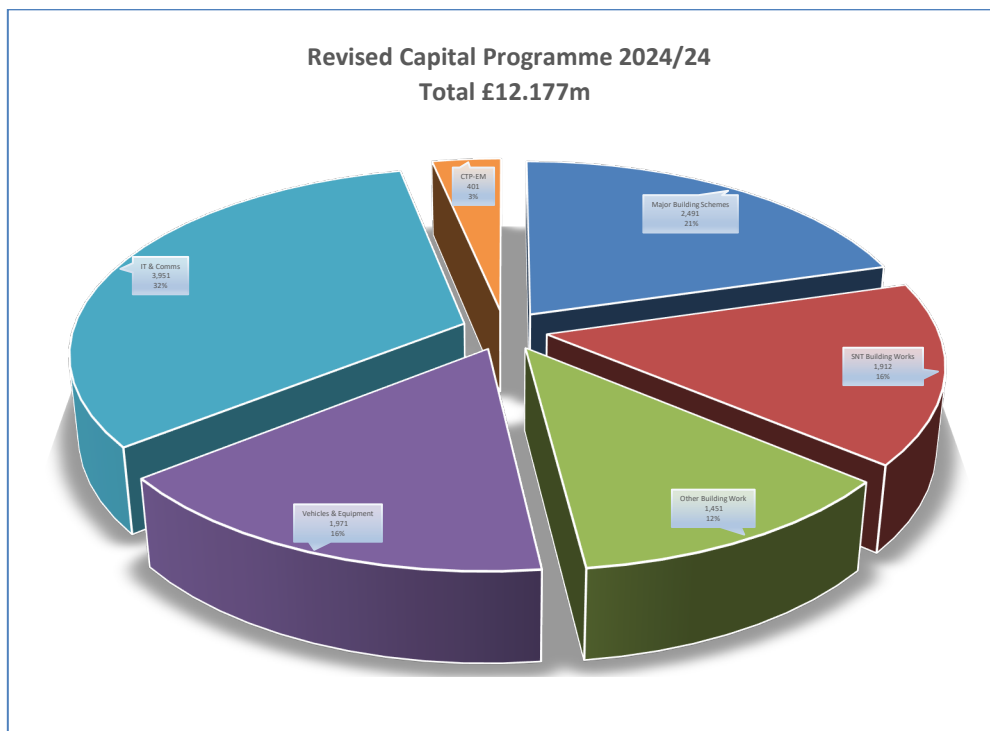
A more significant measure of financial performance in the year is the level of **Net Expenditure** incurred against the principal streams of revenue funding that make up the Group's Revenue Budget.

Net expenditure was incurred against the Revenue Budget for the Group of some **£233.653m**, which represented a **0.8%** overspending against budget. A more detailed breakdown of the outcome against the revenue budget for 2024/25 is available in the Chief Constable's Statement of Accounts. [Statement of Accounts | Office of the Derbyshire Police and Crime Commissioner \(derbyshire-pcc.gov.uk\)](#)

### **Capital Expenditure in 2024/25**

As well as revenue expenditure the Group incurs capital expenditure, which is expenditure on assets which have a life beyond one year, mainly building improvement works, IT and vehicles.

The Capital Programme for 2024/25 was originally set in March 2024 at £21.771m and as a consequence of scheme delays (including slippage) and other changes in the capital programme was later revised to £12.177m. The Revised Capital Programme was allocated as follows: -



Actual expenditure against the programme totalled £6.502m as the plans and timescales for the new North Chesterfield DHQ and Custody Scheme and some technology changes were delayed which reduced the spend for the year and created further slippage towards the end of 2024/25. The actual spend for 2024/25 was as follows: -

Capital Programme	£m
SNT Building Work	1.411
Major Building Schemes	2.412
Other Building Work	1.494
Equipment and Vehicles	1.089
IT and Communications	(0.421)
Counter Terrorism Police - EM	0.517
<b>Total</b>	<b>6.502</b>

This expenditure was funded by: Borrowing (£4.353m), External Grant and Contributions (£1.730m) and Revenue Contributions (£0.419m). There were no Capital Receipts.

In addition, Derbyshire's share of capital expenditure for the East Midlands Special Operations Unit (including East Midlands Technical Support Unit) and East Midlands Forensics was £0.837m, increasing total capital expenditure to £7.339m. This was funded entirely from Reserve/Revenue Contributions (£0.837m).

#### Main Capital Underspends Compared to Budget

**Major Building Schemes** – SNT building refurbishments / replacements continued and will complete fully in 2024/25 & 2025/26.

**Other Building Schemes** - This relates to various schemes including the scoping work for the North Custody Suite and the purchase and fit of a site at Denby along with a number of minor building schemes, including refurbishments of the Multi-Purpose Hall, Training School roof and Millfield House.

**Equipment and Vehicles** – Orders have been raised for vehicles and various equipment with the majority of goods being delivered in 2024/25.

**IS Schemes** – Major IS Schemes take more than one budget year to implement. The exit from the original provider for the Public Contact Improvement Programme (PCIP) Force Control Room Technology Solution resulted in a negative expense in year. The overall scheme remains ongoing and will take a number of years to complete.

#### **Treasury Management**

- Cash Flow Management - During 2024/25 the Group continued to be a net lender of funds, which means that it lent out more than it borrowed to manage its cashflow.
- Investment of Surplus Funds – Rates have started to fall in 2024/25. Surplus cashflow resulting from the slippage in the Capital Plan has been invested resulting in increased investment income.
- Borrowing for capital purposes – No additional borrowing was taken out during 2024/25.
- Prudential Indicators - In undertaking its treasury management functions during the year, the Group managed its activities within the prudential indicators and approved Treasury Management policy.

#### **Pensions**

Pension costs are accounted for in accordance with the accounting standard IAS 19. The objectives of IAS 19 are to ensure that the financial statements: -

- Reflect at fair value the assets and liabilities arising from an employer's retirement benefit obligations.
- Contain related funding and operating costs of providing retirement benefits to employees that are recognised in the accounting period in which the benefits are earned.
- Contain adequate disclosure of the cost of providing retirement benefits.

IAS 19 costs are not, however, chargeable to Council Tax, and the impact is reversed out by replacing the IAS 19 figures with the actual cash payments made to the Pension Fund. The actual payments are shown derived through the Statement of Movement on the General Reserve Balance. The Pensions Liability in the Balance Sheet reflects the underlying commitments that the Group has in the long-term to pay retirement benefits.

The impact of the net pension liability on overall reserves amounts to **£1,558m** in 2024/25 (2023/24 £1,723m). Detailed information on the performance of the Pension Fund is set out in the Core Financial Statements.

For 2024/25 the LGPS valuation has returned a net asset in respect of the funded obligations, this is primarily due to changes in the financial assumptions and an excess return on assets over and above the expected accounting return. The total investment return achieved by the Fund over the accounting period was £13.484m with an investment return of 3.7% compared to a gain in 2023/24 of £30.698m which led to a gain on the balance sheet.

In accordance, with proper accounting practice E7(IFRIC 14), as asset ceiling calculation has been undertaken which shows the net asset cannot be realised. As a result the net pension asset in the LGPS scheme is reduced by £91.382m leaving a residual liability of £1,558m, £0,194m relating to funded obligations and the remaining £1,364m to unfunded obligations.

## Non-Financial Performance

The Office of the Police and Crime Commissioner reviews Derbyshire Constabulary's performance through the statistics and reports published by national bodies such as Her Majesty's Inspectorate of Constabulary and Fire and Rescue Services (HMICFRS), the Office of National Statistics, the Ministry of Justice, and through Derbyshire Constabulary's own performance management and monitoring tools. Regular governance meetings are held with the Chief Officer Team to discuss performance and to ensure that any new patterns in crime and offending within the county are being addressed.

2024/25 saw a decrease in recorded crime of 5%, recording 84,822 crimes in total for the year, 4,372 fewer offences compared to the previous year. Outcomes for the same period have remained stable, and positive outcomes have increased and now stand at 17.9%.

Residential Burglary reduced by 22% compared with the previous year, whilst thefts from vehicles decreased by 8% and thefts of vehicles also decreased by 12%. Theft from person saw a decrease of 9% with personal robbery decreasing by 19% were as business robbery saw an increase of 44% (14 additional crimes compared with the previous 12 months). Both types of robbery occur in small numbers across Derbyshire with 46 business robberies and 518 personal robberies being recorded in the past 12 months. Shoplifting has increased by 5% in Derbyshire, although this is an increase, the increase has been gradually reducing since the last financial year.

Behavioural crimes saw a mixed picture, criminal damage decreased by 11%, stalking and harassment decreased by 5% and public disorder increased by 9%. Violence in general saw a 4% decrease, with violence without injury decreasing by 8% and violence with injury seeing a 1% increase. In general, sexual offences increased by 17%, with rape increasing by 4% and other sexual offences increase by 24%.

Domestic Abuse recorded crime, which is a subset of recorded crime as it sits across all crime types, totalled 16,525 crimes for the year, a decrease of 8%, with 1,343 fewer crimes. There were 16,589 Anti-social behaviour incidents in the last 12 months, this was a 11% decrease compared with the previous 12 months. In the last year, personal ASB incidents reduced the most, by 46%.

Safeguarding work has continued to progress. Domestic Abuse, Stalking, Harassment and Honour Based Violence Public Protection Notice's (DASH PPN's) have increased by 2% compared to the previous 12 months. High-Risk DASH cases increased by 34% due to increased training in this area of work. Child PPN's have also increased in the last 12 months by 8%. Vulnerable Adult PPN's saw a declining trend of 9%, compared to the previous 12 months. Whilst these areas may only factor in a small amount of the recorded crime figures, they account for a large amount of the complex demand on the force.

## Outlook for 2025/26

Derbyshire Constabulary in partnership with the Office of the Police and Crime Commissioner reviews and updates its key policy risks on an annual basis. This review is carried out with a wide range of community safety partners across the County. In turn this is used to guide the allocation of resources and match them against new and emerging risks.

The Police Finance Settlement announced on 17<sup>th</sup> December 2024 allocated funding to the Home Office for 2025/26, equivalent to a 2.7% decrease in real terms when compared with 2023/24. CSR Phase 2 will seek to fix departmental spending plans for the years ahead with budgets for 2026/27 and 2027/28 expected to be part of the CSR announcement. Within the December 2024 Settlement explicit budgetary commentary suggested the government grant for police forces would be increased to support delivery on manifesto promises relating to an additional 13,000 neighbourhood officers and police community support officers, a commitment to increase policing visibility, to improve public perceptions of the police, create safer streets for our communities and to reduce violence against women and girls. The government announced an additional £200m investment nationally for neighbourhood policing which translated to additional grant funding for Derbyshire of up to £2.8m to deliver an increase to the neighbourhood policing workforce.

Derbyshire was previously in receipt of several funding streams and the allocations of formula grant funding represented an increase in cash of £4.8m (3.7%) compared to 2024/25.

However, this included £1.0m of funding re-allocated from the existing Police Officer Uplift Grant. The net increase in Formula Grant was therefore only £3.8m (3.0%). The 2025/26 Settlement continues to include ringfenced Police Uplift

Grant of £5.0m, a reduction of £1.0m which has been transferred to Core Grant. The Uplift Grant requires a minimum officer establishment at 'Post Uplift' headcount of 2,137 officers for the Force. This ringfenced funding will be paid to PCCs if they have achieved their overall officer maintenance headcount but confirmation of 'check-in' dates and the consequences for not achieving headcount targets are yet to be confirmed.

The Police Funding Settlement also included £3.8 million of funds to compensate for the autumn budget changes to Employer National Insurance Contributions (NIC) which increased rates by 1.2 % to 15% and lowered the threshold to £5,000. The increase in overall Government Funding for Derbyshire is £9.7m (6.4%), which is lower than the national average, with £6.5m of this growth relating to the increase in the cost of the NICs and the additional costs for the Neighbourhood Policing Uplift. The real net increase in funding is therefore only £3.2m (2.1%) and there is no funding for the continued costs of the September 2024 pay award of 4.75% (most forces budgeted at 2.5%). Derbyshire's share of the grant to cover in-year difference equated to additional funding of £2.3m in 2024/25 and so the loss of grant for the full year equivalent costs for 2025/26 is estimated to be £3.968m. In real terms this means the funding settlement is a reduction of £0.7m for Derbyshire.

The settlement provided a total of up to £17.4 billion for policing in 2025/26, an increase of £0.9 billion when compared with the 2024/25 funding settlement.

The Settlement allocated a number of separate funding streams to forces, Derbyshire's share of each being as follows:

Funding Stream	2024/25 £m	2025/26 £m	Change £m	Change %
Home Office Police Grant	82.6	85.7	3.1	3.7%
EX- DCLG Formula Funding	46.3	48.0	1.7	3.7%
<b>Sub Total - Formula Grant</b>	<b>128.9</b>	<b>133.7</b>	<b>4.8</b>	<b>3.7%</b>
Council Tax Grants	8.7	8.7	0.0	0.0%
<b>Total - General Funding Grants</b>	<b>137.6</b>	<b>142.4</b>	<b>4.8</b>	<b>3.5%</b>
Pension Support Grant	5.9	5.6	-0.3	-5.1%
Officer Maintenance Grant (Ringfenced)	6.0	5.0	-1.0	-16.7%
Additional Recruitment Top Up Grant	1.3	1.4	0.1	7.7%
McCloud Grant	0.4	0.0	-0.4	-100.0%
<b>Sub Total - Other Grants</b>	<b>151.2</b>	<b>154.4</b>	<b>3.2</b>	<b>2.1%</b>
National Insurance Contributions Grant	-	3.8	3.8	100.0%
Neighbourhood Policing Grant (Ringfenced)	-	1.4	1.4	100.0%
<b>Total - All Police Grants</b>	<b>151.2</b>	<b>159.6</b>	<b>8.4</b>	<b>5.6%</b>
In Year Pay Award Grant Sept 24 (4.75% Sept 24)	2.3	0.0	-2.3	-100.0%
<b>Total - All Police Grants (Adjusted for Pay Award)</b>	<b>153.5</b>	<b>159.6</b>	<b>6.1</b>	<b>4.0%</b>

The above allocations of Formula Grant funding represent an increase in cash support of **£4.8m** (3.7%) compared to 2024/25. However, this includes **£1.0m** of funding re-allocated from the Police Officer Uplift Grant. The net increase in Formula Grant is therefore only **£3.8m** (3.0%).

The Settlement continues to include Ringfenced Police Uplift Grant to maintain overall officer establishment at 'Post Uplift' headcount of **2,137** officers. This includes the additional **27** officers recruited during 2023/24. For the purposes of administration of the ringfenced grant funding these additional officers will form part of maintenance headcount targets. The Police Uplift Grant is **£5.0m**, a reduction of **£1.0m** which has been transferred to Core Grant. This ringfenced funding will be paid to PCCs if they have achieved their overall officer maintenance headcount. Confirmation of 'check-in' dates and the loss of any funding for not achieving headcount targets is yet to be confirmed.

The Department for Levelling Up, Housing and Communities (DLUHC) issued a local government finance policy statement for 2025 to 2026 on 28th November 2024. This announced changes to Referendum Principles for most types of authority, including Police & Crime Commissioners. For 2025/26 only, the maximum permitted increase in Band D Council Tax for policing is £14 instead of £10.

Decisions on increases to the Police Precept need to take account of the views of residents and council taxpayers of Derbyshire as well as local and national policing priorities. The Police and Crime Commissioner ran an online public budget consultation which opened towards the end of November 2024 for five weeks, seeking the public's view on an increase to

the amount of council tax that local residents pay towards policing in Derbyshire. The consultation saw 2,265 Derbyshire residents participate. More than 180 responses were received from each local authority area. Results from council taxpayers who expressed an opinion showed that 75.4% supported an increase of £12 or more to the policing precept, with 68.5% supporting an increase of £15 or more. Support for an increase was consistent across all demographics monitored.

With a £14 Precept increase, total funding to the Constabulary was set at **£243.230m**.

It is acknowledged by the force that even with a maximum £14 Council Tax increase in 2025/26, a rigorous and structured process for identifying further savings will be required to enable balanced budgets to be set for 2025/26 to 2028/29. This will be addressed through a structured and risk-based Savings Plan, building upon the savings already achieved during 2023/24 and 2024/25. The Savings Plan will help to reduce overheads, deliver continuous improvements, and achieve both cashable and non-cashable savings to help towards achieving a balanced budget over the medium term.

Further information concerning the 2025/26 budget can be found on our website: [Budget and Precept Information | Office of the Derbyshire Police and Crime Commissioner \(derbyshire-pcc.gov.uk\)](https://www.derbyshire-pcc.gov.uk/budget-and-precept-information)

### Budget Reduction Measures

The force instigated an in-year savings programme during 2023 that successfully delivered over £0.728m of savings during 2023/24, with further continued savings of £1.046m being delivered in 2024/25, helping to reduce our budget requirement by over £1.774m. Forward budget projections within the MTFP continue to demonstrate the need for savings in future years and therefore the new Savings Programme established during 2024 is a structured and risk-based plan designed to reduce overheads, deliver continuous improvements, and achieve both cashable and non-cashable savings. The new Savings Plan has already proved its worth since it was initially implemented as the budget gap in 2025/26 was exacerbated through the challenging and difficult funding settlement announced which resulted in a significantly bigger budget deficit than predicted. This tested our scenario planning but the savings identified thus far in the current Savings Programme were able to be utilised to enable a balanced budget to be set for 2025/26.

The continued success of the savings plan will be critical to achieve a balanced budget beyond 2025/26 and the aim to achieve a balanced budget over the MTFP period requires further savings of over £10m over the next five years to help balance the budget gap and provide additional investment to fund new priorities and tackle new and emerging risks. The savings plan was recently subject to an internal audit review, which provided 'substantial assurance' that effective controls were in place to deliver the savings and that the risks associated with the plan were being appropriately managed.

Through these saving measures, the 2025/26 Budget requirement was agreed at **£243.439m**, resulting in an overall funding shortfall to be met from Reserves of **£0.209m**. **This gives a final net budget of £243.230m.**

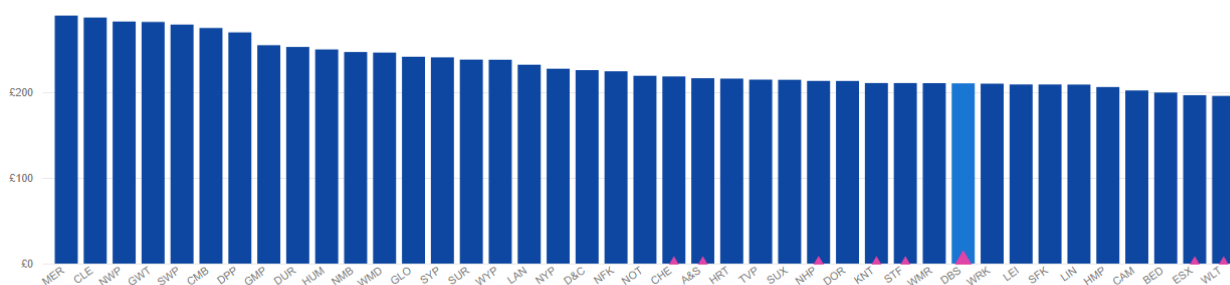
### Value for Money

The Constabulary continues to be one of the lowest spending forces per head of population in the country, in part due to savings secured through working nationally, regionally, and locally with our partners, helping to deliver value for money (VFM) to taxpayers through:

- Average council tax charges
- Lower than average net spend per head of population
- Lower than average reserves
- A strong track record of delivering savings
- Outcomes from officers, communities and technology investment.

The 2025 HMICFRS Value for Money profiles reports Derbyshire's position as 32<sup>nd</sup> in the table (excluding the Met & City of London Police) for net revenue expenditure per capita for 2024/25 at £210.43 per member of the population.

How does spending compare? (net revenue expenditure per capita) in the financial year ending 31st March 2025



Source: HMICFRS Value for Money Profiles 2025  
Collaboration

*(i) East Midlands Police*

The five police forces in the East Midlands region have been working together for over a decade in many different areas of operational and non-operational policing.

The five Forces are facing considerable new risks in respect of the changing nature of crime, the breadth of demand on policing services and for some the fact that significant financial challenges still remain. There is a strong belief in the East Midlands that collaboration is not only pragmatic but continues to demonstrate value for money, whilst enhancing the way the police service in the region does business.

Our regional collaboration is underpinned by 5 guiding principles:

- that local policing remains local
- any collaboration helps deliver more efficient and/or effective policing for Derbyshire
- all areas of business are considered
- decisions not to participate in a particular collaboration are reviewed regularly, as circumstances may change
- any cost and/or benefits are shared between participating Forces

Police collaboration in the East Midlands has a number of significant benefits to police officers, staff and residents right across the region:

- Greater resilience.
- Increased capability.
- Reduced bureaucracy.
- Reduced cost.

Derbyshire Police has always engaged actively in a range of collaborative initiatives. It has adopted a prudent approach to collaboration based on a set of collaboration principles agreed by the Police and Crime Commissioner and Chief Constable. This includes the two key principles that: -

1. Derbyshire Constabulary and the Commissioner will ensure we maximise local savings to address our immediate and future financial pressures. We are already very efficient and will focus greater efficiency on delivering savings at a local level prior to entering into collaborative ventures.
2. Any future collaboration will be tested against the priorities of the Constabulary and the objectives and manifesto pledges set by the Commissioner within their Police and Crime Plan. Any current and future collaborative models will be commensurate with risk and not expose Derbyshire to any greater risk or cost than a local solution.

An effective governance and performance framework exists to ensure that the collaborations continue to operate efficiently and effectively and continues to demonstrate value for money.

*(ii) Joint Venture and collaboration – Derbyshire Fire and Rescue Service*

Derbyshire Constabulary has embraced the benefits brought by closer collaboration with the Fire and Rescue Service. The Force has a joint headquarters building and training centre with Derbyshire Fire and Rescue Service. The sharing of estates with Derbyshire Fire and Rescue Service has saved significant costs in refurbishing or rebuilding existing police stations and is captured in the Asset Management Plan. There are four co-locations with further reviews in the future of other opportunities. It also increases the familiarity between emergency personnel, which helps them work better together when needed. Finally, co-location enables better information sharing, which improves the service to the local community.

The Force continues to work closely with the Fire and Rescue Service on procurement, transport and a number of specialist financial advisory services and they consider jointly seeking bids for all contracts where there are joint needs. These arrangements include alignment of waste management, shared photocopying arrangements, joint procurement of a new transport system, Travel and Accommodation system, banking arrangements, insurance arrangements, tax advice, employee reward system, asset management system, electrical works and energy contracts. Further opportunities will continue to be exploited for the benefit of both organisations.



**Andrew Dale**  
**Chief Operating Officer & s151 Officer**  
**23rd February 2026**

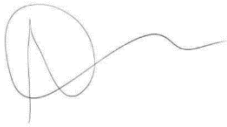
## STATEMENT OF RESPONSIBILITIES FOR THE ACCOUNTS

### The Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required: -

- to make arrangements for the proper administration of the Office of the Police and Crime Commissioner's financial affairs and to secure that one of its officers (Chief Operating Officer & s151 Officer) has the responsibility for the administration of these affairs;
- to manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- to approve the statement of accounts

I approve these Statements of Accounts



Signed  
**Nicolle Ndiweni**  
**Police and Crime Commissioner**  
Date: 23rd February 2026

### The Chief Operating Officer & s151 Officer's Responsibilities

The Chief Operating Officer & s151 Officer is responsible for the preparation of the Statement of Accounts for the Office of the Police and Crime Commissioner (and therefore the Group) in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ("the Code").

In preparing this Statement of Accounts the Chief Operating Officer & s151 Officer has: -

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that are reasonable and prudent including assessments of going concern; and
- complied with the local authority code.

The Chief Operating Officer & s151 Officer has also: -

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

### CHIEF OPERATING OFFICER & s151 OFFICER'S CERTIFICATE

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Office of the Police and Crime Commissioner for Derbyshire and the Office of the Police and Crime Commissioner Group as at the 31 March 2025 and of its income and expenditure for the year ended the 31 March 2025.



Signed  
**Andrew Dale FCCA**  
**Chief Operating Officer & s151 Officer**  
Date: 23rd February 2026

# Independent auditor's report to the Police and Crime Commissioner for Derbyshire

## Report on the audit of the financial statements

### Disclaimer of opinion

We were engaged to audit the financial statements of the Police and Crime Commissioner for Derbyshire (the 'Police and Crime Commissioner') and its subsidiary the Chief Constable (the 'group') for the year ended 31 March 2025, which comprise the group's and Police and Crime Commissioner's Comprehensive Income and Expenditure Statements, the group's and Police and Crime Commissioner's Balance Sheets, the group's and Police and Crime Commissioner's Movement in Reserves Statements, the group's and Police and Crime Commissioner's Cash Flow Statements and notes to the financial statements, including material accounting policy information, and include the police pension fund financial statements comprising the Fund Account, Net Assets Statement and notes to the pension fund accounts. 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.

We do not express an opinion on the accompanying financial statements of the Police and Crime Commissioner or the group. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements

### Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the 'Regulations') require the Police and Crime Commissioner to publish audited financial statements for the year ended 31 March 2025 by 27 February 2026 (the 'backstop date'). The backstop date has been put in law with the purpose of clearing the backlog of historical financial statements.

On 27 February 2025, we issued a disclaimer of opinion on the Police and Crime Commissioner's and the group's financial statements for the year ended 31 March 2024. We were not able to obtain sufficient appropriate audit evidence by 28 February 2025, the previous backstop date, that the financial statements were free from material misstatement. We were therefore unable to obtain sufficient appropriate audit evidence over the corresponding figures or whether there was any consequential effect on the Police and Crime Commissioner's and the group's Comprehensive Income and Expenditure Statements for the year ended 31 March 2025 for the same reason.

As a result of the limitations imposed by the backstop date, we have been unable to obtain sufficient appropriate audit evidence over the Police and Crime Commissioner's and the group's opening balances reported in the financial statements for the year ended 31 March 2025. Consequently, we have been unable to satisfy ourselves over the in-year movements in the Local Government Pension Scheme (LGPS) pension net liability, the Police Pension Scheme liability and property, plant and equipment. This has also resulted in uncertainty over the Police and Crime Commissioner's and the group's closing balances of property, plant and equipment of £48.875 million and £67.729 million respectively as at 31 March 2025. Similarly, we have not been able to obtain assurance over the Police and Crime Commissioner's and the group's closing reserves balances of £39.554 million and £1,499.854 million respectively as at 31 March 2025, also due to the uncertainty over their opening amount.

There remains uncertainty regarding the allocation of the LGPS pension net liability at 31 March 2025 between the Police and Crime Commissioner and the Chief Constable. This uncertainty does not relate to the Police Pension Scheme and affects reserves and pension liabilities at the Police and Crime Commissioner.

In addition, our audit identified significant control deficiencies in the Police and Crime Commissioner's financial accounting and record keeping. The Police and Crime Commissioner was not able to provide sufficient appropriate audit evidence to support the closing balances of property, plant and equipment and associated disclosures reported in the financial statements as at 31 March 2025.

We have concluded that the possible effect of these matters on the financial statements could be both material and pervasive. We have therefore issued a disclaimer of opinion on the financial statements. This enables the Police and Crime Commissioner to comply with the requirement of the Regulations to publish the financial statements for the year ended 31 March 2025 by the backstop date.

### **Other information we are required to report on by exception under the Code of Audit Practice**

Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to consider whether the Annual Governance Statement does not comply with the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, or is misleading or inconsistent with the information of which we are aware from our audit. We are not required to consider whether the Annual Governance Statement addresses all risks and controls or that risks are satisfactorily addressed by internal controls.

### **Opinion on other matters required by the Code of Audit Practice**

The Chief Operating Officer & s151 Officer is responsible for the other information. The other information comprises the information included in the Statement of Accounts, other than the Police and Crime Commissioner's and group's financial statements and our auditor's report thereon. Because of the significance of the matters described in the basis for disclaimer of opinion section of our report, we have been unable to form an opinion, whether based on the work undertaken in the course of the audit of the financial statements and our knowledge of the Police and Crime Commissioner gained through our work in relation to the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources, whether the other information published together with the financial statements in the Statement of Accounts for the financial year for which the financial statements are prepared is consistent with the financial statements.

### **Matters on which we are required to report by exception**

Under the Code of Audit Practice, we are required to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make a written recommendation to the Police and Crime Commissioner under section 24 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or;
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 in the course of, or at the conclusion of the audit; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014, in the course of, or at the conclusion of the audit.

We have nothing to report in respect of the above matters.

### **Responsibilities of the Police and Crime Commissioner and the Chief Operating Officer & s151 Officer**

As explained more fully in the Statement of Responsibilities for the Accounts, the Police and Crime Commissioner is required to make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Operating Officer & s151 Officer. The Chief Operating Officer & s151 Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25, for being satisfied that they give a true and fair view, and for such internal control as the Chief Operating Officer & s151 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 Operating Officer & s151 Officer is responsible for assessing the Police and Crime Commissioner's and the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have been informed by the relevant national body of the intention to dissolve the Police and Crime Commissioner and the group without the transfer of its services to another public sector entity.

### **Auditor's responsibilities for the audit of the financial statements**

Our responsibility is to conduct an audit of the Police and Crime Commissioner's and the group's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matters described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on those financial statements.

We are independent of the Police and Crime Commissioner and the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

### **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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatements in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (UK).

The audit was defective in its ability to detect irregularities, including fraud, on the basis that we were unable to obtain sufficient appropriate audit evidence due to the matters described in the basis for disclaimer of opinion section of our report.

## **Report on other legal and regulatory requirements – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

### **Matter on which we are required to report by exception – the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources**

Under the Code of Audit Practice, we are required to report to you if, in our opinion, we have not been able to satisfy ourselves that the Police and Crime Commissioner 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 respect of the above matter.

### **Responsibilities of the Police and Crime Commissioner**

The Police and Crime Commissioner is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

### **Auditor's responsibilities for the review of the Police and Crime Commissioner's arrangements for securing 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 to be satisfied that the Police and Crime Commissioner has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are not required to consider, nor have we considered, whether all aspects of the Police and Crime Commissioner's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

We have undertaken our review in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024. This guidance sets out the arrangements that fall within the scope of 'proper arrangements'. When reporting on these arrangements, the Code of Audit Practice requires auditors to structure their commentary on arrangements under three specified reporting criteria:

- Financial sustainability: how the Police and Crime Commissioner plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the Police and Crime Commissioner ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the Police and Crime Commissioner uses information about its costs and performance to improve the way it manages and delivers its services.

We document our understanding of the arrangements the Police and Crime Commissioner has in place for each of these three specified reporting criteria, gathering sufficient evidence to support our risk assessment and commentary in our Auditor's Annual Report. In undertaking our work, we consider whether there is evidence to suggest that there are significant weaknesses in arrangements.

## **Report on other legal and regulatory requirements – Delay in certification of completion of the audit**

We cannot formally conclude the audit and issue an audit certificate for the Police and Crime Commissioner for Derbyshire for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the Code of Audit Practice until we have received confirmation from the National Audit Office that the audit of the Whole of Government Accounts is complete for the year ended 31 March 2025. We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

### **Use of our report**

This report is made solely to the Police and Crime Commissioner, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and as set out in paragraph 85 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. Our audit work has been undertaken so that we might state to the Police and Crime Commissioner those matters we are required to state to the Police and Crime Commissioner in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Police and Crime Commissioner as a body, for our audit work, for this report, or for the opinions we have formed.

## ***Richard J J Anderson***

Richard Anderson, Key Audit Partner

for and on behalf of Grant Thornton UK LLP, Local Auditor

**Birmingham**

**25 February 2026**

# POLICE AND CRIME COMMISSIONER AND GROUP STATEMENT OF ACCOUNTING POLICIES

## Accounting Policies

### General Principles

These financial statements have been prepared in accordance with the Code of Practice (the Code) on Local Authority Accounting in the United Kingdom issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Accounts and Audit Regulations 2015. The accounting policies contained in the Code apply International Financial Reporting Standards (IFRS) as adapted for the public sector by the International Public Sector Accounting Standards (IPSAS).

The accounts have been prepared on a going concern basis using a historic cost convention, modified to account for the revaluation of certain categories of tangible fixed assets and financial liabilities.

The concept of a going concern assumes that the functions of the Constabulary will continue in operational existence for the foreseeable future. The provisions in the Code (Code of Practice on Local Authority Accounting in the United Kingdom 2024/25) in respect of going concern reporting requirements reflect the economic and statutory environment in which policing services operate. These provisions confirm that, as policing services cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.

Policing services 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 police authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the functions 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 to be provided on anything other than a going concern basis.

The accounts are therefore prepared on a going concern basis, on the assumption that the functions of the PCC and Chief Constable will continue in operational existence for the foreseeable future from the date that the accounts are authorised for issue.

The figures in these accounts are rounded appropriately and this may cause apparent minor arithmetical errors.

### Consolidation

With the introduction of the Police Reform and Social Responsibility Act 2011 on 22 November 2012 two 'corporation sole' bodies, the Police and Crime Commissioner for Derbyshire and the Chief Constable for Derbyshire were formed. Both bodies are required to prepare separate Statements of Accounts.

The Financial Statements included here represent the accounts for the Commissioner and also those for the Group. The financial statements cover the 12 months to 31 March 2025. The term 'Group' is used to indicate individual transactions and policies of the Commissioner and Chief Constable for the year ended 31 March 2025. The identification of the Commissioner as the holding organisation and the requirement to produce group accounts stems from the powers and responsibilities of the Commissioner under the Police Reform and Social Responsibility Act 2011.

The principal accounting policies adopted are set out below: -

### Income and Expenditure Recognition

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

- Revenue from the sale of goods/provision of services is recognised when the Group transfers significant risks and rewards of ownership to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Group. Whilst all income is received by the Group and all expenditure is paid for by the Group including the pay costs of police officers and staff, the actual recognition in the respective Commissioner and Chief Constable Accounts is based on economic benefit.
- Supplies are recorded as expenditure when they are consumed.
- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the accounts. Where there is evidence that the Group may not be able to collect all amounts due to it, a provision for bad debts is established. The provision made is the difference between the current carrying value of the debt and the amount likely to be collected. These amounts are set on an individual debtor basis. The provision for bad debts is recognised as a charge to the Comprehensive Income and Expenditure Statement for the income that might not be collected.

## Accounting for Local Taxes

The collection of council tax is, in substance, an agency arrangement with the Derbyshire District and Derby City Authorities (billing authorities) collecting council tax on behalf of the Commissioner (the Police Precept). Precept income is fixed for the year and not subject to revision.

The council tax income is included in the Comprehensive Income and Expenditure Statement on an accruals basis and includes the precept for the year plus a share of Collection Fund surpluses and deficits from the billing authorities.

The difference between the income reported in the Comprehensive Income and Expenditure Statement and the amount required by regulation to be credited to the General Reserve shall be taken to the Collection Fund Adjustment Account through the Movement in Reserves Statement.

The year-end Balance Sheet includes the share of year end debtors (arrears and collection fund surpluses) and creditors (prepayments, overpayments and collection fund deficits) attributable to the Group.

## Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment or other purposes. The following have been classed as cash and cash equivalents:

- Cash on hand.
- Cash in bank (Current Account, Call Account and Business Premium Account).
- Temporary investments with instant access and no penalties.

## Exceptional Items

When items of income and expense are material, their nature and amount is disclosed separately, either on the face of the Comprehensive Income and Expenditure Statement or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

## Prior Period Adjustments, Changes in Accounting Policies and 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 Group's 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.

## Employee Benefits

The Accounts are prepared in accordance with IAS19 *Employee Benefits*. This is a complex accounting standard but it is based on a simple principle that:

"An organisation should account for employment and post-employment benefits when employees earn them and the authority is committed to give them, even if the actual giving will be many years into the future".

IAS 19 applies to all types of employee benefits paid including benefits payable during employment, termination benefits and post-employment benefits.

## Benefits Payable During Employment

Short-term employee benefits are those due to be settled within 12 months of the year end. They include such benefits as salaries, paid annual leave and paid sick leave, expenses, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year end which employees can carry forward into the next financial year. The accrual is charged to Comprehensive Income and Expenditure Statement (as a surplus/deficit on Provision of Services), but then reversed out through the Movement in Reserves Statement to the Short Term Accumulating Compensated Absences Account so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs but have no impact on the level of council tax.

## Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy and are charged on an accruals basis to the Comprehensive Income and Expenditure Statement when the Group is demonstrably committed to

the termination of the employment of an employee or group of employees 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.

#### **Post-employment Benefits (Pensions)**

The main effect of IAS19 in relation to post-employment benefits is the recognition of the net liability in the Balance Sheet (offset by an unusable Pension Reserve) for benefits earned but not yet paid, and entries in the Comprehensive Income and Expenditure Statement for in-year movements in the liability. Reconciling entries in the Movement in Reserves Statement bring back the cost of pensions to the amount chargeable to the General Fund for the purposes of grant and local taxation.

IAS19 relies on the recognition of pension's liabilities (being the retirement benefits promised measured on an actuarial basis) and assets (being the Group's share of investments (if any)).

The Group participates in two different pension schemes both of which are "defined benefit schemes" as they are both based on employees earning benefits from years of service;

#### **a) Police Officers**

This scheme is unfunded. This means it provides pensions and other retirement benefits for police officers based on pensionable salaries but there are no investment assets built up to meet the pensions liabilities.

The funding arrangements for the police officers pension scheme changed on 1 April 2006. Before April 2006 each Police Authority was responsible for paying the pensions of its former officers on a "pay as you go" basis. From April 2006 there is now an employer's contribution instead (currently the equivalent of 31% of pensionable salary) which is charged to the Comprehensive Income and Expenditure Statement.

The Group is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation. Officer's contributions and the employer's contribution are paid into the pension's account from which pension payments are then made. The account is topped up as necessary by a grant from the Home Office if the contributions are insufficient to meet the cost of pension's payments. Any surplus is recouped by the Home Office. Injury awards and the capital costs associated with ill health retirements are paid from the Group's Comprehensive Income and Expenditure Statement.

The pension fund account does not take account of the obligation to pay pensions and benefits which fall due after the end of the financial year.

#### **b) Police Staff and PCSO's**

Police staff and PCSO's, subject to certain qualifying criteria, are eligible to join the Local Government Pension Scheme administered by Derbyshire County Council. It is a defined benefit occupational pension scheme. Pensions and other retirement benefits earned prior to 1 April 2014 are based on final salaries, benefits earned after that date are calculated on earnings accrued in a scheme year. Employers and employees make regular contributions into the fund, which are invested in various types of assets, so that the liabilities are paid for evenly over the employment period. Actuarial valuations of the fund are undertaken every three years to determine the contributions rates needed to meet its liabilities.

For both schemes the liabilities are included in the Balance Sheet on an actuarial basis using the projected unit method (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. The discount rate used is based on the 'current rate of return on a high-quality corporate bond of equivalent currency and term to the scheme liabilities', which is often referred to as AA Corporate Bond Rate.

Assets in the Local Government Pension scheme are included in the net pension liability in the Balance Sheet at their fair value: -

- Quoted and Unquoted Securities – Current Bid Price.
- Unquoted Securities – Professional Estimate.
- Property – Market Value.

The changes in the net pensions' liability are analysed into the following components:

Service cost comprising:

- Current service cost – the increase in liabilities as a result of one additional year of service earned this year – allocated to the Comprehensive Income and Expenditure Statement.

- Past service cost – the increase in liabilities as a result of scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of non-distributed costs.
- Net interest expense – the change during the period in the net defined liability (asset) arising from the passage of time charged to Financing & Investment Income & Expenditure line, taking into account changes in net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

Remeasurements comprising:

- Return on plan assets – excluding amounts included above in net interest, charged to Pensions Reserve as Other Comprehensive Income & Expenditure.
- 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 as Other Comprehensive Income & Expenditure.
- Contributions paid to the pension fund.

### **Discretionary Benefits**

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award.

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

These are events that occur between the end of the reporting period and the date when the financial statements are authorised for issue. The Group will report these in the following way if it is determined that the event has had a material effect on the Group's financial position: -

- Events which provide evidence of conditions that existed at the end of the reporting period will be adjusted and included within the figures in the accounts.
- Events that are indicative of conditions that arose after the reporting will be reported in the narrative notes to the accounts.

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

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

Some of the non-financial assets, such as surplus assets and assets held for sale are measured at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: -

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

The Group 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 interest.

When measuring the fair value of a non-financial asset, the 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 is taken into account.

Valuation techniques used are those appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows: -

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

### **Financial Instruments - Liabilities and Assets**

**Financial liabilities** are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the

instrument. For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest) and interest charged to the Comprehensive Income and Expenditure Statement is the amount payable for the year in the loan agreement.

The Group has not undertaken any repurchasing or early settlement of borrowing.

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through comprehensive income (FVOCI)

The Group's business model is to hold investments to collect contractual cash flows. Financial assets are therefore measured at amortised cost.

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

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the Comprehensive Income and Expenditure Statement is the amount receivable for the year in the loan agreement.

#### **Expected Credit Loss**

The Group will recognise material expected credit losses on all of its financial assets held at amortised cost, either 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. The material value for the Investment portfolio is £10,000.

#### **Foreign Currency Translation**

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted into sterling at the exchange rate applicable on the date the transaction was effective.

#### **Government Grants & Contributions**

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

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

Amounts recognised as due to the Group are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution has been satisfied. Conditions are stipulations that specify that the future economic benefit 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 Net Cost of Services (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non ring-fenced grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

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

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

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

#### Recognition and Measurement

Expenditure on the acquisition, creation or enhancement of assets is capitalised on an accrual's basis, provided that it yields benefits to the Group and the services it provides for more than one financial year and that the cost of the item can be measured reliably.

The Group has the following de-minimis limits for capitalisation whereby items above these amounts must be capitalised:

- Land and Buildings £10,000
- IT and other Equipment £10,000 (an exception is when certain items which are individually below the de-minimis, but aggregated exceed the limit eg IT hardware)
- Vehicles Nil

Assets are initially measured at cost, comprising the purchase price and any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Assets are then carried in the Balance Sheet using the following measurement bases:

- Land, property and other operational assets are included in the Balance Sheet at fair value (existing use value). Operational assets can either be specialised or non-specialised. Specialised Assets, where there is no market-based evidence of current value because of their specialist nature, are valued at Depreciated Replacement Cost (DRC) as an estimate for fair value.
- Surplus assets are included at the current value measurement base (fair value), estimated at highest and best use from a market participant's perspective.
- Assets under construction are held in the Balance Sheet at historical cost until completed, whereupon they will be valued and included in the Balance Sheet as operational assets.

Where non-property assets have short useful lives or low values (or both), depreciated historical cost basis is used as a proxy for fair value e.g. Vehicles, IT and Communications equipment and other equipment.

#### Revaluation

Assets included in the Balance Sheet at fair value, are revalued sufficiently regularly to ensure that the carrying amount is not materially different from their fair value but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Occasionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the account.

Where decreases in value are identified, they are accounted for by: -

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

#### Impairments

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall. Where impairment losses are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

#### Depreciation

Depreciation is provided on a straight-line basis for all Property, Plant, Vehicles and Equipment assets by the systematic allocation of their depreciable amounts over their useful lives, as advised by a suitably qualified advisor. An exception is made for assets without a determinable finite useful life (i.e. freehold land) and assets that are not yet available for use (i.e. Assets Under Construction).

Vehicles	Over the life of the asset (3-10 years)
Equipment/furniture	Over the life of the asset (3-20 years)
IT/Communications Equipment	Over the life of the asset (3-10 years) - majority of assets are 5 years
All Buildings	Over the life of the asset (10-50 years)

Component Accounting – 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. The component is judged to be significant where the replacement value is above £0.5m or 25% of the asset.

It is the Group's policy not to charge depreciation in the year of acquisition but a full year's charge is made in the year of disposal. Depreciation is charged to the Comprehensive Income and Expenditure Statement and is reversed out through the Movement in Reserves Statement.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

#### Disposals and Assets held for sale

When a non-current asset is planned to be disposed of, it is reclassified as an Asset held for sale. To be reclassified it must meet the following criteria: -

- The asset must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets.
- The sale must be highly probable (with management commitment to sell and active marketing of the asset initiated).
- It must be actively marketed for a 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.

The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses in the Comprehensive Income and Expenditure Statement.

Depreciation is not charged on Assets Held for Sale.

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

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. The balance of receipts is required to be credited to the Capital Receipts Reserve and can then only be used to finance new capital investment or set aside to reduce the Group's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Reserve Balance in the Movement in Reserves Statement.

The written off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Reserve Balance in the Movement in Reserves Statement.

#### **Non-Current Assets - Intangible Assets**

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

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to provide information on policing matters.

Intangible assets are measured at cost. Amounts are only revalued where the fair value of the assets held by the Group can be determined by reference to an active market. In practice, no intangible asset held by the Group meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised to the Comprehensive Income and Expenditure Statement over its useful life. Amortisation, as with depreciation, commences in the financial year following that in which they are received. Amortisation is not permitted to have any impact on the General Reserve Balance; it is therefore reversed through the Movement in Reserves Statement and posted to the Capital Adjustment Account.

## Charges to Revenue for Non-Current Assets

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

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

The Group is not required to raise council tax to cover depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual provision from revenue to contribute towards the reduction in its overall borrowing requirement (Minimum Revenue Provision (MRP)). An annual statement for the policy on making MRP is required in accordance with statutory guidance; this should be calculated on a prudent basis. The policy for Derbyshire is: -

- For Supported Capital Expenditure, the MRP Policy will be based on the remaining life of the Capital Financing Requirement (CFR) using the annuity method (PWLB annuity rates)
- For unsupported borrowing the MRP policy will be based on the estimated life of the assets using the annuity method (PWLB annuity rates)
- For PFI contracts that are deemed to be on Balance Sheet, the MRP will be based on the estimated life of the PFI assets using the annuity method (PWLB annuity rates)
- For leases the MRP requirement would be regarded as met by a charge equal to the element of the charge that goes to write down the Balance Sheet liability.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by revenue provision in the Movement in Reserves Statement, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

## Revenue Expenditure Funded from Capital under Statute

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

## Leases

A lease is a contract or part of a contract that conveys the right to use an asset for a period of time in exchange for consideration. An adaptation of the relevant accounting standard by HM Treasury for the public sector means that this includes lease-like arrangements with other public sector entities that do not take the legal form of a contract. It also includes peppercorn leases where consideration paid is nil or nominal (significantly below market value) but in all other respects meet the definition of a lease.

The term of the lease is determined using the lease term with reference to the non-cancellable period and any options to extend or terminate the lease which is reasonably certain to be exercised.

### The Group as a lessee

#### Recognition and initial measurement

At the commencement date of the lease, being when the asset is made available for use, we recognise a right of use asset and a lease liability. The right of use asset is recognised at cost comprising the lease liability, any lease payments made before or at commencement, any direct costs incurred by the lessee, less any cash lease incentives received. It also includes any estimate of costs to be incurred restoring the site or underlying asset on completion of the lease term (dilapidations). The lease liability is initially measured at the present value of future lease payments discounted at the interest rate implicit in the lease. Lease payments include fixed lease payments, variable lease payments dependent on an index or rate and amounts payable under residual value guarantees. It also includes amounts payable for purchase options and termination penalties where these options are reasonably certain to be exercised. Where an implicit rate cannot be readily determined, the PWLB annuity rate is applied that relates to the length of the lease term. We do not apply the above recognition requirements to leases with a term of 12 months or less or to leases where the value of the underlying asset is below £10,000, excluding any irrecoverable VAT. Lease payments associated with these leases are expensed on a straight-line basis over the lease term or other systematic basis. Irrecoverable VAT on lease payments is expensed as it falls due.

#### Subsequent measurement

As required by a HM Treasury interpretation of the accounting standard for the public sector, we employ a revaluation model for subsequent measurement of right of use assets, unless the cost model is considered to be an appropriate proxy for current value in existing use or fair value, in line with the accounting policy for owned assets. Where consideration exchanged is identified as significantly below market value, the cost model is not considered to be an appropriate proxy

for the value of the right of use asset. Where land and buildings assets are revalued, current values in existing use are determined as follows:

- Land and non-specialised buildings – market value for existing use
- Specialised buildings – depreciated replacement cost

Leased plant and machinery and furniture and fittings are shorter-term leases and so the cost model is applied, and these are measured at depreciated at historic cost. We subsequently measure the lease liability by increasing the carrying amount for interest arising which is also charged to expenditure as a finance cost and reducing the carrying amount for lease payments made. The liability is also remeasured for changes in assessments impacting the lease term, lease modifications or to reflect actual changes in lease payments. Such remeasurements are also reflected in the cost of the right of use asset. Where there is a change in the lease term or option to purchase the underlying asset, an updated discount rate is applied to the remaining lease payments. Dismantling, removal and restoration costs will not apply to all leases. If a lease has 30 years or more to run, we will not be including these costs. For leases where they are relevant, they will not necessarily be specified in the lease but can be implicit. Relevant leases will be categorised, the costs will be calculated using a blended rate and floor area. For more specific complexities a bespoke approach will be applied.

#### Depreciation

The depreciation of right of use assets is based on the lesser of the lease term and the useful life of the asset, unless we expect to acquire the asset at the end of the lease term in which case the assets are depreciated in the same manner as owned assets in line with IFRS 16 Leases.

#### Revaluation gains/losses

Revaluation gains are recognised in the revaluation reserve, except where, and to the extent that, they reverse a revaluation decrease that has previously been recognised in operating expenses, in which case they are recognised in operating expenditure. Revaluation losses are charged to the revaluation reserve to the extent that there is an available balance for the asset concerned and thereafter are charged to operating expenses. Gains and losses recognised in the revaluation reserve are reported in the Statement of Comprehensive Income as an item of 'other comprehensive income'.

#### Impairments

Impairments that arise from a clear consumption of economic benefits or of service potential in the asset are charged to operating expenses. A compensating transfer is made from the revaluation reserve to the income and expenditure reserve of an amount equal to the lower of the impairment charged to operating expenses and the balance in the revaluation reserve attributable to that asset before the impairment. An impairment that arises from a clear consumption of economic benefit or of service potential is reversed when, and to the extent that, the circumstances that gave rise to the loss is reversed. Reversals are recognised in operating expenditure to the extent that the asset is restored to the carrying amount it would have had if the impairment had never been recognised. Any remaining reversal is recognised in the revaluation reserve. Where, at the time of the original impairment, a transfer was made from the revaluation reserve to the income and expenditure reserve, an amount is transferred back to the revaluation reserve when the impairment reversal is recognised. Other impairments are treated as revaluation losses. Reversals of 'other impairments' are treated as revaluation gains.

### **The Group as a lessor**

We assess each of our leases and classify them as either a finance lease or an operating lease. Leases are classified as finance leases when substantially all the risks and rewards of ownership are transferred to the lessee. All other leases are classified as operating leases.

#### Finance leases

Where an asset is identified as a finance lease, and where the Group is the lessor, it will be written out of the Balance Sheet as a disposal. The carrying amount is written off to Other Operating Expenditure as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line, matched by a lease (long-term debtor) asset in the Balance Sheet. The lease rentals received write-down the lease debtor and the finance income is credited to the Financing & Investment Income & Expenditure line.

Rental income from finance leases entered into after the 1 April 2010 should be treated as a capital receipt.

#### Operating leases

An asset identified as an operating lease, and where the Group is the lessor, shall be retained in the Balance Sheet. Rental income is credited to the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the term of the lease.

### **Private Finance Initiative (PFI) and Similar Contracts**

The Group entered into two PFI arrangements, Ilkeston Police Station and St Mary's Wharf DHQ at Derby. The first affected the accounts from 1998/99, the second from 2000/01. Both had a continuing commitment by the Group for 30 years. In November 2023 the Group exited the Ilkeston contract early, securing the building as a long-term asset and removing risk around both the uncertainty of long-term costs as well as any risk in terms of the effect of the loss of this site to policing.

PFI contracts are agreements to receive services, where the responsibility for making available the non-current assets needed to provide the services passes to the PFI contractor. As the Group is deemed to control the services that are provided under its PFI schemes and has control over the residual interest in the property at the end of the arrangement (if exercised), the Group carries the non-current assets under the contracts on the Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investments.

PFI assets recognised on the Balance Sheet are revalued and depreciated in the same way as property, plant and equipment owned by the Group.

The amounts payable to the PFI operators each year should be analysed into five elements: -

- Fair value of the services received during the year – debited to the Comprehensive Income and Expenditure Statement.
- Finance cost – an interest charge of 7.917% for Derby PFI on the outstanding Balance Sheet Liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.
- Contingent rent – increases in the amount to be paid for the property arising during the contract. For both the Group's PFI schemes there is no contingent rent as the property element of the fee paid to the PFI operator is not indexed.
- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator. This is also the MRP charge for PFI schemes.
- Lifecycle replacement costs – recognised as fixed assets on the Balance Sheet if the costs are of a capital nature or if the costs are revenue debited to the Comprehensive Income and Expenditure Statement.

### **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, Contingent Liabilities and Contingent Assets**

**Provisions** – these are required for liabilities that have been incurred but are of uncertain timing or amount. There are three criteria:

- The Group has a present obligation (legal or constructive) as a result of a past event.
- It is more likely than not that money will be needed to settle the obligation.
- A reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Comprehensive Income and Expenditure Statement in the year that the Group becomes aware of the obligation and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of

economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the Comprehensive Income and Expenditure Statement.

Where some or all of the payment required to settle a provision is expected to be met by another party (e.g. from an insurance claim), the income is only recognised as income if it is virtually certain that reimbursement will be received when the obligation is settled.

Provisions contained within the Balance Sheet are split between current liabilities (those which are estimated to be settled within the next 12 months) and non-current liabilities (those which are estimated to be settled in a period greater than 12 months).

**Contingent Liabilities** – this 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.

**Contingent Asset** – this arises where an event has taken place that gives the Group a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group.

Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

## Reserves

**Usable Reserves** - the Group's General Revenue Balances are held in the General Reserve. The Group also maintains a number of specific 'earmarked' reserves for future expenditure on either policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Reserve Balance. When revenue expenditure to be financed from a reserve is incurred, it is charged to the Comprehensive Income and Expenditure Statement. The relevant reserve is then debited with an equivalent amount which is appropriated back into the General Reserve Balance so that the expenditure is not charged against Council Tax.

Also held under usable reserves are those that support the financing of capital (Capital receipts reserve and Capital Grants unapplied).

**Unusable Reserves** - certain reserves/accounts are kept to manage the accounting processes for non-current assets (Capital Adjustment Account, Revaluation Reserve, Deferred Capital Receipts), retirement and employee benefits (Pensions Reserve, Short term Accumulating Compensated Absences Account) and Accounting for local taxes (Collection Fund Adjustment Account). These do not represent usable resources for the Group.

## Value Added Tax (VAT)

The Comprehensive Income and Expenditure Statement excludes any amounts related to VAT, as all VAT collected is payable to HM Revenue and Customs and all VAT paid is recoverable from them. A single VAT return is submitted on behalf of the Group.

## Jointly Controlled Operations

Jointly controlled operations are activities undertaken by the Group in conjunction with other venturers that involve the use of the assets and resources of the venturers rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the Comprehensive Income and Expenditure Statement with the expenditure it incurs and the share of income it earns from the activity of the operation.

## Joint Ventures

Joint Ventures are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint ventures have rights to the net assets of the arrangement. Joint Ventures have their own legal entity. They are accounted for using the equity method in the Group Accounts.

The Joint Venture between Derbyshire Police and Derbyshire Fire and Rescue Service was formed under a Limited Liability Partnership (LLP). The Joint Venture operates an Income and Expenditure Account, the LLP Board can re-distribute 75% of any profits back to partners (Police and Fire), they also have discretion to re-distribute a further 25%.

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

The Police and Crime Commissioner shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued in 2024/25 but not yet adopted. These are detailed below

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1) issued in January 2020
- Lease Liability in a Sale and Leaseback (Amendments to IFRS 16) issued in September 2022
- Non-current Liabilities with Covenants (Amendments to IAS 1) issued in October 2022
- International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12) issued in May 2023
- Supplier Finance arrangements (Amendments to IAS 7 and IFRS 7) issued in May 2023

The impact of these standards on the financial statements of the Police and Crime Commissioner is either not applicable or not expected to be material.

## Changes in Accounting Estimates

### Critical Judgements in Applying Accounting Policies

In applying the accounting policies set out above, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events. There are no significant judgements in the 2024/25 Statement of Accounts.

### 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 to take into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

No new areas of estimation have been identified for this financial year.

The items in the Group's Balance Sheet at the 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Uncertainties	Effect if Actual Results differ from Assumptions
<b>Property, Plant and Equipment</b>	
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 makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation increases and the carrying amount of the assets falls. It is estimated that the annual depreciation charge for buildings (excluding PFI buildings which are contracted to be maintained) would increase by £0.048m for every year that useful lives had to be reduced.
The valuation of property depends on a number of complex judgements and a firm of Valuers is engaged to provide expert advice about the assumptions to be applied. This is in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. Most of the PCC's land and buildings are valued based on the open market value in their use (EUV) i.e. office accommodation.	The Net Book Value (NBV) of all Operational Land and Buildings as at the 31 March 2025 was £35.0m. Should this value increase or decrease by 10% it would have an impact of +/- £3.50m. To reduce the risk of material differences, property valuations are prepared on a three year rolling basis so a proportion of assets are valued each year. To further mitigate any risk of material differences the PCC commissioned a mix of full and desktop valuations for all properties in 2024/25 which concluded that there were no material differences in estimation.
Where there is no market-based evidence of fair value because of the specialist nature of the asset, depreciated replacement cost (DRC) is used as an estimate of fair value. The indices used in the calculation can fluctuate year on year based on local market conditions.	DRC has been applied to the specialist elements of 4 properties. This represents a small proportion (£8.5m) of the total operational land and buildings NBV.
Surplus land and buildings are valued at fair value which could fluctuate year on year based on local market conditions.	As at the 31 March 2024 there was 1 surplus property. Surplus properties are valued every year to ensure that the values are up to date.
<b>Provisions</b>	
The Group has made a provision of £2.974m for the settlement of claims for insurance and backdated overtime. This has been based on the claims handlers' assessment of claims outstanding and an estimate of future claims for 2024/25. The number and value of claims may be different to the assessment.	An increase over the forthcoming year of 10% in the total number of claims would have the effect of adding £0.297m to the provision needed. However, this amount will be covered from the Insurance Reserve if necessary.

<b>Pensions Liability</b>	
<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied. For both the Police Officer and Police Staff schemes, full data on individual scheme members is collected only once every 3 years. In the intervening period, the actuaries are required to estimate relevant changes in the membership profile.</p>	<p>The effects on the net pensions liability of changes in individual assumptions can be measured. For instance for the largest scheme, the Police Pension scheme, it is estimated that a 0.5% reduction in the discount rate's excess over pension increases would result in a decrease in the pensions liability of 7.5% (£115m). If pension increases were to be 0.5% higher per year this would increase the liability by 7.5% £113m. However, the assumptions interact in complex ways. For example, during 2024/25 the Police Pension Scheme liability increased by £0.6m as a result of experience changes and decreased by £198.6m as a result of the updating of actuarial assumptions for financial reasons (In 2023/24 the equivalent increased by £20.7m and decreased by £36.0m respectively). Experience changes are those that arise from specific occurrences relating to scheme membership during the year. Recent reviews of public sector pensions have led to changes in benefits payable, employee contribution rates and retirement ages. These will have an impact on the level of future liabilities. As from 1 April 2014 for Police Staff and April 2015 for Police Officers, scheme members now accrue benefit entitlements based on their career-average salaries instead of on their final salary at the point of retirement.</p>

**GROUP COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE PCC GROUP**

This statement shows the accounting cost in the year of providing services for the Group, in accordance with generally accepted accounting principles, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the Movement of Reserves Statement.

For the year ended 31 March 2024					For the year ended 31 March 2025		
Gross Expenditure £000	Gross Income £000	Net Expenditure £000		Note	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
253,498	(48,266)	205,232	Policing Services		269,815	(56,799)	213,016
2,131	(202)	1,929	Corporate and Democratic Core (Includes PCC plus Chief Constable)		2,316	(209)	2,107
8,166	(5,693)	2,473	Commissioning Activities by the Police and Crime Commissioner		9,341	(7,158)	2,183
(30)	0	(30)	Non Distributed Costs	10b	0	0	0
<b>263,765</b>	<b>(54,161)</b>	<b>209,604</b>	<b>Cost of Policing Services before revaluations/funding</b>		<b>281,472</b>	<b>(64,166)</b>	<b>217,306</b>
(1,331)	0	(1,331)	Revaluation losses / (gains)		2,695	0	2,695
<b>262,434</b>	<b>(54,161)</b>	<b>208,273</b>	<b>Cost of Policing Services</b>	2	<b>284,167</b>	<b>(64,166)</b>	<b>220,001</b>
			<b>Other Operating Expenditure</b>				
467	0	467	Losses on the Disposal of Non-Current Assets		198	0	198
1,762	0	1,762	Levies to national police services		2,168	0	2,168
			<b>Financing and Investment Income and Expenditure</b>				
597	0	597	Interest Payable on Debt	21	570	0	570
372	0	372	Interest Element of Finance Leases (PFI)	21	209	0	209
0	0	0	Interest on Lease Liability	3	264	0	264
78,274	0	78,274	Pensions Interest Cost and Expected Return on Pensions Assets	9	80,771	0	80,771
0	(2,093)	(2,093)	Investment Interest Income	21	0	(1,514)	(1,514)
0	(262)	(262)	<b>Profit on Joint Ventures Distributed</b>	13	0	(284)	(284)
			<b>Taxation and Non-Specific Grant Income</b>				
0	(869)	(869)	Recognised Capital Grants and Contributions		0	(661)	(661)
0	(76,272)	(76,272)	General Government Grants		0	(82,609)	(82,609)
0	(46,757)	(46,757)	Revenue Support Grant		0	(47,690)	(47,690)
0	(7,346)	(7,346)	Localising Council Tax Support Grant		0	(7,346)	(7,346)
0	(88,690)	(88,690)	Council Tax Income		0	(93,729)	(93,729)
0	(28,620)	(28,620)	Home Office Grant Payable towards the Cost of Retirement Benefits	9	0	(28,923)	(28,923)
<b>343,906</b>	<b>(305,070)</b>	<b>38,836</b>	<b>Deficit on the Provision of Services</b>	2	<b>368,347</b>	<b>(326,922)</b>	<b>41,425</b>
		0	Surplus on Revaluation of Non-Current Assets LLP				(762)
		(3,214)	Surplus on Revaluation of Non-Current Assets				1,090
		16,306	Actuarial (Gains) or Losses on Pension Assets and Liabilities	9			(199,992)
		<b>13,092</b>	<b>Other Comprehensive Income and Expenditure</b>				<b>(199,664)</b>
		<b>51,928</b>	<b>Total Comprehensive Income and Expenditure</b>				<b>(158,239)</b>

**COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT FOR THE COMMISSIONER**

This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting principles for the Commissioner (PCC). The consolidated accounting cost and funding for the Group is shown in the Group CIES. This statement differs from the Group statement in that it shows the intra-group funding adjustment between the PCC and the Chief Constable. This transfer represents a recharge of the costs and income of providing policing services to the Chief Constable who has consumed the resources.

Commissioner For the year ended 31 March 2024				Commissioner For the year ended 31 March 2025		
Gross Expenditure	Gross Income	Net Expenditure		Gross Expenditure	Gross Income	Net Expenditure
£000	£000	£000		£000	£000	£000
1,595	(202)	1,393	Corporate and Democratic Core (PCC)	1,664	(209)	1,455
8,166	(5,693)	2,473	Commissioning Activities by the PCC	9,341	(7,158)	2,183
<b>9,761</b>	<b>(5,895)</b>	<b>3,866</b>	<b>Cost of Policing Services before revaluations/funding</b>	<b>11,005</b>	<b>(7,367)</b>	<b>3,638</b>
(1,331)	0	(1,331)	Revaluation losses / (gains)	2,695	0	2,695
271,473	(48,266)	223,207	Intra-group Funding	284,543	(56,799)	227,744
<b>279,903</b>	<b>(54,161)</b>	<b>225,742</b>	<b>Cost of Policing Services</b>	<b>298,243</b>	<b>(64,166)</b>	<b>234,077</b>
			<b>Other Operating Expenditure</b>			
366	0	366	Gains on the Disposal of Non-Current Assets	(90)	0	(90)
1,762	0	1,762	Intra-group funding Levies to national police services	2,168	0	2,168
			<b>Financing and Investment Income and Expenditure</b>			
597	0	597	Interest Payable on Debt	570	0	570
372	0	372	Interest Element of Finance Leases (PFI)	209	0	209
0	0	0	Interest on Lease Liability	264	0	264
0	(2,093)	(2,093)	Investment Interest Income	0	(1,514)	(1,514)
0	(262)	(262)	<b>Profit on Joint Ventures</b>	0	(284)	(284)
			<b>Taxation and Non-Specific Grant Income</b>			
0	(869)	(869)	Recognised Capital Grants and Contributions	0	(661)	(661)
0	(76,272)	(76,272)	General Government Grants	0	(82,609)	(82,609)
0	(46,757)	(46,757)	Revenue Support Grant	0	(47,690)	(47,690)
0	(7,346)	(7,346)	Localising Council Tax Support Grant	0	(7,346)	(7,346)
0	(88,690)	(88,690)	Council Tax Income	0	(93,729)	(93,729)
<b>283,000</b>	<b>(276,450)</b>	<b>6,550</b>	<b>Deficit on the Provision of Services</b>	<b>301,364</b>	<b>(297,999)</b>	<b>3,365</b>
		(3,214)	Surplus on Revaluation of Non-Current Assets			1,090
		<b>(3,214)</b>	<b>Other Comprehensive Income and Expenditure</b>			<b>1,090</b>
		<b>3,336</b>	<b>Total Comprehensive Income and Expenditure</b>			<b>4,455</b>

## BALANCE SHEET FOR THE PCC GROUP

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Group. The net assets of the Group (assets less liabilities) are matched by the reserves held by the Group. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that are not able to be used 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 hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-24 £000		Note	31-Mar-25 £000
66,423	Property, Plant and Equipment	11	67,729
478	Intangible Assets	12	382
18,537	Investments in Joint Venture	13	19,299
<b>85,438</b>	<b>Long-Term Assets</b>		<b>87,410</b>
5,047	Short-Term Investments	20	20
314	Stock & Stores	14	376
37,199	Short-Term Debtors	16	46,204
10,387	Cash and Cash Equivalents	17	3,008
0	Assets Held for Sale (< 1 year)	18	465
<b>52,947</b>	<b>Current Assets</b>		<b>50,073</b>
(856)	Short-Term Borrowing	20	(1,316)
(663)	Other Short-Term Liabilities	3/24	(1,363)
(36,489)	Short-Term Creditors	19	(39,903)
(1,309)	Short-Term Provisions	25	(945)
<b>(39,317)</b>	<b>Current Liabilities</b>		<b>(43,527)</b>
(2,066)	Long-Term Provisions	25	(2,028)
(29,775)	Long-Term Borrowing	20	(28,581)
(1,725,311)	Other Long-Term Liabilities	3/10/24	(1,563,190)
(10)	Capital Grants Receipts in Advance		(10)
<b>(1,757,162)</b>	<b>Long-Term Liabilities</b>		<b>(1,593,809)</b>
<b>(1,658,094)</b>	<b>Net Liabilities</b>		<b>(1,499,854)</b>
22,425	Usable Reserves	27	21,354
(1,680,519)	Unusable Reserves	28	(1,521,208)
<b>(1,658,094)</b>	<b>Total Reserves</b>		<b>(1,499,854)</b>

### Certification

The financial statements were authorised as a final version for issue on 23rd February 2026.




## BALANCE SHEET FOR THE COMMISSIONER

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Commissioner. The net assets are matched by the reserves held by the Commissioner. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves are those that are not able to be used 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 hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

31-Mar-24 £000		Note	31-Mar-25 £000
43,904	Property	11c	48,875
12	Intangible Assets	12	16
16,815	Investments in Joint Venture	13	16,815
<b>60,731</b>	<b>Long-Term Assets</b>		<b>65,706</b>
5,047	Short-Term Investments	20	20
314	Stock & Stores	14	376
(8,995)	Short Term Debtors - Intra group funding		(1,564)
37,199	Short-Term Debtors	16	46,204
10,387	Cash and Cash Equivalents	17	3,008
0	Assets Held for Sale (< 1 year)	18	465
<b>43,952</b>	<b>Current Assets</b>		<b>48,509</b>
(856)	Short-Term Borrowing	20	(1,316)
8,995	Short Term Creditors - Intra group funding		1,564
(663)	Other Short-Term Liabilities	3/24	(1,363)
(33,012)	Short-Term Creditors	19	(36,457)
(1,309)	Short-Term Provisions	25	(945)
<b>(26,845)</b>	<b>Current Liabilities</b>		<b>(38,517)</b>
(2,066)	Long-Term Provisions	25	(2,028)
(29,775)	Long-Term Borrowing	20	(28,581)
(1,979)	Other Long-Term Liabilities	3/24	(5,525)
(10)	Capital Grants Receipts in Advance		(10)
<b>(33,830)</b>	<b>Long-Term Liabilities</b>		<b>(36,144)</b>
<b>44,008</b>	<b>Net Liabilities</b>		<b>39,554</b>
22,382	Usable Reserves	27	21,312
21,626	Unusable Reserves	28	18,242
<b>44,008</b>	<b>Total Reserves</b>		<b>39,554</b>

### Certification

The financial statements were authorised as a final version for issue on 23rd February 2026.



**MOVEMENT IN RESERVES STATEMENT FOR THE PCC GROUP 2024/25**

This Statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The 'Net increase /Decrease' line shows the statutory General Reserve Balance movements in the year following those adjustments.

	General Reserve and Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grant Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Total Joint Venture Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
Note				27	28			
<b>Balance as at 31 March 2024</b>	<b>20,330</b>	<b>0</b>	<b>2,052</b>	<b>22,382</b>	<b>(1,682,198)</b>	<b>(1,659,815)</b>	<b>1,722</b>	<b>(1,658,094)</b>
Surplus or (deficit) on the provision of services (accounting basis)	(41,425)	0	0	(41,425)	0	(41,425)	0	(41,425)
Other comprehensive income and expenditure	198,902	0	0	198,902	0	198,902	0	198,902
<b>Total Comprehensive Income and Expenditure</b>	<b>157,477</b>	<b>0</b>	<b>0</b>	<b>157,477</b>	<b>0</b>	<b>157,477</b>	<b>0</b>	<b>157,477</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
- Depreciation and Impairment of non-current assets	6,971			6,971	(6,971)	0	0	0
- Revaluation of non-current assets	2,695			2,695	(2,695)	0	0	0
- Lease Liability IFRS 16	(544)			(544)	544	0	0	0
- Capital grants and contributions credited to the CIES	(661)		539	(122)	122	0	0	0
- Revenue Expenditure funded from capital under statute	8			8	(8)	0	0	0
- Net gain or loss on sale of non-current assets	293			293	(293)	0	0	0
- Amount by which pension costs calculated in accordance with the code (IAS19) are different from the contributions due under the pension scheme	(165,666)			(165,666)	165,666	0	0	0
- Amount by which council tax income included in the CIES is different from the amount taken to the General Reserve in accordance with regulation	387			387	(387)	0	0	0
- Statutory provision for repayment of debt	(825)			(825)	825	0	0	0
- Capital expenditure charged to the General Reserve Balance	(1,074)			(1,074)	1,074	0	0	0
- Any voluntary provision for repayment of debt	0			0	0	0	0	0
- Application of grants to capital financing transferred to Capital Adjustment Account	0		(1,730)	(1,730)	1,730	0	0	0
- Revaluation of non-current assets where residual gain exists on the Revaluation Reserve	1,090			1,090	(1,090)	0	762	762
- Charges for employee benefits	(31)			(31)	31	0	0	0
<b>Total Adjustments between accounting basis and funding basis</b>	<b>(157,356)</b>	<b>0</b>	<b>(1,191)</b>	<b>(158,547)</b>	<b>158,547</b>	<b>0</b>	<b>762</b>	<b>762</b>
Increase or (Decrease) in Year	121	0	(1,191)	(1,070)	158,547	157,477	762	158,239
<b>Balance as at 31 March 2025 carried forward</b>	<b>20,451</b>	<b>0</b>	<b>861</b>	<b>21,312</b>	<b>(1,523,650)</b>	<b>(1,502,338)</b>	<b>2,484</b>	<b>(1,499,854)</b>

**MOVEMENT IN RESERVES STATEMENT FOR THE PCC GROUP 2023/24**

This Statement shows the movement in the year on the different reserves held by the Group, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves. The Statement shows how the movements in year of the Group's reserves are broken down between gains and losses incurred in accordance with generally accepted practices and the statutory adjustments required to return to the amounts chargeable to council tax for the year. The 'Net increase /Decrease' line shows the statutory General Reserve Balance movements in the year following those adjustments.

	General Reserve and Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grant Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Authority Reserves	Total Joint Venture Reserves	Total Reserves
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Note</b>				27	28			
<b>Balance as at 31 March 2023</b>	<b>26,000</b>	<b>0</b>	<b>3,084</b>	<b>29,084</b>	<b>(1,636,972)</b>	<b>(1,607,888)</b>	<b>1,722</b>	<b>(1,606,166)</b>
Surplus or (deficit) on the provision of services (accounting basis)	(38,836)	0	0	(38,836)	0	(38,836)	0	(38,836)
Other comprehensive income and expenditure	(13,092)	0	0	(13,092)	0	(13,092)	0	(13,092)
<b>Total Comprehensive Income and Expenditure</b>	<b>(51,928)</b>	<b>0</b>	<b>0</b>	<b>(51,928)</b>	<b>0</b>	<b>(51,928)</b>	<b>0</b>	<b>(51,928)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>								
- Depreciation and Impairment of non-current assets	5,969			5,969	(5,969)	0	0	0
- Revaluation of non-current assets	(1,331)			(1,331)	1,331	0	0	0
- Capital grants and contributions credited to the CIES	(869)		814	(55)	55	0	0	0
- Revenue Expenditure funded from capital under statute	170			170	(170)	0	0	0
- Net gain or loss on sale of non-current assets	517			517	(517)	0	0	0
- Amount by which pension costs calculated in accordance with the code (IAS19) are different from the contributions due under the pension scheme	52,667			52,667	(52,667)	0	0	0
- Amount by which council tax income included in the CIES is different from the amount taken to the General Reserve in accordance with regulation	117			117	(117)	0	0	0
- Statutory provision for repayment of debt	(835)			(835)	835	0	0	0
- Capital expenditure charged to the General Reserve Balance	(7,226)			(7,226)	7,226	0	0	0
- Any voluntary provision for repayment of debt	0			0	0	0	0	0
- Application of grants to capital financing transferred to Capital Adjustment Account	0		(1,846)	(1,846)	1,846	0	0	0
- Revaluation of non-current assets where residual gain exists on the Revaluation Reserve	(3,214)			(3,214)	3,214	0	0	0
- Charges for employee benefits	293			293	(293)	0	0	0
<b>Total Adjustments between accounting basis and funding basis</b>	<b>46,258</b>	<b>0</b>	<b>(1,032)</b>	<b>45,226</b>	<b>(45,226)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Increase or (Decrease) in Year	(5,669)	0	(1,032)	(6,703)	(45,226)	(51,928)	0	(51,928)
<b>Balance as at 31 March 2024 carried forward</b>	<b>20,330</b>	<b>0</b>	<b>2,052</b>	<b>22,382</b>	<b>(1,682,198)</b>	<b>(1,659,815)</b>	<b>1,722</b>	<b>(1,658,094)</b>

**MOVEMENT IN RESERVES STATEMENT 2024/25 FOR THE COMMISSIONER**

This Statement shows the movement in the year on the different reserves held by the Commissioner, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

	General Reserve and Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grant Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Commissioner Reserves
	£000	£000	£000	£000	£000	£000
Note	27	27	27	27	28	
<b>Balance as at the 1 April 2024</b>	<b>20,329</b>	<b>0</b>	<b>2,053</b>	<b>22,382</b>	<b>21,626</b>	<b>44,008</b>
Surplus or (deficit) on the provision of services (accounting basis)	(3,365)			(3,365)		(3,365)
Other comprehensive income and expenditure	(1,090)			(1,090)		(1,090)
<b>Total Comprehensive Income and Expenditure</b>	<b>(4,455)</b>	<b>0</b>	<b>0</b>	<b>(4,455)</b>	<b>0</b>	<b>(4,455)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>						
- Depreciation and Impairment of non-current assets	1,930			1,930	(1,930)	0
- Revaluation of non-current assets	2,695			2,695	(2,695)	0
- Lease Liability IFRS 16	(544)			(544)	544	0
- Capital grants and contributions credited to the CIES	(661)		539	(122)	122	0
- Revenue Expenditure funded from capital under statute	8			8	(8)	0
- Net gain or loss on sale of non-current assets	5			5	(5)	0
- Amount by which council tax income included in the CIES is different from the amount taken to the General Reserve in accordance with regulation				0	0	0
- Statutory provision for repayment of debt	387			387	(387)	0
- Capital expenditure funded by PCC Intra-group funding	(825)			(825)	825	0
- Capital expenditure funded by PCC Intra-group funding	1,564			1,564	(1,564)	0
- Capital expenditure charged to the General Reserve Balance	(1,074)			(1,074)	1,074	0
- Application of grants to capital financing transferred to Capital Adjustment Account	0		(1,730)	(1,730)	1,730	0
- Revaluation of non-current assets where residual gain exists on the Revaluation Reserve	1,090			1,090	(1,090)	0
<b>Total Adjustments between accounting basis and funding basis</b>	<b>4,576</b>	<b>0</b>	<b>(1,191)</b>	<b>3,385</b>	<b>(3,385)</b>	<b>0</b>
<b>Increase or (Decrease) in Year</b>	<b>121</b>	<b>0</b>	<b>(1,191)</b>	<b>(1,070)</b>	<b>(3,385)</b>	<b>(4,455)</b>
<b>Balance as at the 31 March 2025 carried forward</b>	<b>20,451</b>	<b>0</b>	<b>861</b>	<b>21,312</b>	<b>18,242</b>	<b>39,554</b>

**MOVEMENT IN RESERVES STATEMENT 2023/24 FOR THE COMMISSIONER**

This Statement shows the movement in the year on the different reserves held by the Commissioner, analysed into 'usable reserves' (ie those that can be applied to fund expenditure or reduce local taxation) and 'unusable' reserves.

	General Reserve and Earmarked Reserves	Usable Capital Receipts Reserve	Capital Grant Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Commissioner Reserves
	£000	£000	£000	£000	£000	£000
Note	27	27	27	27	28	
<b>Balance as at the 1 April 2023</b>	<b>26,000</b>	<b>0</b>	<b>3,085</b>	<b>29,085</b>	<b>18,259</b>	<b>47,344</b>
Surplus or (deficit) on the provision of services (accounting basis)	(6,550)			(6,550)		(6,550)
Other comprehensive income and expenditure	3,214			3,214		3,214
<b>Total Comprehensive Income and Expenditure</b>	<b>(3,336)</b>	<b>0</b>	<b>0</b>	<b>(3,336)</b>	<b>0</b>	<b>(3,336)</b>
<b>Adjustments between accounting basis and funding basis under regulations</b>						
- Depreciation and Impairment of non-current assets	1,442			1,442	(1,442)	0
- Revaluation of non-current assets	(1,331)			(1,331)	1,331	0
- Capital grants and contributions credited to the CIES	(869)		814	(55)	55	0
- Revenue Expenditure funded from capital under statute	170			170	(170)	0
- Net gain or loss on sale of non-current assets	416			416	(416)	0
- Amount by which council tax income included in the CIES is different from the amount taken to the General Reserve in accordance with regulation	117			117	(117)	0
- Statutory provision for repayment of debt	(835)			(835)	835	0
- Capital expenditure funded by PCC Intra-group funding	8,995			8,995	(8,995)	0
- Capital expenditure charged to the General Reserve Balance	(7,226)			(7,226)	7,226	0
- Application of grants to capital financing transferred to Capital Adjustment Account	0		(1,846)	(1,846)	1,846	0
- Revaluation of non-current assets where residual gain exists on the Revaluation Reserve	(3,214)			(3,214)	3,214	0
<b>Total Adjustments between accounting basis and funding basis</b>	<b>(2,335)</b>	<b>0</b>	<b>(1,032)</b>	<b>(3,367)</b>	<b>3,367</b>	<b>0</b>
<b>Increase or (Decrease) in Year</b>	<b>(5,671)</b>	<b>0</b>	<b>(1,032)</b>	<b>(6,703)</b>	<b>3,367</b>	<b>(3,336)</b>
<b>Balance as at the 31 March 2024 carried forward</b>	<b>20,329</b>	<b>0</b>	<b>2,053</b>	<b>22,382</b>	<b>21,626</b>	<b>44,008</b>

**CASHFLOW FOR THE PCC GROUP**

The Cash Flow Statement shows the changes in cash and cash equivalents 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 (ie borrowing) to the Group.

31-Mar-24 £'000		Note	31-Mar-25 £'000
38,836	Net Deficit on the Provision of Services		41,425
	<b>Adjust Net Deficit on the Provision of Services for Non-cash Movements</b>		
(5,807)	Depreciation of Non-Current Assets		(6,819)
1,331	Impairment and Downward Valuations of Non-Current Assets		(2,695)
(161)	Amortisation of Intangible Assets		(151)
1,150	(Increase)/Decrease in Creditors		(2,947)
(4,180)	Increase/(Decrease) in Debtors		9,015
314	Increase/(Decrease) in Stock		63
(36,361)	Pension Liability		(34,326)
(517)	Carrying Amount of Non-Current Assets Sold		(293)
(63)	Contributions to Provisions		401
0	Adjustments for Loss Share		0
<b>(44,294)</b>			<b>(37,753)</b>
	<b>Adjust for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing activities</b>		
869	Proceeds from the Sale of Property, Plant and Equipment, Investment Property. Capital Grants.		661
869			661
<b>(4,589)</b>	<b>Net Cash Flows used in Operating Activities</b>		<b>4,332</b>
	<b>Investing Activities</b>		
12,301	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets		6,632
(13,081)	Purchase/(redemption) of Short-Term and Long-Term Investments		(5,027)
(749)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets		0
(1,044)	Capital Grants and contributions		(690)
<b>(2,573)</b>	<b>Net Cash Flows from Investing Activities</b>		<b>914</b>
	<b>Financing Activities</b>		
0	Cash Receipts of Short and Long-Term Borrowing		0
2,387	Cash Payments for the Reduction of the Outstanding Liability Relating to a Finance Lease		1,399
763	Repayments of Short and Long-Term Borrowing		734
<b>3,150</b>	<b>Net Cash Flows (used in)/from Financing Activities</b>		<b>2,133</b>
<b>(4,012)</b>	<b>Net Increase in Cash and Cash Equivalents</b>		<b>7,379</b>
6,375	Cash and Cash Equivalents at the Beginning of the Reporting Period	17	10,387
<b>10,387</b>	Cash and Cash Equivalents at the End of the Reporting Period	17	<b>3,008</b>

The Cashflow Statement has been presented using the Indirect Method.

**CASHFLOW FOR THE COMMISSIONER**

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

31-Mar-24 £'000		31-Mar-25 £'000
	<b>Note</b>	
<b>6,550</b>	Net Deficit/(Surplus) on the Provision of Services	<b>3,365</b>
	<b>Adjust Net Deficit on the Provision of Services for Non-cash Movements</b>	
(1,441)	Depreciation of Non-Current Assets	(1,930)
1,331	Impairment and Downward Valuations of Non-Current Assets	(2,695)
0	Amortisation of Intangible Assets	(0)
(8,995)	Capital expenditure funded by PCC Intra-group funding	(1,564)
1,443	(Increase)/Decrease in Creditors	(2,978)
(4,180)	Increase/(Decrease) in Debtors	9,015
314	Increase/(Decrease) in Stock	63
(416)	Carrying Amount of Non-Current Assets Sold	(5)
(63)	Contributions to Provisions	401
<b>(12,007)</b>		<b>305</b>
	<b>Adjust for Items Included in the Net Deficit on the Provision of Services that are Investing and Financing activities</b>	
869	Proceeds from the Sale of Property, Plant and Equipment, Investment Property. Capital Grants.	661
869		661
<b>(4,588)</b>	<b>Net Cash Flows used in Operating Activities</b>	<b>4,331</b>
	<b>Investing Activities</b>	
12,301	Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	6,632
(13,081)	Purchase/(redemption) of Short-Term and Long-Term Investments	(5,027)
(749)	Proceeds from the Sale of Property, Plant and Equipment, Investment Property and Intangible Assets	0
(1,044)	Capital Grants and contributions	(690)
<b>(2,573)</b>	<b>Net Cash Flows from Investing Activities</b>	<b>914</b>
	<b>Financing Activities</b>	
0	Cash Receipts of Short and Long-Term Borrowing	0
2,387	Cash Payments for the Reduction of the Outstanding Liability Relating to a Finance Lease	1,399
763	Repayments of Short and Long-Term Borrowing	734
<b>3,150</b>	<b>Net Cash Flows (used in)/from Financing Activities</b>	<b>2,133</b>
<b>(4,011)</b>	<b>Net Increase in Cash and Cash Equivalents</b>	<b>7,378</b>
6,375	Cash and Cash Equivalents at the Beginning of the Reporting Period	17 10,386
<b>10,386</b>	Cash and Cash Equivalents at the End of the Reporting Period	<b>17 3,008</b>

The Cashflow Statement has been presented using the Indirect Method.

## Notes to the Financial Statements for the Commissioner and PCC Group

The Notes to the Financial Statements show the PCC Group, the notes for the Commissioner are not materially different. Any exception to this is mentioned in the appropriate note.

### Note 1 Expenditure and Funding Analysis

The Expenditure and Funding Analysis shows how annual expenditure is used and funded from resources (government grants and precepts) by authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting principles. It also shows how this expenditure is allocated for decision making purposes. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

2023/24			OPCC Group Expenditure and Funding Analysis	2024/25		
Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000		Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000
220,958	(15,726)	205,232	Policing Services	227,978	(14,961)	213,017
1,421	508	1,929	Corporate and Democratic Core (Includes PCC plus CC)	1,479	628	2,107
2,473	0	2,473	Commissioning Activities by the Police and Crime Commissioner	2,183	0	2,183
0	(30)	(30)	Non-Distributed Costs	0	0	0
<b>224,852</b>	<b>(15,248)</b>	<b>209,604</b>	<b>Net Cost of Services before revaluations/funding</b>	<b>231,640</b>	<b>(14,333)</b>	<b>217,307</b>
0	(1,331)	(1,331)	Revaluation losses / (gains)	0	2,695	2,695
<b>224,852</b>	<b>(16,579)</b>	<b>208,273</b>	<b>Cost of Policing Services</b>	<b>231,640</b>	<b>(11,638)</b>	<b>220,002</b>
(219,182)	49,746	(169,437)	Other Income and Expenditure	(231,761)	53,184	(178,577)
<b>5,670</b>	<b>33,167</b>	<b>38,836</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(121)</b>	<b>41,546</b>	<b>41,425</b>
0	13,092	13,092	<b>Other Comprehensive Income and Expenditure</b>	0	(198,902)	(198,902)
<b>5,670</b>	<b>46,259</b>	<b>51,928</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(121)</b>	<b>(157,356)</b>	<b>(157,477)</b>
		<b>(26,042)</b>	<b>Opening General Reserve and Earmarked Reserve Balance</b>			<b>(20,372)</b>
		5,670	Surplus on General Reserve/ Earmarked Reserves in Year			(121)
		<b>(20,372)</b>	<b>Closing General Reserve and Earmarked Reserve Balance (3)</b>			<b>(20,493)</b>

(1) Details of adjustments are shown in Note 1 of the Accounts.

(2) Income and Expenditure recognised in accordance with generally accepted accounting practices can be seen in the Comprehensive Income and Expenditure Statement on page 30.

(3) Further detail of the General Reserve and Earmarked Reserves can be found in Note 26 of the Accounts.

The Expenditure and Funding Analysis above takes net expenditure that is funded from resources and reconciles it to the Comprehensive Income and Expenditure Statement (CIES page 30). The Revenue Budget Surplus reported to committee is adjusted for budgeted/other contributions to/from reserves and Derbyshire's share of movements in the LLP Reserves.

2023/24 £'000		2024/25 £'000
1,508	Revenue Budget (Surplus)/Deficit reported to Committee	1,892
4,162	Budgeted/Other Contributions to/from Reserves	(2,013)
<b>5,670</b>	<b>Net (Surplus)/Deficit on General Reserve Balance for PCC</b>	<b>(121)</b>
-	Share of Movement in LLP Reserves	-
<b>5,670</b>	<b>Net (Surplus)/Deficit on General Reserve Balance for PCC Group</b>	<b>(121)</b>

A summary of the Adjustment between the Funding and Accounting basis is shown in the Expenditure and Funding Analysis, a breakdown of these adjustments is shown below

Adj for Capital Purposes 2023/24 £'000	Adj for Pensions 2023/24 £'000	Other Adjs 2023/24 £'000	Total Adjs 2023/24 £'000	Adjustments to General Reserve to add Expenditure or Income not Chargeable to Taxation and Remove items which are only chargeable under Statute	Adj for Capital Purposes 2024/25 £'000	Adj for Pensions 2024/25 £'000	Other Adjs 2024/25 £'000	Total Adjs 2024/25 £'000
(1,873)	(13,263)	(590)	(15,726)	Policing Services – Chief Constable	4,632	(17,521)	(2,071)	(14,961)
-	-	508	508	Office of the Police and Crime Commissioner	-	-	628	628
-	(30)	-	(30)	Non Distributed Costs	-	-	-	-
(1,873)	(13,293)	(82)	(15,248)	<b>Net Cost of Services before revaluations/funding</b>	<b>4,632</b>	<b>(17,521)</b>	<b>(1,443)</b>	<b>(14,333)</b>
(1,331)	-	-	(1,331)	Revaluation losses	2,695	-	-	2,695
<b>(3,204)</b>	<b>(13,293)</b>	<b>(82)</b>	<b>(16,579)</b>	<b>Net Cost of Services</b>	<b>7,327</b>	<b>(17,521)</b>	<b>(1,443)</b>	<b>(14,333)</b>
467	-	1,762	2,229	Other operating expenditure	197	-	2,168	2,365
-	78,274	(1,124)	77,150	Financing and Investment income & expenditure	-	80,771	(471)	80,300
-	-	(262)	(262)	Profit & Loss on Joint Ventures	-	-	(284)	(284)
(869)	(28,620)	117	(29,372)	Taxation & Non-specific grant income & expenditure	(661)	(28,924)	387	(29,197)
<b>(3,606)</b>	<b>36,361</b>	<b>411</b>	<b>33,166</b>	<b>Net Deficit on General Reserve Balance</b>	<b>6,863</b>	<b>34,326</b>	<b>358</b>	<b>41,546</b>

### Adjustments for Capital Funding and Expenditure Purposes

Net Cost of Services - Adjustments to the General Reserve to meet the requirements of generally accepted accounting practices, this column adds in depreciation and impairment and revaluation gains and losses to the Net Cost of Services line. The statutory charges for capital financing i.e. Minimum Revenue Provision and other revenue contributions are deducted from this line also as these are not chargeable under generally accepted accounting practices.

Other Operating Expenditure – Adjusts for capital disposals with a transfer of income on disposal of assets and the amounts to be written off for those assets.

Taxation and Non-Specific Grant Income and Expenditure – Capital grants are adjusted for income not chargeable under generally accepted accounting practices. Revenue Grants are adjusted from those receivable in the year to those receivable without conditions or for which conditions were satisfied throughout the year. The Taxation and Non-Specific Grant Income and Expenditure line is credited with capital grants receivable in the year without conditions or for which conditions were satisfied in the year. It also includes the movement of the pension support grant to specific grants.

### Net change for the Pensions Adjustments

Net change for the removal of pension contributions and the addition of IAS 19 Employee Benefits pension related expenditure and income.

Net Cost of Services - this represents the removal of the employer pension contributions made by the authority as permitted by statute and the replacement with the current services costs and past service costs.

Financing and Investment Income and Expenditure – The net interest on the defined benefit liability is charged to the CIES.

Taxation and Non-Specific Grant Income and Expenditure – Pension Grant received from the Home Office is credited to the CIES.

### Other Differences

This is generally the movement of income and expenditure to the right heading in the CIES.

Also, the Net Cost of Services includes an adjustment for compensated absences earned but not taken in the year e.g. annual leave, flexi leave and time off in lieu entitlement.

Taxation and Non-Specific Grant Income and Expenditure - is charged with the difference between what is chargeable under statutory regulations for Council Tax that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code. This is a timing difference as any difference will be brought forward in future Surpluses or Deficits on the Collection Fund.

## Commissioners Expenditure and Funding Analysis

2023/24			PCC Expenditure and Funding Analysis	2024/25		
Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000		Net Expenditure Chargeable to General and Earmarked Reserves £000	Adjustment between the Funding and Accounting Basis (1) £000	Net Expenditure in the Comprehensive Income and Expenditure Statement (2) £000
220,958	(220,958)	0	Policing Services	227,978	(227,978)	0
1,421	(28)	1,393	Corporate and Democratic Core (Includes PCC plus CC)	1,479	(24)	1,455
2,473	0	2,473	Commissioning Activities by the Police and Crime Commissioner	2,183	0	2,183
0	0	0	Non-Distributed Costs	0	0	0
<b>224,852</b>	<b>(220,986)</b>	<b>3,866</b>	<b>Net Cost of Services before revaluations/funding</b>	<b>231,640</b>	<b>(228,002)</b>	<b>3,638</b>
0	(1,331)	(1,331)	Revaluation losses / (gains)	0	2,695	2,695
	223,207	223,207	Intragroup Funding	0	227,744	227,744
<b>224,852</b>	<b>890</b>	<b>225,742</b>	<b>Cost of Policing Services</b>	<b>231,640</b>	<b>2,437</b>	<b>234,077</b>
(219,182)	(10)	(219,192)	Other Income and Expenditure	(231,761)	1,049	(230,712)
<b>5,670</b>	<b>880</b>	<b>6,550</b>	<b>(Surplus) or Deficit on the Provision of Services</b>	<b>(121)</b>	<b>3,486</b>	<b>3,365</b>
0	(3,214)	(3,214)	<b>Other Comprehensive Income and Expenditure</b>	0	1,090	1,090
<b>5,670</b>	<b>(2,334)</b>	<b>3,336</b>	<b>Total Comprehensive Income and Expenditure</b>	<b>(121)</b>	<b>4,576</b>	<b>4,455</b>
		<b>(26,000)</b>	<b>Opening General Reserve and Earmarked Reserve Balance</b>			<b>(20,330)</b>
		5,670	Surplus on General Reserve/ Earmarked Reserves in Year			(121)
		<b>(20,330)</b>	<b>Closing General Reserve and Earmarked Reserve Balance (3)</b>			<b>(20,451)</b>

The Commissioners Expenditure and Funding Analysis is the same as the Group above but excludes Pensions adjustments, adjustment for compensated absences, depreciation and gains/losses on Chief Constables assets which are included in the Chief Constables Expenditure and Funding Analysis. It is also adjusted for Capital Expenditure intra-group funding below.

2023/24 £'000	PCC Expenditure Funding Analysis	2024/25 £'000
33,167	Adjustments above	41,546
(36,361)	Pensions Adjustment	(34,326)
(293)	Compensated Absences Adjustment	30
(4,628)	Depreciation and Gains/Losses	(5,328)
8,995	Capital Expenditure funded by PCC intra-group funding	1,564
<b>880</b>	<b>Commissioners adjustments on the Net Deficit</b>	<b>3,486</b>

## Note 2 Expenditure and Income Analysed by Nature

This note provides an alternative breakdown of the cost of services based on how expenditure is allocated for decision making purposes. It is intended to aid the reader in understanding where the money is spent and in making comparisons between Forces in terms of the type of expenditure incurred.

It should be noted that this analysis includes some items within cost of services that are not required to be charged against the general fund for council tax purposes – this analysis does not constitute the revenue budget of the Group.

Group 2023/24 £'000	Expenditure and Income Analysed by Nature	Group 2024/25 £'000
	<b>Expenditure</b>	
104,357	Police Pay & Allowances	111,027
70,528	Police Staff Pay & Allowances	75,835
2,228	Other Employee Expenses	1,816
14,890	Police Pensions (Current Cost) -see note 9	15,790
14,018	Premises	12,498
6,228	Transport	6,348
24,673	Supplies & Services	28,986
10,973	Agency & Contracted Services	11,188
1,595	Office of PCC	1,664
8,166	Commissioning Activities by PCC	9,341
5,969	Depreciation & Debt Financing	6,971
(1,331)	Impairments/Revaluations	2,695
170	Revenue Expenditure Funded from Capital under Statute	8
(30)	Non-Distributed Costs	0
<b>262,434</b>	<b>Gross Operating Expenditure</b>	<b>284,167</b>
(11,098)	Income from fees/charges	(13,821)
(43,063)	Income from specific grants and contributions (inc. PCC)	(50,345)
<b>208,273</b>	<b>Cost of Policing Services</b>	<b>220,001</b>
2,229	Other Operating Expenditure	2,366
77,150	Financing and investment income and expenditure	80,300
(262)	Profit and Loss on Joint Venture	(284)
(219,934)	Taxation & non-specific grant income	(232,035)
(28,620)	Home office grant payable towards the cost of retirement benefits	(28,923)
<b>38,836</b>	<b>Deficit on provision of services</b>	<b>41,425</b>

In 2024/25 the Police and Crime Commissioner increased the band D council tax by £13 for Derbyshire households. This increase in funding was primarily used to continue to increase the number of police officers and to direct additional investment and resources to key priority areas.

The force successfully maintained its Uplift target and at 31st March 2025 it was employing 2,137 police officers, meaning it had maintained the 283 additional officers expected through the Home Office's original Uplift Programme, plus a further 27 now part of the Uplift Target from 2024/25. These additional 27 officers were added to the uplift target in following the Constabulary's successful additional recruitments as part of a re-allocation mechanism implemented to address shortfalls in recruitment elsewhere in the country in 2023/24.

## Note 3 Leases

The adoption of IFRS 16 is a change in accounting policy for the 2024/25 financial statements. The previous accounting standard was IAS 17.

The main impact of the new requirements is that for arrangements previously accounted for as operating leases (i.e without recognising the leased property as an asset and future rents as liability) a right of use (ROU) asset and a lease liability are to be brought onto the balance sheet at 1<sup>st</sup> April 2024. Leases for items of low value (£10,000 or less) and lease's that expire on or before 31<sup>st</sup> March 2025 are exempt from the new arrangements. IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1<sup>st</sup> April 2024.

This means that ROU assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures.

However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1st April 2024, discounted by the incremental borrowing rate at that date
- ROU assets are measured at the amount of lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31st March 2024 – any initial direct costs have been excluded
- All leases were assessed at 31st March 2024

#### Movement of Right-of-use assets

This table shows the change in the value of the right-to-use assets held under lease.

<b>Movement Right of Use Assets</b>	<b>Total £'000</b>
<b>Cost / Valuation</b>	
At 1 April 2024	5,387
Additions	66
<b>At 31 March 2025</b>	<b>5,453</b>
<b>Accumulated Depreciation</b>	
At 1 April 2024	-
2024/25 Depreciation Charge	642
<b>At 31 March 2025</b>	<b>642</b>
<b>Net Book Value</b>	
At 31 March 2024	-
At 31 March 2025	4,811
<b>Movement in Year</b>	<b>4,811</b>

#### **Authority as Lessee - Right of Use Assets**

The authority's lease contracts comprise leases of operational land and buildings plus a photocopier lease. Most are individually immaterial, and we have only 2 leases that have term longer than 20 years and have a value of £0.380m as at 31 March 2025.

#### **Transactions under leases**

The following expenses and cash flows incurred in relation to leases.

	<b>2024/25 £000</b>
<i>Comprehensive Income &amp; Expenditure Statement</i>	
Interest expenses on lease liabilities	264
Short-term lease expenses	544
<i>Cash Flow Statement</i>	
<b>Total cash outflow for leases</b>	<b>808</b>

#### **Maturity analysis of lease liability**

The lease liabilities are due to be settled over the following time bands:

	<b>31 March 2025 £000</b>
Payable in 2025/26	434
Payable within 1 to 5 years	1,851
More than 5 years	2,624
<b>Total</b>	<b>4,909</b>

#### Commissioner as Lessor – Operating Leases

The Commissioner acts as lessor for a number of offices and rent received for these properties in 2024/25 was £19,431 (£15,619 in 2023/24). A further £95,424 was received for mast rental in 2024/25 (£200,840 in 2023/24).

#### Commissioner as Lessee and Lessor – Finance Leases

The Commissioner entered into a Finance Lease with the DFPF LLP for the land occupied by the Joint Police and Fire Headquarters in March 2015 and a lease for land occupied by the Joint Training Centre/Firearms Range in August 2016. In entering into these leases, a lump sum payment was made to the Commissioner which negated the need to make further payments over the 999 years of the lease. This lump sum payment of £518,000 for the Headquarters site was treated as a capital receipt in 2014/15, the lump sum payment of £563,000 for the Training Centre/Firearms Range site was treated as a capital receipt in 2016/17.

## Note 4 Officers Remuneration

### Senior Officer Payments

The table below provides disclosure of the remuneration of Senior Officers and relevant Police Officers including staff of the Commissioner.

Remuneration is all amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash.

2023/24							Post Holder Information	2024/25						
Salary £	Allow £	Other £	Benefits in kind (P11d) £	Employer Pension £	Total £	Note		Note	Salary £	Allowances £	Other £	Benefits in kind (P11d) £	Employer pension £	Total £
167,169	2,910	925	-	51,822	<b>222,826</b>	1	Chief Constable (CC) 01/04/2024 – 06/10/2024	1,2	97,936	1,502	495	-	34,572	<b>134,505</b>
-	-	-	-	-	-	-	Chief Constable (CC) from 08/11/2024	1,2	78,546	-	301	-	27,726	<b>106,573</b>
136,523	4,303	1,055	-	42,322	<b>184,203</b>	2	Deputy CC Derbyshire	3	148,351	4,303	1,104	-	52,368	<b>206,126</b>
136,655	-	660	-	42,322	<b>179,637</b>	3,4	Deputy CC Collaboration	4	-	-	-	-	-	-
-	-	-	-	-	-	-	ACC Collaboration	5	88,891	-	188	-	31,378	<b>120,457</b>
116,057	3,276	-	-	35,978	<b>155,311</b>	5	ACC Crime & Criminal Justice	6	130,067	-	402	-	45,914	<b>176,383</b>
126,067	975	-	-	39,081	<b>166,123</b>	6	ACC Operational Support	7	133,191	-	750	-	47,016	<b>180,957</b>
114,493	400	-	-	20,494	<b>135,387</b>	-	Assistant Chief Officer Resources	-	127,053	-	-	-	22,743	<b>149,796</b>
93,675	1,239	-	-	16,768	<b>111,682</b>	-	Chief Finance Officer to Chief Constable	-	103,969	-	-	-	18,610	<b>122,579</b>
100,254	-	-	-	17,945	<b>118,199</b>	-	Chief Finance Officer & s151 Officer to PCC	-	106,591	833	-	-	19,080	<b>126,504</b>
78,400	-	-	-	-	<b>78,400</b>	-	PCC Commissioner	8	10,568	-	-	-	-	<b>10,568</b>
-	-	-	-	-	-	-	PCC Commissioner	9	70,181	-	-	-	12,562	<b>82,743</b>
29,808	-	-	-	-	<b>29,808</b>	7	PCC Deputy Commissioner	10	4,288	-	-	-	-	<b>4,288</b>

#### Notes 2023/24

- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Ms R Swann be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr S Blatchly be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr P Gibson be named.
- The Deputy Chief Constable Collaboration left on 31/03/2024
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Mr J Abdy be named.
- As the total remuneration for 2023/24 has exceeded £150k the regulations require that Ms M Shooter be named.
- The Deputy Police and Crime Commissioner was appointed on 27/04/2023.

#### Notes 2024/25

- As the total remuneration for 2024/25 has exceeded £150k the regulations require that Ms R Swann be named.
- The Chief Constable retired from the Force on 06/10/2024 and returned on 08/11/2024 through the Retire and Rehire Policy for Police Officers.
- As the total remuneration for 2024/25 has exceeded £150k the regulations require that Mr S Blatchly be named.
- The Deputy Chief Constable Collaboration left on 31/03/2024.
- The Assistant Chief Constable Collaboration was appointed on 22/07/2024.
- As the total remuneration for 2024/25 has exceeded £150k the regulations require that Mr J Abdy be named.
- As the total remuneration for 2024/25 has exceeded £150k the regulations require that Ms M Shooter be named.
- The Police and Crime Commissioner left on 08/05/2024.
- The Police and Crime Commissioner was appointed on 09/05/2024.
- The Deputy Police and Crime Commissioner left on 08/05/2024.

## Officers Remuneration over £50,000

The disclosure below details salary of Police Staff and Senior Police Officers (over and above the rank of Superintendent) receiving more than £50,000 remuneration for the year (excluding employer's pension contributions). This excludes the officers shown in the above table.

Remuneration Band	No. Of Employees 2023/24	No. Of Employees 2024/25
£50,000 - £54,999	45	60
£55,000 - £59,999	29	55
£60,000 - £64,999	18	21
£65,000 - £69,999	9	14
£70,000 - £74,999	7	6
£75,000 - £79,999	2	7
£80,000 - £84,999	2	2
£85,000 - £89,999	2	1
£90,000 - £94,999	3	1
£95,000 - £99,999	1	6
£100,000 - £104,999	3	1
£105,000 - £109,999	-	1
£110,000 - £114,999	1	2
£115,000-£119,999	-	0
£120,000 - £124,999	2	1
£125,000-£129,999	-	2
<b>TOTAL</b>	<b>124</b>	<b>180</b>

## Exit Packages

The total cost of exit packages in 2024/25 is £47,772.05.

2023/24				Exit packages cost band (including special payments)	2024/25			
Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £		Number of compulsory redundancies	Number of other departures agreed	Total Number of Exit Packages Agreed	Total cost of exit packages in each band £
-	-	-	-	£0 - £20,000	-	-	-	-
-	-	-	-	£20,001 - £40,000	-	-	-	-
-	-	-	-	£40,001 - £60,000	-	1	1	£47,772.05
-	-	-	-	£60,001 - £80,000	-	-	-	-
-	-	-	-	£80,001 - £110,000	-	-	-	-
-	-	-	-	<b>TOTAL</b>	-	<b>1</b>	<b>1</b>	<b>£47,772.05</b>

## Note 5 External Audit Fees

Fees in relation to external audit are as follows: -

2023/24 £'000	External Audit Fees	2024/25 £'000
	<b>Commissioner</b>	
98	Scale fees payable	106
(25)	Fees payable for audit of previous years – Ernst Young	29
<b>73</b>	<b>Total fees Commissioner</b>	<b>135</b>
	<b>Chief Constable</b>	
50	Scale fees payable	56
(5)	Fees payable for audit of previous years	-
<b>45</b>	<b>Total fees Chief Constable</b>	<b>56</b>
<b>118</b>	<b>Total fees PCC Group</b>	<b>191</b>

Also, in 2024/25 £20,613 grant income (£13,509 Commissioner, £7,104 Chief Constable) was received from the Department of Levelling Up, Housing and Communities (DLUHC) following the Redmond review, this was to support increased audit fees driven by new requirements on auditors. £20,569 was received in 2023/24 (see Note 6).

## Note 6 Grant Income

The Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement.

2023/24 £'000	GRANTS, CONTRIBUTIONS AND DONATIONS	2024/25 £'000
	<b>DLUHC Grants</b>	
2,648	Private Finance Initiative – Ilkeston & Derby	2,387
21	Redmond Review – Local Audit Fees Grant	21
<b>2,669</b>		<b>2,407</b>
	<b>Home Office Grants</b>	
162	Cyber Grant	160
1,157	Disclosure and Barring Service	1,374
15,760	East Midlands Counter-Terrorism Intelligence Unit	16,672
283	Emergency Services Network Grant	-
7	Football Policing Initiative	18
354	Grant towards specific operations	655
190	LEDS Early Adopter Grant	147
443	OPCC – ASB Hotspot	999
660	OPCC – Immediate Justice	963
519	OPCC - Perpetrator Grant	873
465	OPCC - Safer Streets Grant	397
158	OPCC – Serious Violence	296
160	OPCC – Serious Violence Remedy	315
45	Other Home Office Grants	10
1,856	Police Pension Support Grant	6,308
4,666	Police Special Grant – Pay Award	2,315
5,535	Police Uplift Grant (ringfenced element)	7,265
<b>32,420</b>		<b>38,767</b>
	<b>Other Grants</b>	
738	Apprenticeship Levy Grant	534
2,362	Ministry of Justice – PCC – for local commissioning of victim support services (including restorative justice services)	2,320
47	Office of Gas and Electricity Markets (OFGEM)	28
359	Safety Camera Project and Road Safety	444
<b>3,506</b>		<b>3,326</b>
1,040	Regional Grants – EMSOU	1,598
<b>39,635</b>	<b>Total Grants</b>	<b>46,098</b>
<b>3,417</b>	Contributions and Donations	4,219
<b>43,052</b>	<b>Total Grants, Contributions, and donations</b>	<b>50,317</b>

The main variances in grant were for

- **The East Midlands Counter-Terrorism Intelligence Unit** grant has increased from £15,760m in 2023/24 to £16,672m in 2024/25. This is due to an uplift in Pay for the 7% Pay Award and an Uplift in Capital Grants.
- **Police Uplift Grant** - Derbyshire received albeit £0.040m of its full share of the Police Officer Uplift Maintenance grant as it was successful in maintaining its uplift target of an additional 283 officers as at 31/3/25. The £0.040m penalty was due to missing the September 24 checkpoint by 1 fte.
- In addition, it was also awarded a further £1.296m of grant for recruiting an additional 27 officers in 2024/25 to assist with the overall national target.
- **Police Special Grant (Pay Award)** - The Home Office provided £175m of funding in 2024/25 towards the additional costs of the September 2024 Police Officer pay award. Derbyshire's share of this was as per its share of general funding under the current national Police Funding Formula.
- **Police Pension Support Grant** – The 2024/25 settlement included additional grant funding of £4.067m to mitigate the 4.4% impact of an increase in Police Officer employer contribution rates, from April 2024. It also included one-off funding of £385k to help towards the implementation costs of Pension Remedy.

In addition to the above grants and contributions, Derbyshire also act as agents for the Sensitive Equities. Grant and contributions of £17.429m were paid to Derbyshire by the Home Office and the monies were distributed to various forces. The purpose of this grant is to bolster the national critical Serious Organised Crime law-enforcement capability. Derbyshire also act as agent and receive grant on behalf of the East Midland Cyber Resilience Centre, this amounted £0.170m in 2024/25.

The Police & Magistrates Court Act 1994 permits the Commissioner to accept gifts of money, and gifts or loans of other property. This can supplement Policing Activities. In accordance with the Financial Management Code of Practice a Register of such items is maintained. In 2024/25 the amount 'gifted' under this scheme was £3,542 compared to £1,720 for 2023/24.

Grants received from government departments are summarised below

2023/24 £'000	Central Government Receipts	2024/25 £'000
46,757	Revenue Support Grant	47,690
7,346	Localising Council Tax Support Grant	7,346
76,272	Police Grant	82,609
28,620	Pensions Grant	28,924
39,635	Other Government Grant (see note 6)	46,098

## Note 7 Jointly Controlled Operations

### East Midlands Jointly Controlled Operations

The Commissioner has entered into Jointly Controlled Operations (JCO) or collaborations with other East Midlands Commissioners. The share of cost to Derbyshire is different depending on the number of Commissioners partaking in the JCO. The following table show the accounts for **all the JCO'S and the Income and Expenditure attributable to Derbyshire.**

2023/24		Comprehensive Income and Expenditure Statement	2024/25	
Jointly Controlled Operations £'000	Derbyshire Police £'000		Jointly Controlled Operations £'000	Derbyshire Police £'000
39,731	9,150	Employees' Expenses	45,204	10,403
839	183	Premises	563	122
990	218	Transport	948	209
4,221	1,012	Supplies and Services	5,079	1,236
4,458	1,007	Agency and Contracted Services	4,750	1,072
1,200	262	Capital Charges	1,251	273
(1,166)	(254)	Revaluation Losses	-	-
<b>50,273</b>	<b>11,578</b>	<b>Gross Operating Expenditure</b>	<b>57,795</b>	<b>13,315</b>
(1,173)	(272)	Other Income	(2,287)	(517)
(6)	(1)	Profit/(Loss) on Disposal of Fixed Assets	5	1
<b>49,094</b>	<b>11,305</b>	<b>Net Operating Expenditure Financed by: -</b>	<b>55,513</b>	<b>12,799</b>
(44,137)	(10,247)	Contributions from Partners	(48,345)	(11,241)
(4,774)	(1,040)	External Grants	(7,331)	(1,598)
(252)	(55)	Capital Grants & Contributions	(559)	(122)
<b>(69)</b>	<b>(37)</b>	<b>(Surplus) / Deficit for the year</b>	<b>(722)</b>	<b>(162)</b>

The JCO's to which the Commissioner contributes cover a number of operational and support areas. Details of these are set out in the table below (Where reference is made to 'all 5 forces' this means Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire.)

Jointly Controlled Operation	Activity	Participants	Commenced	Derbys %	2024/25 Gross Exp £'000	2024/25 Total Income £'000	(Surplus) / Deficit £'000
EM SOU – SOC (incl. EMSOU TSU)	Specialist Operations	All 5 forces	Jan 2003	21.8	8,265	(8,393)	(128)
EMSOU Major Crime – Command Team	Co-ordination of Major Crime investigations	All 5 forces	Sept 2011	21.8	195	(195)	(-)
EMSOU Forensics	Forensic analysis and identification	All 5 forces	April 2014	21.8	2,762	(2,790)	(28)
EM Legal Services	Specialist Legal advice and services, incl Insurance	All 5 forces	April 2014	21.8	564	(562)	2
EM CHRS – Learning & Development	Co-ordination of regional training provision	Derbys, Leics, Northants, Notts	April 2012	25.11	415	(414)	1
HR Service Centre	Transactional HR services	Derbys, Leics	June 2014	50.0	1,114	(1,123)	(9)
Emergency Services Network (ESN)	Communications Network	All 5 forces	July 2017	-	-	-	(-)
<b>Totals</b>					<b>13,315</b>	<b>(13,477)</b>	<b>(162)</b>

EMSOU TSU was incorporated into EMSOU-SOC accounts from April 2018 but it actually commenced operations in July 2011.

In addition to the above, Derbyshire Police has a joint arrangement with Leicestershire Police for the provision of Payroll and Risk Management software.

## Note 8 Related Party Transactions

The Commissioner is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the Commissioner or to be controlled or influenced by the Commissioner.

Disclosure of these transactions allows readers to assess the extent to which the Commissioner might have been constrained in their ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Commissioner.

### Central Government

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

### Commissioner and officers

The Commissioner and their office have direct control over the financial and operating policies of the Force.

Certain senior officers might also be in a position to significantly influence the policies.

No related party transactions have been identified following the consultation with relevant officers.

At the outset of 2024/25, the Police & Crime Commissioner was Angelique Foster, who left office on 12th May 2024. She was replaced by Nicolle Ndiweni-Roberts on 13th May 2024, therefore Commissioner Nicolle Ndiweni-Roberts is the relevant authority for the purpose of these financial statements.

The Commissioner undertakes commissioning activities that result in payments made to a variety of large and small partner organisations (particularly in the public and voluntary/charitable sectors) to commission outcomes against their Police & Crime Plan. In the case of the smallest organisations, these funds may form a significant proportion of their total funding requirement.

The Police Digital Service (PDS) is a company limited by guarantee, owned and funded by policing. Police & Crime Commissioners (PCCs) are the majority owners of PDS and pay an annual subscription towards the running costs (£60k each). The role of the PDS is to provide technical insight, negotiate and manage ICT contracts and support major policing technology programmes.

The PCC for Derbyshire is a shareholder of the PDS. The PCC therefore has influence over national police ICT strategy and procurement.

In order for the PDS to have sufficient financial scale to operate in the largest ICT markets, a decision was taken by the Association of Police & Crime Commissioners (APCC) and ratified by individual PCCs to provide a financial guarantee to the PDS from local resources. This guarantee would only be called upon in exceptional circumstances (for example where financial resources are insufficient to manage large national contracts or to support the stability of the PDS) and, for Derbyshire, amounts to £70k. This amount is not directly provided for in these financial statements and would be funded from reserves in the unlikely event it is called upon.

The PCC for Derbyshire is a member of the Association of Police and Crime Commissioners and pays an annual subscription of £48,330.

#### Other Public Bodies

The Commissioner participates in Jointly Controlled Operations with other East Midlands Commissioners. The Commissioner also entered into a Joint Venture with Derbyshire Fire to build a new joint Headquarters and to build a joint training centre/firearms range. The transactions have been disclosed elsewhere within the notes to the accounts.

In addition to the above, the Commissioner also has transactions during the year with other Local Authorities and Public Bodies. The material transactions are shown below:

2023/24			2024/25	
Payments £'000	Receipts £'000		Payments £'000	Receipts £'000
	88,690	Precepts and surpluses (including accruals)		93,729
		<b>Local Authorities</b>		
2,819	480	Derbyshire County Council	3,065	601
647	273	Derby City Council	940	354

#### **Note 9 Accounting for Pension Costs (a)**

As part of the terms and conditions of employment of its officers and other employees, the PCC Group offers post-employment (retirement) benefits. Although these benefits will not actually be payable until employees retire, the PCC Group has a current commitment to make future payments which need to be disclosed at the time that employees earn their future entitlement.

The PCC Group participates in two post-employment schemes: -

**The Local Government Pension Scheme (LGPS)** for police staff is a defined benefit scheme. It is a funded scheme which is administered by Derbyshire County Council. Pensions and other retirement benefits are paid from the fund. Employers and employees make regular contributions into the fund so that the liabilities are paid for evenly over the employment period.

Actuarial valuations of the fund are undertaken every three years to determine the contribution rates needed to meet its liabilities. A valuation was undertaken as at the 31 March 2022 which set contribution rates for the 3-year period commencing on the 1 April 2023.

The 2024/25 total employer contribution of £11.297m consisted only of 'regular' contributions as there were no additional one-off contributions towards early retirements. This is in line with pension costs necessary to be provided in accordance with IAS19 "Employee Benefits". Prior to 2024/25 the regular contributions consisted of 2 elements:

- a 'future service rate' to meet the estimated cost of benefits that will be earned in future (set at 13.9% of pensionable pay at the latest valuation).
- a 'deficit recovery repayment' lump sum to enable the difference between the value of benefits earned to date and the assets that have been built up to be recovered over a specified period (NIL paid in 2024/25).

In total these 2 elements equated to a contribution rate of 13.9% of pensionable pay for 2024/25.

In addition to contributions to the Pension fund the PCC Group is responsible for compensation payments in the form of "added years" awarded on premature retirement. In 2024/25 these amounted to £0.026m.

Further information can be found in the County Council's Pension Fund Statement of Accounts, which is available upon request from Derbyshire County Council.

The structure of benefits payable to members under the LGPS was reformed from April 2014 as part of a policy to make all pension schemes across the public sector more affordable. In summary, retirements benefits earned from service after this date became based on 'career average' salaries rather than final salaries. For Police Officers (see below) a similar change was implemented from April 2015.

The implementation of all the new career-average schemes across the public sector was subsequently found to be discriminatory – on grounds of age – in a series of court rulings. This was because members nearer to retirement were treated more favourably than younger members with less service.

Following a consultation process HM Treasury has determined a mechanism and process for removing the discrimination, which is referred to collectively as the 'Pensions Remedy'. This process began in October 2023, when all the technical details of implementation have been worked out and will mean that individual members will have a choice regarding the benefits they receive for service between the 1 April 2015 and 31 March 2022. More details can be found under the 'McCloud Judgement' section below.

**The Police Pension Scheme** for police officers is an unfunded single employer defined benefit scheme. This means it provides pensions and other retirement benefits for police officers but there are no investment assets built up to meet the pensions liabilities. Up to and including 2022/23 three schemes were in operation:

- The 1987 Police Pension Scheme - based on officers' final salaries and a maximum pensionable service of 30 years.
- The 2006 Police Pension Scheme (effective for police officers commencing from April 2006 onwards) - based on officers' final salaries and a maximum pensionable service of 35 years.
- The 2015 Police Pension Scheme – based on 'career average' salaries with no maximum pensionable service but a Normal Pension Age of 60.

However, during 2024/25 only the 2015 Police Pension Scheme was in operation. The other 2 schemes were fully closed to all members on 31 March 2022.

All new officers and existing officers not subject to protection arrangements are now members of the 2015 scheme. As with the Local Government Pension Scheme, because the changes to the Police Officer pension scheme from 2015 involved transitional protections for older members close to retirement age, they come within the ambit of the McCloud Judgement / Pension Remedy (see page 52).

The constabulary is required to operate a separate Pensions Account for all transactions related to the Police Pension Scheme. Officers' contributions and an employer's contribution are paid into the pensions account from which pension payments are made. The account is topped up each year by the Home Office if the contributions in that year are insufficient to meet the cost of pensions paid. Any surplus is repaid to the Home Office.

For 2024/25 a Top up grant of £28.923m was received from the Home Office to supplement the employer's contributions paid into the account which amounted to £29.081m (35.3% of pensionable salary). The contribution rate of 31.0% was set following a revaluation of the scheme's total liabilities by the Government Actuary's Department as at the 31 March 2016. A further revaluation as at the 31 March 2020 determined a revised employer's contribution rate of 35.3% with effect from the 1 April 2024.

In addition to the standard contribution, individual payments totalling £0.524m were made into the Pensions Fund Account to reimburse the extra cost of benefits becoming payable early due to ill-health retirement. Injury-related payments amounted to £3.162m and these were paid from the Comprehensive Income and Expenditure Account. The Pensions Fund Account is shown on page 73.

#### Transactions relating to post-employment benefits (b)

Under IAS 19 we recognise the cost of retirement benefits in the Net 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 Reserve via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Reserve Balance via the Movement in Reserves Statements during the year: -

2023/24 £'000	Local Government Pension Scheme Comprehensive Income & Expenditure Statement	2024/25 £'000
11,319	<b>Cost of Services</b>	10,925
-	Current service cost *	-
	Past Service cost (incl curtailments)	
	<b>Financing and Investment Income and Expenditure</b>	
54	Net Interest cost	(9)
<b>11,373</b>	<b>Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	<b>10,916</b>
	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	
(15,003)	Re-measurements of surpluses/deficits	4,279
(2,123)	Return on scheme assets (excluding the amount included in the net interest expense)	(585)
(23,026)	Actuarial losses/(gains) arising from changes in demographic assumptions	(61,624)
9,904	Actuarial losses/(gains) arising from changes in financial assumptions	(2,916)
	Other experience changes	(29,928)
	Changes in the effect of the asset ceiling	(90,774)
<b>(30,248)</b>	<b>Total Re-measurements</b>	<b>(90,774)</b>
<b>(18,875)</b>	<b>Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	<b>(79,858)</b>

2023/24 £'000	Local Government Pension Scheme Movement in Reserves Statement Expenditure	2024/25 £'000
18,875	Reversal of net charges for post-employment benefits in accordance with the code	(79,858)
10,309 -	<b>Actual amount charged against the General Reserve Balance for pensions in the year:</b> Employers' contributions payable to scheme plus added years Retirement benefits payable to pensioners	11,323 -
2023/24 £'000	Police Pension Scheme Comprehensive Income & Expenditure Statement	2024/25 £'000
14,890	<b>Cost of Services</b> Current service cost	15,790
78,220	Net Interest cost	80,780
93,110	<b>Total Post-Employment Benefits Charged to the Surplus or Deficit on the Provision of Services</b>	96,570
-	<b>Other Post-Employment Benefits charged to the Comprehensive Income and Expenditure Statement</b>	-
-	Re-measurement of surpluses /deficits	-
(35,930)	Actuarial losses/(gains) arising from changes in demographic assumptions	560
20,650	Actuarial losses/(gains) arising from changes in financial assumptions	(198,630)
	Other experience changes	(2,530)
(15,280)	<b>Total Re-measurements</b>	(200,600)
77,830	<b>Total Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement</b>	(104,030)

2023/24 £'000	Police Pension Scheme Movement in Reserves Statement	2024/25 £'000
(77,830)	Reversal of net charges for post-employment benefits in accordance with the code	104,030
29,118 -	<b>Actual amount charged against the General Reserve Balance for pensions in the year:</b> Employers' contributions payable to scheme Retirement benefits payable to pensioners	32,768 -

\*For the LGPS the current service cost is within the Police Staff Pay and Allowances figure in note 2.

The Current Service Cost – which is the total increase in entitlements earned by existing employees during the year and the other gains and losses are affected by changes in the key actuarial and financial assumptions used in projecting future pension entitlements. Note 10b details the key demographic and financial assumptions which have been used in calculating these figures. It also quantifies the potential impact if different assumptions are used.

### **McCloud Remedy Judgement – Police Pension Challenge**

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures we expect the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period as these are usually the most beneficial schemes for members.

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Now that the remedy window has closed, we have moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme which we expect benefits to be paid from. In the 2022/23 disclosures, this led to a past service cost in the 1987 Scheme and the 2006 Scheme and a past service gain in the 2015 Scheme.

At the time when the 2023/24 accounting disclosures were being prepared, only a small amount of time had passed from the McCloud implementation date on 1 October 2023 which meant that the contributions adjustments made by administrators during that period were immaterial. However, since then, we have refined the accounting treatment of the contributions adjustments in the 2024/25 disclosures, so they are shown as net cashflows.

### **GMP equalisation and indexation**

The Government has published a consultation on indexation and equalisation of Guaranteed Minimum Pensions (GMP), with the proposal being to extend the “interim solution” to those members who reach State Pension Age after 5 April 2021 (7 October 2020). A past service cost was included in the 2019/20 disclosures for extending the equalisation to all future retirees.

There was also a further court ruling on 20 November 2020 regarding GMP equalisation. The court ruled that scheme trustees are required to revisit past Cash Equivalent Transfer Values (CETVs) to ensure GMP equalisation. This may result in additional top-ups where GMP equalisation means that members did not receive their full entitlement. For public service pension schemes, we expect that this ruling will be taken forward on a cross scheme basis and will need legal input.

This may require revisiting past CETV cases for members with State Pension age after 5 April 2016 and who took a CETV from the scheme before the CETV were equalised. The scope of any costs are yet to be determined and we do not have data on historic CETVs on to estimate the potential impact, but we expect it will be a relatively small uplift for a relatively small subset of members (i.e. those who took a CETV and are in scope for a top up).

No additional costs were recognised for GMP equalisation and indexation in 2021/22, nor are they expected to for 2023/24, nor are they expected to for 2024/25. In the absence of any further developments, we also propose no additional costs are recognised for 2025/26.

### GMP Overpayments

We are aware that schemes have undertaken GMP reconciliation work with HMRC, and in some cases this work will result in identifying members who have been overpaid or underpaid. We have assumed that any overpayments or underpayments, to the extent they are not already reflected in underlying data, are not significant to the disclosures GAD prepares for the balance sheet and the profit and loss accounts.

### Part-year inflation

We have allowed for known inflation between September 2024 and 31 March 2025.

### Survivor benefits legal challenges (Goodwin)

In 2020 a legal challenge was brought against the Teachers' Pension Scheme regarding the provision of survivor benefits to a male spouse of a female member. In that scheme, dependant benefits for a male spouse of a female member are based on service from 1988 and do not include service before 1988.

Home Office advised that due to the historic equal benefit structure in the 1987 Scheme they do not believe there is a similar situation in the Police Pension Scheme in England & Wales and therefore there was no requirement to allow for this legal challenge in the 2024/25 accounting disclosures.

### Section 37 legal case

We are aware of the case of Virgin Media Ltd vs NTL Pension Trustees II Limited (and others) relating to actuarial certifications under section 37 of the Pension Schemes Act 1993. This case potentially has implications for the validity of amendments made by schemes which were contracted-out on a salary-related basis between 6 April 1997 and the abolition of contracting-out in 2016. There is considerable uncertainty around this case including potential read across to public service pension schemes. We understand that schemes continue to administer benefits and recognise liabilities in accordance with scheme regulations currently in force. No additional costs are assumed to be recognised in the 2024/25 accounting disclosures.

### Note 10 Assets and Liabilities in relation to Post-employment benefits (a)

Note 10 contains details of the PCC Group's participation in the Local Government Pensions Scheme (administered by Derbyshire County Council) and the Police Pension Scheme in providing Police staff and police officers with retirement benefits.

Reconciliation of the present value of the schemes' liabilities is as follows:

2023/24 £'000	Funded liabilities: Local Government Pension Scheme	2024/25 £'000
(328,886)	<b>Opening Balance as at the 1 April</b>	<b>(334,817)</b>
(11,319)	Current Service Cost	(10,925)
-	Past Service Cost (inc. curtailments)	-
(15,749)	Interest on pension liabilities	(16,370)
(3,724)	Contributions from scheme participants	(4,120)
	<b><u>Remeasurement gains and (losses):</u></b>	
2,123	Actuarial gains/(losses) arising from changes in demographic assumptions	585
23,026	Actuarial gains/(losses) arising from changes in financial assumptions	61,624
(9,904)	Other experience changes	2,916
9,616	Benefits paid	9,070
<b>(334,817)</b>	<b>Deficit as at the 31 March</b>	<b>(292,037)</b>

2023/24 £'000	Unfunded Liabilities Police Pension Scheme	2024/25 £'000
(1,670,022)	<b>Opening Balance as at the 1 April</b>	(1,723,332)
(14,890)	Current Service cost	(15,790)
(78,220)	Interest on pension liabilities	(80,780)
30	Past Service Cost	-
(11,620)	Contributions from scheme participants	(12,870)
(33,290)	Change in estimate of the scheme liabilities	-
	<b>Remeasurement gains and (losses):</b>	
-	Actuarial gains/(losses) arising from changes in demographic assumptions	2,530
35,930	Actuarial gains/(losses) arising from changes in financial assumptions	198,630
(20,650)	Other experience gains and (losses)	(560)
69,400	Benefits Paid	74,700
<b>(1,723,332)</b>	<b>Deficit as at the 31 March</b>	<b>(1,557,472)</b>

### Pensions Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the PCC Group's obligation in respect of its defined benefit plans is as follows:

Balance Sheet	Local Government Pension Scheme		Police Pension Scheme		Balance Sheet	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Present value of the defined benefit obligation	(334,817)	(292,037)	(1,723,332)	(1,557,472)	(2,058,149)	(1,849,509)
Fair Value of Scheme Assets	363,361	383,225	-	-	363,361	383,225
Asset Ceiling Adjustment	(28,544)	(91,382)			(28,544)	(91,382)
<b>Net liability arising from defined benefit obligation</b>	<b>NIL</b>	<b>(194)</b>	<b>(1,723,332)</b>	<b>(1,557,472)</b>	<b>(1,723,332)</b>	<b>(1,557,666)</b>

The liabilities show the underlying long-term commitments that the PCC Group must pay for post-employment (retirement) benefits. The total liability of £1,557.666m has a substantial impact on the net worth of the PCC Group as recorded in the Balance Sheet. Some £1,557.472m of this overall deficit relates to the Police Pension Scheme, which is a centrally funded scheme administered and underwritten by HM Government. However, statutory arrangements for funding the deficit mean that the financial position of the PCC Group remains stable: -

#### The Local Government Pension Scheme

- Any deficit on the local government scheme will be made good by contributions over the remaining working life of employees (i.e. before payments fall due), as assessed by the scheme actuary.
- Also, due to national changes under the Public Pensions Services Act 2013, as from the 1 April 2014 scheme members accrue pension entitlements based on career-average salaries instead of the salary being paid at the point of retirement as previously.

#### The Police Pension Scheme

- The method of financing Police Officers pensions changed from April 2006. Prior to this date, all pension costs were charged to the Constabulary's operational account and funded by general revenue funding along with all other operational expenses. This created wide fluctuations in the cost of pensions from year to year.
- Employers now pay a fixed contribution (i.e. an actuarially determined % of pensionable pay) into a separate pension account. Any net cost of pensions paid to members in excess of this contribution is offset by a Home Office top-up grant.
- This change to the method of financing police officer pensions, and the fact that the employer contribution rate is assessed on a regular basis creates a more stable environment for Police Officer pensions.
- In addition, the introduction of a new Police Pension Scheme from April 2015 means that benefits accrued in this scheme are based on a retirement age of 60, which is later than previously, and on average salaries over the whole period of employment.

The total contributions expected to be made to the Local Government Pension Scheme by the Commissioner in the year to the 31 March 2025 are £11.304m. Expected contributions for the Police Pension Scheme in the year to the 31 March 2025 are £63.614m.

The weighted average duration of the defined benefit obligation for members of the Local Government Pension Scheme is 21 years. The weighted average duration of the defined benefit obligation for the Police Pension Schemes is 16 years.

Reconciliation of the Movements in the Fair Value of the assets of the Local Government Pension Scheme: -

2023/24 £'000	Local Government Pension Scheme	2024/25 £'000
328,243	Opening fair value as at the 1 April	363,361
15,695	Interest Income	17,763
15,003	The return on plan assets, excluding the amount included in the net interest expense	(4,279)
10,312	Contributions from employer	11,330
3,724	Contributions from employees into the scheme	4,120
(9,616)	Benefits/transfers paid	(9,070)
-	Other Experience	-
<b>363,361</b>	<b>Closing fair value of scheme assets as at the 31 March</b>	<b>383,225</b>

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 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.

The actual return on scheme assets including expected return on plan assets in the year was a gain of £13.484m (2023/24 a gain of £30.698m).

In 2024/25 the local government pension scheme has a net asset in respect of the funded obligations due to changes in the financial assumptions and an excess return on assets. In accordance with proper accounting practice, as asset ceiling calculation has been undertaken which shows that the net asset cannot be realised. As a result, the net assets are reduced by £91m.

Local Government Pension Scheme assets comprised: -

2023/24				Local Government Pension Scheme Assets	2024/25			
Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets %		Quoted prices in active markets £'000	Quoted prices not in active markets £'000	Total £'000	% of Total Assets %
-	13,913	13,913	4%	<b>Cash and cash equivalents</b>	-	16,587	16,587	4%
				<b>Equity Securities</b>				
-	-	-	0%	Consumer	-	-	-	0%
-	-	-	0%	Manufacturing	-	-	-	0%
-	-	-	0%	Energy and Utilities	-	-	-	0%
-	-	-	0%	Financial Institutions	-	-	-	0%
-	-	-	0%	Health and Care	-	-	-	0%
-	-	-	0%	Information Technology	-	-	-	0%
9,284	-	9,284	3%	Other	5,312	-	5,312	1%
<b>9,284</b>	-	<b>9,284</b>	<b>3%</b>	<b>Equities sub-total</b>	<b>5,312</b>	-	<b>5,312</b>	<b>1%</b>
				<b>Debt Securities</b>				
20,580	26,284	46,864	13%	Corporate Bonds	24,129	32,062	56,191	15%
32,243	-	32,243	9%	UK Government Bonds	43,031	-	43,031	11%
5,502	-	5,502	1%	Other Bonds	4,803	-	4,803	1%
<b>58,325</b>	<b>26,284</b>	<b>84,609</b>	<b>23%</b>	<b>Debt Securities sub-total</b>	<b>71,963</b>	<b>32,062</b>	<b>104,025</b>	<b>23%</b>
				<b>Property</b>				
884	24,244	25,128	7%	UK Property	805	26,068	26,873	7%
				<b>Private Equity</b>				
6,149	12,171	18,320	5%		6,423	13,451	19,874	5%
				<b>Other Investment Funds</b>				
67,811	107,222	175,033	48%	Equities	62,584	106,772	169,356	44%
5,678	30,856	36,534	10%	Infrastructure	5,021	36,177	41,198	11%
<b>73,489</b>	<b>138,078</b>	<b>211,567</b>	<b>58%</b>	<b>Other Investment Funds sub-total</b>	<b>67,605</b>	<b>142,949</b>	<b>210,554</b>	<b>55%</b>
<b>148,672</b>	<b>214,689</b>	<b>363,361</b>	<b>100%</b>	<b>Total Assets</b>	<b>152,108</b>	<b>231,117</b>	<b>383,225</b>	<b>100%</b>

**Basis for estimating assets and liabilities (b)**

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary rates etc. Under the projected unit method, the current service cost will increase as the members of the scheme approach retirement for the local government and police pension schemes. The Police Officer scheme has been assessed by the Government Actuary Department (GAD); estimates are based on the latest full valuation of the scheme as at the 31 March 2020.

The Local Government scheme has been assessed by Hymans Robertson LLP, an independent firm of actuaries, estimates are based on the latest full valuation of the scheme as at the 31 March 2025.

The main assumptions used in their calculations have been: -

	Local Government Pension Scheme		Police Pension Schemes	
	2023/24	2024/25	2023/24	2024/25
<b>Mortality assumptions:</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>	<b>Years</b>
Longevity at 65 for current pensioners:				
Men	20.8	20.8	21.9	21.9
Women	23.8	23.8	23.6	23.9
Longevity at 65 for future pensioners				
Men	21.6	21.5	23.6	23.3
Women	25.5	25.3	25.1	25.2
<b>Financial Assumptions</b>	<b>%</b>	<b>%</b>	<b>%</b>	<b>%</b>
Rate of CPI inflation	2.75	2.75	2.60	2.70
Rate of increase in salaries (Long Term)	3.75	3.75	3.85	3.45
Rate of increase in pensions	2.95	2.95	2.60	2.70
Rate of CARE revaluation	-	-	3.85	3.95
Rate for discounting scheme liabilities	4.85	5.80	4.75	5.65
Take up option to convert annual pension into retirement grant: pre-April 2008 service	60	60	n/a	n/a
post-April 2008 service	60	60	n/a	n/a

### Covid-19 and climate change

Covid-19 and climate change are areas where there remains significant uncertainty, which could affect both future economic and demographic experience. In line with previous years, the assumptions used in the preparation of the 2024/25 accounts allow for the current impacts of Covid-19 and climate change to the extent that they are reflected in the market data used to set or derive assumptions.

The 2020-based population mortality projections allow for the short-term impacts of Covid-19 for 2019 to 2024 in line with the average views of an expert independent panel. The 2022-based population projections consider Covid-19 as a mortality shock event, applying an appropriate short-term adjustment rather than projecting its effects forward. Death rates from Covid-19 in excess of that already allowed for in the mortality assumptions and reflected in the membership data would emerge as an experience gain in future years' accounts

### Cost of Living implications

The effect of the continued high inflation rates has had some impact on the discount rate used in valuation of the liabilities. The accounting assumptions are based on market expectations as at the 31 March 2025 and were shaped by global events, therefore affecting the value placed on the obligations.

### Sensitivity of assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above.

The sensitivity analysis below has been determined based on reasonably possible changes to the assumptions occurring at the end of the reporting period. It assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice this is unlikely to occur and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projection unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Change In Assumption as at the 31/03/2025					
		0.1% decrease in Real Discount Rate	1 year increase in member life expectancy	0.1% increase in the salary increase rate	0.1% increase in the pension increase rate
Local Government Pension Scheme	Approximate % increase to Employer Liability	2.0	4.0	0.0	2.0
	Approximate monetary amount - £'000	6,002	11,681	312	5,855
		0.5% decrease in Real Discount Rate	1 year increase in member life expectancy	0.5% increase in the salary increase rate	0.5% increase in the pension increase rate
Police Pension Schemes	Approximate % increase to Employer Liability	-7.5	2.0	1.0	7.5
	Approximate monetary amount - £'000	(115,000)	34,000	14,000	113,000

## Note 11 Property, Plant and Equipment

Movements in 2024/25 (a)	Operational		Other		Non-operational		TOTAL £'000
	Operational Land & Buildings	Vehicles, Plant, Furniture Equipment	PFI Schemes	Jointly Controlled Operations	Surplus Assets Not Held for Sale	Assets Under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost or Valuation</b>							
At the 1 April 2024	32,620	40,285	9,700	3,695	415	5,300	92,015
Accumulated depreciation written off to the gross carrying amount	(5,396)	-	(890)	-	23	-	(6,263)
IFRS 16 adjustment	5,265	87	-	-	-	-	5,352
Additions	2,605	4,156	351	315	-	(214)	7,213
Revaluation Increases/(decreases) to RR	(806)	-	1,909	-	(13)	-	1,090
Revaluation decreases to SDPS	1,004	-	(1,895)	-	(12)	-	(903)
Derecognition – Disposals	-	(975)	-	(67)	-	-	(1,042)
Derecognition – Other	-	(3,726)	-	-	-	-	(3,726)
Reclassified to/from surplus	-	-	-	-	-	-	-
Reclassifications – other	(349)	-	-	-	(39)	(78)	(466)
<b>At the 31 March 2025</b>	<b>34,943</b>	<b>39,827</b>	<b>9,175</b>	<b>3,943</b>	<b>374</b>	<b>5,008</b>	<b>93,269</b>
<b>Depreciation and Impairments</b>							
At the 1 April 2024	(1,894)	(22,140)	(344)	(1,233)	19	-	(25,592)
Accumulated depreciation written off to the gross carrying amount	1,402	-	862	-	27	-	2,291
Depreciation charge	(1,247)	(4,889)	(282)	(270)	(27)	-	(6,715)
Derecognition – Disposals	-	687	-	62	-	-	749
Derecognition – Other	-	3,726	-	-	-	-	3,726
<b>At the 31 March 2025</b>	<b>(1,739)</b>	<b>(22,616)</b>	<b>236</b>	<b>(1,441)</b>	<b>19</b>	<b>-</b>	<b>(25,541)</b>
<b>Net Book Value</b>							
At the 31 March 2025	33,204	17,211	9,411	2,502	393	5,008	67,729
At the 31 March 2024	30,726	18,145	9,356	2,463	434	5,300	66,423

RR = Revaluation Reserve SDPS = Surplus or Deficit on the Provision of Services

Movements in 2023/24 (b)	Operational		Other		Non-operational		TOTAL £'000
	Operational Land & Buildings	Vehicles, Plant, Furniture Equipment	PFI Schemes	Jointly Controlled Operations	Surplus Assets Not Held for Sale	Assets Under Construction	
	£'000	£'000	£'000	£'000	£'000	£'000	
<b>Cost or Valuation</b>							
At the 1 April 2023	29,748	38,330	8,869	3,491	376	1,818	82,632
Accumulated depreciation written off to the gross carrying amount	-	-	-	-	-	-	-
Additions	1,092	5,894	198	193	1,410	3,297	12,084
Revaluation Increases/(decreases) to RR	594	-	1,680	83	-	-	2,357
Revaluation decreases to SDPS	-	-	-	-	-	-	-
Derecognition – Disposals	-	(553)	(1,047)	(72)	-	-	(1,672)
Derecognition – Other	-	(3,386)	-	-	-	-	(3,386)
Reclassified to/from surplus	-	-	-	-	-	-	-
Reclassifications – other	1,186	-	-	-	(1,371)	185	-
<b>At the 31 March 2024</b>	<b>32,620</b>	<b>40,285</b>	<b>9,700</b>	<b>3,695</b>	<b>415</b>	<b>5,300</b>	<b>92,015</b>
<b>Depreciation and Impairments</b>							
At the 1 April 2023	(1,669)	(21,613)	(1,681)	(1,214)	-	-	(26,177)
Accumulated depreciation written off to the gross carrying amount	628	-	1,453	171	35	-	2,287
Depreciation charge	(853)	(4,366)	(311)	(260)	(16)	-	(5,806)
Derecognition – Disposals	-	471	195	70	-	-	736
Derecognition – Other	-	3,368	-	-	-	-	3,368
<b>At the 31 March 2024</b>	<b>(1,894)</b>	<b>(22,140)</b>	<b>(344)</b>	<b>(1,233)</b>	<b>19</b>	<b>-</b>	<b>(25,592)</b>
<b>Net Book Value</b>							
At the 31 March 2024	30,726	18,145	9,356	2,463	434	5,300	66,423
At the 31 March 2023	28,080	16,718	7,187	2,277	376	1,817	56,455

RR = Revaluation Reserve SDPS = Surplus or Deficit on the Provision of Services

### Split of Assets between Commissioner and Chief Constable (c)

Under the Stage 2 transfer as at the 1 April 2014, all vehicles, plant, and equipment transferred to the Chief Constable (including Plant and Equipment held within Assets Under Construction). Land and Buildings and Jointly Controlled assets remained with the Commissioner. The split is as follows:-

Assets – Net Book Value	Chief Constable	Commissioner	PCC Group
	31 March 2025	31 March 2025	31 March 2025
	£'000	£'000	£'000
Operational Land & Buildings	-	33,204	33,204
Surplus Assets	-	393	393
Vehicles, Plant, Furniture & Equipment	17,210	-	17,210
PFI Schemes	-	9,411	9,411
Jointly Controlled Operations	-	2,503	2,503
Assets Under Construction	1,644	3,364	5,008
<b>Total Assets Net Book Value</b>	<b>18,854</b>	<b>48,875</b>	<b>67,729</b>

### Valuation of Assets (d)

Previously, all land and building assets were re-valued every five years, the last valuation of all land and buildings being the 1 April 2019. In 2021/22 a rolling programme of valuations started, a proportion of our land and buildings will be re-valued every year ensuring each building is re-valued at least once every five years. All 51 properties were valued as at the 31 March 2025 (27 full valuations, 24 desktop valuations).

The valuations for land and buildings were made in accordance with the Appraisal and Valuation Manual published by the Royal Institution of Chartered Surveyors. Valuations in 2024/25 were carried out by Liz MacDonald MRICS, Registered Valuer, NPS Property Consultants Ltd. The basis of valuation is shown in the Statement of Accounting Policies (page 22).

Vehicle information has been taken from the Vehicle Fleet Information System and IT and Communications information has been provided by the Information Services Department.

The Balance Sheet shows a share of all the Jointly Controlled Operation assets. These are jointly controlled operations with the other East Midland Commissioners (see note 7). Derbyshire's share of the assets is dependant on the collaboration agreement between the Commissioners and how many of them are within the agreement. The assets represent buildings, vehicle, equipment and IT assets.

31 March 2024		Jointly Controlled Operations	31 March 2025	
Total	Derbyshire Share		Total	Derbyshire Share
£'000	£'000		£'000	£'000
11,201	2,475	Fixed Assets –Tangible/intangible	11,551	2,518
2,665	656	Net Current Assets	3,286	774
<b>13,866</b>	<b>3,131</b>	<b>Total Net Assets</b>	<b>14,837</b>	<b>3,292</b>
		<b>Represented by</b>		
3,458	837	Usable Reserves	4,196	978
10,408	2,294	Unusable Reserves	10,641	2,314
<b>13,866</b>	<b>3,131</b>		<b>14,837</b>	<b>3,292</b>

The above information has been included in the PCC Group's Balance Sheet.

### Additions in Year (e)

This relates to capital expenditure in the year excluding intangible assets which is shown in Note 12.

### Assets Held by the PCC Group (f)

A brief analysis of the PCC Group's principal assets is set out below:

31/03/2024	Asset Type	31/03/2025
Number of assets		Number of assets
2	Main & Divisional Headquarters	2
14	Section Stations	16
3	Child Protection unit & Victim Suite	3
10	Community Offices & Others	7
1	Surplus Properties	1
3	Radio Masts	3
797	Vehicles	764
1	PFI Buildings	1
% of assets		% of assets
21.8%	EMSOU & EMFSS & EM Legal	21.8%
25.11%	EM Learning & development	25.11%
50%	HR Service Centre	50%

## Depreciation (g)

The basis of depreciation is shown in the Statement of Accounting Policies (page 22).

## Note 12 Intangible Assets

The PCC Group accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

Intangible Assets	2023/24			2024/25		
	Purchased Software Licences	Purchased Software Licences- JCO	Purchased Software Licences	Purchased Software Licences	Purchased Software Licences – JCO	Total PCC Group
	£'000	£'000	£'000	£'000	£'000	£'000
Net carrying amount 1 April	514	6	520	466	12	478
Additions	112	9	121	52	6	58
Reclassifications	-	-	-	-	-	-
Derecognitions	-	(1)	(1)	-	-	-
Amortisation in year	(160)	(2)	(162)	(152)	(2)	(154)
<b>Balance as at the 31 March</b>	<b>466</b>	<b>12</b>	<b>478</b>	<b>366</b>	<b>16</b>	<b>382</b>

From 2014/15 Software Licences are shown on the Chief Constable's Balance Sheet, except for Jointly Controlled Operations (JCO) software which is shown on the Commissioner's Balance sheet.

## Note 13 Investments in Associates and Joint Ventures

In 2014/15 Derbyshire Police and Derbyshire Fire and Rescue Service formed a Joint Venture under a Limited Liability Partnership (LLP). It will be operated by both organisations to strengthen transparency, accountability and governance for the construction and operation of joint buildings with an aim of working towards a more economic, effective and lower carbon estate. There are currently 2 buildings, a Joint Headquarters and a Joint Training Centre/Firearms Range. Derbyshire Police's investment in the joint venture to date is shown below, this represents Derbyshire Police's 66% share of the Joint Headquarters and 40% share of the Joint Training Centre/Firearms Range.

Investment in Joint Venture	31 March 2024 £'000	31 March 2025 £'000
Balance as at the 1 April	16,815	16,815
Spend in year	-	-
<b>Total Investment in Joint Venture PCC Accounts (Historic Cost)</b>	<b>16,815</b>	<b>16,815</b>
<b>Representing</b>		
-Joint Headquarters	12,211	12,211
-Joint Training Centre/Firearms Range	4,604	4,604
<b>Total Investment in Joint Venture PCC Group Accounts (Net Share of Assets)</b>	<b>18,537</b>	<b>19,299</b>

The Joint Venture operates an Income and Expenditure Account, the LLP Board agreed to redistribute 100% of profits to members (Police and Fire). The profit share for 2024/25 was £0.284m (£0.262m in 2023/24). This is reflected in the CIES.

## Note 14 Stock & Stores

The group holds stocks of uniforms, vehicle equipment, personal protective equipment (PPE) and other operational equipment. IAS2 Inventories require stocks to be valued at the lower cost or net realisable value, however the net realisable value for many stock items such as uniforms would be negligible under this treatment and this would substantially understate the value of these current assets which are usually utilised within a year. Stocks and Stores items are therefore valued at purchase price. Any stock subsequently obsolete or damaged would be treated as a write off against the Comprehensive Income and Expenditure Statement with the accounts in the year.

The value of the inventories held by the group as at 31<sup>st</sup> March 2025 is £0.376m (compared to £0.314m in 2023/24).

## Note 15 Capital Expenditure and Capital Financing Statement

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

2023/24			2024/25	
PCC £'000	Group £'000		PCC £'000	Group £'000
37,829	37,829	<b>Opening Capital Financing Requirement</b>	39,559	39,559
		<b>Capital investment</b>		
3,212	12,094	<i>Property, Plant and Equipment</i>	5,333	6,758
-	-	<i>Right of Use Assets</i>	5,300	5,387
9	122	<i>Intangible assets</i>	6	58
170	170	<i>Revenue Expenditure Funded from Capital under Statute (REFCUS)</i>	8	8
8,995	-	<i>REFCUS (grant/loan to Chief Constable) – Intra Group funding</i>	1,564	-
<b>12,386</b>	<b>12,386</b>	<b>Total Capital Investment</b>	<b>12,211</b>	<b>12,211</b>
		<b>Sources of Finance</b>		
(749)	(749)	<i>Capital receipts</i>	-	-
(1,846)	(1,846)	<i>Government Grants &amp; Contributions</i>	(1,541)	(1,541)
(7,226)	(7,226)	<i>Direct revenue contributions</i>	(874)	(874)
(835)	(835)	<i>Minimum Revenue Provision (MRP)</i>	(825)	(825)
<b>39,559</b>	<b>39,559</b>	<b>Closing Capital Financing Requirement</b>	<b>48,530</b>	<b>48,530</b>
		<b>Explanation of movements in the year</b>		
(103)	(103)	Decrease in underlying need to borrow (supported by Government financial assistance)	(106)	(106)
2,191	2,191	Increase in underlying need to borrow (unsupported by Government financial assistance)	9,367	9,367
(358)	(358)	Assets acquired under PFI Contracts	(290)	(290)
<b>1,730</b>	<b>1,730</b>	<b>Increase in Capital Financing Requirement</b>	<b>8,971</b>	<b>8,971</b>

## Note 16 Debtors

The level of debt outstanding during 2024/25 was analysed and it was decided that it would be prudent to provide a bad debt provision of £0.015m after taking account of the current year's write-offs.

Debtors are analysed as follows and include Derbyshire's share of jointly controlled operations debtors: -

Debtors	31 March 2024 £'000	31 March 2025 £'000
Government Departments and Agencies	10,552	24,360
Local and Police Authorities	12,330	6,925
Share of Council Tax Debtors	5,843	5,671
Other Entities and Individuals	8,488	9,263
Less: Provision for Bad debts	(14)	(15)
<b>Total Debtors</b>	<b>37,199</b>	<b>46,204</b>

## Note 17 Cash and Cash Equivalents

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

Cash and Cash Equivalents	31 March 2024 £'000	31 March 2025 £'000
Cash held by the Commissioner	86	86
Bank current accounts	9,204	2,220
Proceeds of Crime Cash	1,097	702
<b>Total Cash and Cash equivalents</b>	<b>10,387</b>	<b>3,008</b>

## Note 18 Assets held for sale

As at the 1 April 2024 no assets met the criteria of Assets held for sale.  
One asset was classified as an Asset held for sale as at the 31 March 2025.

	Assets held for sale £'000
<b>Balance as at 1 April 2024</b>	-
Assets newly classified as held for sale	465
Transfer to Operational assets	-
Gains/losses on revaluation of assets held for sale	-
Sale of assets in year	-
<b>Balance as at 31 March 2025</b>	<b>465</b>

## Note 19 Creditors

Creditors are analysed as follows and include Derbyshire's share of jointly controlled operations creditors: -

Creditors	31 March 2024 £'000	31 March 2025 £'000
Government Departments and Agencies	5,389	6,446
Local and Police Authorities	14,218	15,114
Share of Council Tax Creditors	5,558	5,773
Other Entities and Individuals	7,847	9,124
<b>Total Creditors – Commissioner</b>	<b>33,012</b>	<b>36,457</b>
Employee Benefits – Chief Constable	3,477	3,446
<b>Total Creditors</b>	<b>36,489</b>	<b>39,903</b>

## Note 20 Borrowing and Investments

The borrowing and investments disclosed in the Balance Sheet are:

	31 March 2024			31 March 2025		
	Long Term £'000	Current £'000	Total £'000	Long Term £'000	Current £'000	Total £'000
PWLB	29,775	856	30,631	28,581	1,316	29,897
<b>Total borrowing</b>	<b>29,775</b>	<b>856</b>	<b>30,631</b>	<b>28,581</b>	<b>1,316</b>	<b>29,897</b>
Loans and receivables – Temporary Investments	-	5,047	5,047	-	20	20
<b>Total investments</b>	<b>-</b>	<b>5,047</b>	<b>5,047</b>	<b>-</b>	<b>20</b>	<b>20</b>

'Current' is investments and borrowing less than one year. Interest earned is charged to the Income and Expenditure Account on an accrual's basis and hence Temporary investments and Short term borrowing figures on the Balance Sheet also includes interest earned but not yet paid as at the 31 March 2025.

PWLB is borrowing with the Public Works Loan Board. A new loan for £20m was raised during 2021/22 and has been used to finance the Capital Programme in the period 2021/22 to 2024/25. The total PWLB outstanding at the 31 March 2025 is £29.775m plus interest of £0.122m. The repayment schedule for PWLB is shown in Note 22c.

Loans and receivables are surplus cash that the Commissioner invests in short-term deposits and temporary investments with a range of banks and financial institutions. Temporary investments outstanding as at the 31 March 2025 is £0m plus interest of £0.020m. PFI finance lease liabilities are shown in Note 23c.

## Note 21 Interest from borrowing and investments

Interest payable on external borrowings and interest receivable on short term investments fall on the Comprehensive Income and Expenditure Statement as shown below: -

	Total 31 March 2024 £'000	Borrowings £'000	Investments £'000	Total 31 March 2025 £'000
Interest Payable and similar charges	597	570		570
Interest Payable on PFI Schemes	372	209		209
Interest and investment Income	(2,093)		(1,514)	(1,514)

## Note 22 Financial Instruments - Assets and Liabilities

A financial instrument is any contract that results in a financial asset on the Balance Sheet of one entity (for example the Commissioner) and a financial liability or equity instrument on the Balance Sheet of another entity. The term “financial instrument” covers both financial assets and financial liabilities ranging from the most straightforward (i.e. temporary investments, debtors and creditors) to the most complex (i.e. derivatives). Financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The fair value of each class of financial asset and liabilities is as follows: -

	31 March 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
<b>Financial Assets</b>				
Temporary Investments	5,047	5,047	20	20
Cash and Cash Equivalents	10,387	10,387	3,008	3,008
Debtors (contractual only)	30,403	30,403	37,301	37,301
<b>Financial Liabilities</b>				
<b>Borrowing</b>				
PWLB	(30,631)	(16,234)	(29,897)	(14,301)
PFI Liabilities	(2,642)	(2,642)	(1,978)	(1,978)
Creditors (contractual only)	(25,873)	(25,873)	(28,769)	(28,769)

### Financial Assets

The fair value of investments has been assessed as being the same as the carrying value due to the investments being short term (less than one year). Cash is assumed to have a fair value which is equivalent to the carrying amount due to the short-term nature of the asset. In the case of debtors, the carrying amount (the invoiced amount) as shown in the balance sheet is assumed to approximate to fair value. These are likely to mature in the next 12 months.

### Financial Liabilities

The fair value of PWLB has been calculated by reference to the new borrowing (certainty rate) set of rates as at the 31 March 2025. The fair value of PWLB is less than the carrying amount because the Commissioner's portfolio of loans is based on fixed rate loans where the interest rate payable is lower than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at the 31 March 2025) arising from a commitment to pay interest to lenders below current market rates.

In the case of creditors, the carrying amount (the billed amount) as shown in the balance sheet is assumed to approximate to fair value. These are likely to mature in the next 12 months.

### Sensitivity Analysis

If interest rates had been 1% higher, the fair value of PWLB would have been £1.595m lower using the using the new borrowing (certainty rate) discount rate. As borrowings are not carried at fair value on the Balance Sheet there is no impact on the Comprehensive Income and Expenditure Statement.

## Note 23 Nature and Extent of Risks arising from Financial Instruments

The Commissioner's overall risk management procedures focus on the unpredictability of financial markets and implementing restrictions to minimise these risks. The procedures for risk management are set out through a legal framework in the Local Government Act 2003 and associated regulations. These require the Commissioner to comply with the CIPFA Prudential Code, the CIPFA Treasury Management in the Public Services Code of Practice and Investment Guidance issued through the Act. These procedures require the Commissioner to manage risk in the following ways:

- By formally adopting the requirements of the Code of Practice.
- By approving annually in advance prudential indicators for the following three years limiting:
  - The Commissioner's overall borrowing.
  - Its maximum and minimum exposures to fixed and variable rates.
  - Its maximum and minimum for exposures of the maturity structure of debt.
  - Its maximum annual exposures to investments maturing beyond a year.
- By approving an investment strategy for the forthcoming year setting out its criteria for both investing and selecting investment counterparties in compliance with the Government Guidance.

The Commissioner's Treasury Management Strategy including the Investment Strategy is approved annually before the start of the year to which it relates which outlines the detailed approach to managing risk in relation to the Commissioner's financial instrument exposure. Actual performance is also monitored at least annually. The key risks are:

### a) Credit Risk Exposure

This is the risk that one party to a financial instrument will fail to meet their contractual obligations, causing a loss for the other party. Exposure to this risk is managed through the Commissioner's Treasury Management Strategy including the Investment Strategy. The Commissioner only invests in approved institutions who meet identified minimum credit criteria, in accordance with the Fitch, Moody's and Standard & Poors Ratings Services.

The policy for 2024/25 was to limit investment to the following categories;

- UK Banks & Building Societies
- Guaranteed Banks with suitable sovereign support
- Local Authorities
- Debt Management Office
- Money Market Funds

The Commissioner does not make deposits with the above unless they meet the minimum requirements of the investment criteria at that time. There are also limits in place to how much can be invested with counterparties and for how long.

No breaches of the Commissioner's counterparty criteria occurred during the reporting period and the Commissioner does not expect any losses from non-performance by any of the counterparties in relation to deposits.

Whilst the current international markets position has slightly raised the overall possibility of default the Commissioner maintains strict credit criteria for investment counterparties and seeks security of capital over maximising interest.

The risk of customers failing to pay the Commissioner for goods/services provided is low as this income is only a small proportion of total income. The risk is managed via the Commissioner's Credit Control Procedures. These procedures set out the framework within which financial relationships with the Commissioner's customers are managed beginning with raising an invoice through to invoking legal action should it be required. The Chief Finance Officer can write off bad debts up to a limit of £10,000 in each case. Larger sums are referred to the Commissioner. To further mitigate the risk of Customer credit default, the Commissioner makes a bad debt provision each year.

**b) Liquidity Risk Exposure**

This is the risk that a party will be unable to raise funds to meet its commitments associated with financial instruments. The Commissioner manages its liquidity position through the risk management procedures above as well as through a comprehensive cash flow management system, as required by the Code of Practice. This seeks to ensure that cash is available when it is needed to meet payment obligations (eg; payments to creditors and in respect of the Commissioner's employees). If unexpected movements happen, the Commissioner has access to borrowings from both the money markets and PWLB. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments.

**c) Refinancing and Maturity Risk**

This is the risk that the Commissioner might be requiring to renew a financial instrument on maturity at disadvantageous interest rates or terms. The risk relates to the maturing of longer-term financial liabilities and the fact that the Commissioner will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. The financial liabilities however all mature at different times. The maturity analysis of financial liabilities is as follows; -

2024/25	PWLB £'000
Less than one year interest	122
Less than one year principal	1,194
Between one and two years	656
Between two and five years	1,730
Between five and ten years	2,195
Between ten and fifteen years	2,000
More than fifteen years	22,000
<b>Total</b>	<b>29,897</b>

This excludes trade and other payables which are due to be paid in less than one year and PFI Liabilities which are repaid over the life of the contract.

**d) Market Risk Exposure**

This is the risk that the value of an instrument will fluctuate because of changes in interest rates, market prices, foreign currency exchange rates.

Interest Rate Risk - The Commissioner has limited risk. PWLB interest rates are fixed and investments are only temporarily invested (less than a year). The risk therefore arises from the uncertainty of what level interest rates will be at when the Commissioner either makes a temporary investment or enters into a new borrowing arrangement with PWLB. A movement in interest rates could have a complex impact on the Income and Expenditure Statement. For instance, a rise in interest rates may have the following effects:

- Future borrowings may be more costly and result in a higher interest expense charged to the Comprehensive Income and Expenditure Statement
- The fair value of existing borrowings may alter
- Future temporary investments may realise a greater return and result in a higher interest receipt credited to the Comprehensive Income and Expenditure Statement

Borrowings are not carried at fair value in the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the surplus or deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services and affect the General Reserve Balance.

The Commissioner will consider, where economic conditions allow, the viability of repaying loans early to limit the exposure to interest rate risk.

Market Price Risk - The Commissioner does not invest in equity shares and hence has no exposure to the gains or losses arising from a movement in the price of shares.

Foreign Exchange Risk - The Commissioner has no financial assets or liabilities in foreign currencies and hence has no exposure to loss arising from movements in exchange rates.

## Note 24 Private Finance Initiatives

The Commissioner had two Private Finance Initiative (PFI) project agreements: -

On the 23 December 1997 an agreement for the provision of a new serviced police station at Ilkeston was signed. The arrangement was for 30 years from October 1998 until September 2028. The building was occupied from October 1998 when payments commenced. In November 2023 we exited the Ilkeston contract early, securing the building as a long-term asset and removing risk around both the uncertainty of long-term costs as well as any risk in terms of the effect of the loss of this site to policing.

On the 26 February 1999 an agreement for the provision of a new fully serviced Divisional Headquarters and City Section Station at Derby was signed. The arrangement is for 30 years from the 18 December 2000 until 17 December 2030. The building was occupied from the 18 December 2000 when payments commenced.

### Property, Plant and Equipment

The assets used to provide services at the police station and divisional headquarters are recognised on the Balance Sheet. Movements in their value over the year are detailed in the analysis of the movement on the Property, plant and equipment balance in Note 11.

### Payments

The Commissioner makes an agreed payment each year which is increased each year by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed. The amount of Unitary charge paid in 2024/25 was £4.321m for Derby (the equivalent unitary charge paid in 2023/24 was £0.346m for Ilkeston and £4.120m for Derby). The total charge for each scheme can be analysed as follows: -

	2023/24			2024/25		
	Ilkeston £'000	Derby £'000	Total £'000	Ilkeston £'000	Derby £'000	Total £'000
Service Payment	176	2,528	2,704	-	1,894	1,894
Interest on liability	61	311	372	-	209	209
Lifecycle Payments	-	-	-	-	1,463	1,463
Repayments of Principal	109	1,281	1,390	-	663	663
<b>Total Unitary Charge</b>	<b>346</b>	<b>4,120</b>	<b>4,466</b>	<b>-</b>	<b>4,229</b>	<b>4,229</b>

There are no further remaining payments to be made under the Ilkeston PFI contract. The projected remaining payments to made under the Derby PFI contract at the 31 March 2025 are as follows: -

	Derby PFI				
	Service Payments £'000	Interest on Liability £'000	Lifecycle Payments £'000	Principal Payments £'000	Total Payments £'000
2025/26	2,658	157	269	929	4,013
2026/27 to 2027/28	5,819	151	-	399	6,369
2028/29 to December 2030	8,396	96	-	650	9,142

For Derby the expected costs include estimated inflation of 3% on service payments and lifecycle as per the operators' model. Elements of the fee can also be benchmarked every five years if either of the parties instigate the benchmarking exercise. This involves comparing the charge for individual items within the overall fee against charges within similar contracts. The third benchmarking exercise with effect from December 2015 was instigated by the service provider and the outcome was formally agreed in October 2020. Projected future payments exclude future availability/performance deductions.

The Commissioner receives a Special Grant towards the financing of the PFI schemes, in 2024/25 £2.387m was received for the Derby PFI.

The payment of grant is on an annuity basis, the same amount of grant is paid each year over the life of the contract.

The difference in grants received and actual payments plus current value of savings on the original station, plus a contribution plus interest in the year has been transferred to or from the PFI Reserves. This reserve is to fund future PFI payments and enables the net costs to be spread evenly over the contract period. For Derby the movement from reserves was £0.569m.

#### Liability

The PFI liability is written down by the repayment of principal each year as shown below:

PFI Liability	Derby PFI £'000
<b>Balance as at the 31 March 2024</b>	<b>2,642</b>
Principal Paid 2024/25	(664)
Cancellation of PFI Liability	
<b>Balance as at the 31 March 2025</b>	<b>1,978</b>

In the balance sheet this is shown as short term (£0.929m) which is repayable within a year and long term PFI Finance lease liability (£1.049m). The liability for the Ilkeston building has been transferred to Property, plant & equipment on the balance sheet.

## Note 25 Provisions

A provision should be made for any liabilities of uncertain timing or amount that have been incurred and should cover costs that are more likely than not to occur.

**Liability Insurance Provision** -This provision is to meet liability claims which are not covered by external insurers. The balance reflects the claims handlers' assessment of open liabilities on claims outstanding as at the 31 March 2025, together with an estimate for claims relating to 2024/25. On this basis a provision of £2.098m is required.

**Vehicle Insurance Provision** – This provision is to meet Third Party claims which are not covered by external insurers. The balance reflects the claims handlers' assessment of open liabilities on claims outstanding as at the 31 March 2025, together with an estimate for claims relating to 2024/25. On this basis a provision of £0.696m is required.

**Backdated Overtime Provision** – This is a provision for the costs of settling a number of claims outstanding against Derbyshire Police arising from the ruling in Allard v Devon and Cornwall Police. This related to entitlement to overtime payments following recalls to duty to meet specific operational requirements.

**National Undercover Provision** – This majority of this provision represents Derbyshire's share of a claim received nationally from 99 Undercover Officers. The estimated cost of the claim to be met from all Forces is £11.9m. Derbyshire's share based on NRE is £0.175m. The remaining £0.004m is Derbyshire's share of Civil Proceedings Arising out of Conduct of UC Officer which has been notified by the National Police Chiefs' Council.

Provisions	Liability Insurance £'000	Vehicle Insurance £'000	Backdated Overtime £'000	National Undercover Provision £'000	Total Provisions £'000
<b>Balance as at the 1 April 2024</b>	<b>2,234</b>	<b>650</b>	<b>311</b>	<b>180</b>	<b>3,375</b>
Provision in Year	415	325	-	-	740
Expenditure in year	(551)	(279)	(311)	-	(1,141)
Transfer to/from Insurance Reserve	-	-	-	-	-
<b>Balance as at the 31 March 2025</b>	<b>2,098</b>	<b>696</b>	<b>0</b>	<b>180</b>	<b>2,974</b>

Provisions are split between short term (£0.945m) and long term (£2.028m) in the balance sheet. Short-term provisions cover liabilities that are expected to be settled within 12 months of the balance sheet date.

## Note 26 Contingent liabilities / Contingent assets

Contingent liabilities/assets arise where the Commissioner is aware of a possible obligation that has occurred because of events prior to the Balance Sheet date, but where the existence will only be confirmed by future events which are not in the Commissioner's control.

### Contingent Liabilities

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. These amounts are not recorded in the PCC's accounts because:

- It is not probable that an outflow of economic benefits or service potential will be required to settle the obligation; or
- The amount of the obligation cannot be measured with sufficient reliability at the year end.

The National Police Chief Council made the Force aware of potential civil proceedings arising out of conduct of an officer seconded to the National Public Order Intelligence Unit (NPOIU) whilst working undercover between 2003 and 2010. Although the Force where the officer originates from would bear any internal legal costs as this individual was seconded to a national body any other costs arising from a successful claim in this matter, including disbursements, external legal costs, damages, or settlement sums, would be apportioned to police forces according to the prevailing national funding formula for police forces at the time of payment.

### Contingent Assets

The Commissioner has no contingent assets as at the 31 March 2025.

## Note 27 Usable Reserves

Movements in usable reserves are detailed in the Movement in Reserves Statement. The balance as at the 31 March was made up of the following:

<b>Usable Reserves</b>	<b>31 March 2024 £'000</b>	<b>31 March 2025 £'000</b>
General Reserve Balance	6,500	6,500
Earmarked Reserves	13,829	13,951
Usable Capital Receipts Reserve	-	-
Capital Grants Unapplied	2,053	861
<b>Total Usable Reserves PCC</b>	<b>22,382</b>	<b>21,312</b>
Share of LLP Retained Profit Reserve	42	42
<b>Total Usable Reserves PCC Group</b>	<b>22,424</b>	<b>21,354</b>

## Earmarked Reserves

This note sets out Transfers to/from Earmarked Reserves.

Earmarked Reserve	Balance 31 March 2024 £'000	Transfers To Reserves £'000	Transfers From Reserves £'000	Transfers Between Reserves £'000	Balance 31 March 2025 £'000
<b>Reserves</b>					
Devolved Budget Commitments	1,075		(647)	(71)	357
Operational Funding & Investment Reserve	4,051		(705)	201	3,547
PFI Reserve – Ilkeston	749	-	-		749
PFI Reserve – Derby	800	-	(569)		231
Insurance Reserves	322	14	-		336
PCC Grants & Commissioning Reserve	653	163	(276)		540
Workforce Resilience & Well-Being Reserve	500	-	(15)		485
Design Board Reserve	1,705	4,215	(242)	-	5,678
Planning Day Initiatives Reserve	274	-	(91)	-	183
Productivity & Efficiency Reserve	50	-	(50)	-	-
Investment Fund Reserve	1,086		(1,075)	-	11
24/25 Business Case Reserve (Pre-Approved)	1,727		(743)	(129)	855
<b>Total Reserves</b>	<b>12,992</b>	<b>4,392</b>	<b>(4,413)</b>	<b>(0)</b>	<b>12,972</b>
Jointly Controlled Operations Reserves	837	142	-	-	979
<b>Total Earmarked Reserves PCC</b>	<b>13,829</b>	<b>4,534</b>	<b>(4,413)</b>	<b>(0)</b>	<b>13,951</b>
Share of LLP Retained Profit Reserve	42	-	-		42
<b>Total Earmarked Reserves PCC Group</b>	<b>13,871</b>	<b>4,534</b>	<b>(4,413)</b>	<b>(0)</b>	<b>13,993</b>

### *Devolved Budget Commitments*

This balance represents the remaining commitments for previously agreed initiatives in 2024/25.

### *Operational Funding and Investment Reserve*

This reserve is to assist with the 'funding gap' in the revenue budget for 2025/26 and beyond and for investment in new and emerging and growing risk and threats.

### *PFI Reserve – Ilkeston*

The force exited the PFI Ilkeston contract in November 2023 and purchased the building. The remaining reserve value will be used to finance ongoing costs related to Ilkeston Police station.

### *PFI Reserve – Derby DHQ*

This reserve represents the difference in grants received and actual payments for the Derby DHQ PFI, plus savings on the original Full Street headquarters, plus a contribution of £0.522m plus interest in the year. The reserve is to fund future PFI payments and enables the net costs to be spread evenly over the contract period.

### *Insurance Reserve*

This reserve is for future insurance liabilities that are not covered by the insurance provision.

### *PCC Grants and Commissioning Reserve*

This reserve has been set aside for crime prevention measures and other emerging priorities over the term of the Commissioners' office.

### *Workforce Resilience & Well-Being Reserve (previously Officer Uplift Support Costs Reserve)*

As part of the government's Police Uplift Programme, the Constabulary received funding to support the recruitment of 283 additional police officers over a 3-year period to 31 March 2023. This reserve was created out of part of this funding to support the non-direct 'infrastructure' costs associated with recruiting and deploying these new officers. The Uplift of Officers has been completed and the reserve will now be utilised for the wellbeing of the workforce going forward and to help protect Uplift numbers.

### *Design Board Reserve*

The Constabulary's Design Board is chaired by the Deputy Chief Constable and has a brief to co-ordinate the implementation of design recommendations to improve processes and practices, especially through technological innovation. The remaining reserve is allocated to fund the Public Contact Improvement Programme (PCIP).

### *Planning Day Initiatives Reserve*

This reserve holds the remaining commitments for initiatives which were approved following the Constabulary's annual planning conference in November 2022.

### *Productivity & Efficiency Reserve*

This balance represents the remaining commitments for initiatives approved by the Constabulary's Productivity & Efficiency Board. The remaining balance has been reallocated to the 2024/25 Approved Business Case reserve.

### Investment Fund Reserve

The Precept approved for 2022/23 enabled £3.016m to be allocated to an Investment Fund to be used on projects that expanded capabilities, addressed areas of identified threat and harm, and improved services to the public. The balance represents the commitments for some projects that could not be progressed in year.

### 2024/25 Business Case Reserve (Pre-Approved)

£1.727m was re-allocated from the unallocated balances of several reserves detailed in the note to this newly created reserve to fund Business Cases. The balance on this reserve is the remaining commitments for initiatives which were approved following the Constabulary's annual planning conference in November 2023.

### Jointly Controlled Operations Earmarked Reserves

This represents Derbyshire's share of Jointly Controlled Operations reserves these are mainly to be used for future capital purchases and asset replacement.

### Share of Retained Profit Reserve LLP

Under PCC Group Accounts a share of LLP reserves has to be shown, this represents Derbyshire's share of the retained profit of the LLP (in previous years this is the 25% of the profit the LLP have agreed to retain, since 2020/21 the LLP have agreed to redistribute 100% of the profit share not 75%). In 2021/22 the LLP used £0.007m of its retained profit reducing the balance to £0.042m. None of this retained profit was used in 2024/25.

### Usable Capital Receipts Reserves

The usable capital receipts reserve represents the capital receipts available to support additional capital expenditure in future years.

Capital Receipts Reserve	£'000
Balance as at the 1 April 2024	-
Receipts in year:	-
Less:	-
Capital receipts used	-
<b>Balance as at the 31 March 2025</b>	<b>-</b>

### Note 28 Unusable Reserves

31 <sup>st</sup> March 2024			Unusable Reserves	31 <sup>st</sup> March 2025		
Chief Constable £'000	PCC £'000	PCC Group £'000		Chief Constable £'000	PCC £'000	PCC Group £'000
1	9,184	9,185	Revaluation Reserve	1	8,094	8,095
22,984	12,157	35,141	Capital Adjustment Reserve	19,219	10,250	29,469
(1,723,332)	-	(1,723,332)	Pensions Reserve	(1,557,666)	-	(1,557,666)
-	285	285	Collection Fund Adjustment Account	-	(102)	(102)
(3,477)	-	(3,477)	Accumulated Absences Account	(3,446)	-	(3,446)
<b>(1,703,824)</b>	<b>21,626</b>	<b>(1,682,198)</b>		<b>(1,541,892)</b>	<b>18,242</b>	<b>(1,523,650)</b>
-	-	1,680	Share of Revaluation Reserve LLP	-	-	2,442
<b>(1,703,824)</b>	<b>21,626</b>	<b>(1,680,518)</b>	<b>Total Unusable Reserves PCC Group</b>	<b>(1,541,892)</b>	<b>18,242</b>	<b>(1,521,208)</b>

### **Revaluation Reserve**

The Revaluation Reserve contains the gains arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

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

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

Under Equity accounting the PCC Group Accounts includes a share of the Revaluation Reserve of the LLP.

<b>Revaluation Reserve</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance as at the 1 April</b>	<b>5,984</b>	<b>9,185</b>
Upward revaluation of assets	3,214	1,329
Downward revaluation of assets and impairment losses not charged to the Surplus/Deficit on the Provision of Services	-	(2,419)
<b>Surplus on revaluation of non-current assets not posted to the Surplus/Deficit on the Provision of Services</b>	<b>3,214</b>	<b>(1,090)</b>
Difference between fair value depreciation and historical cost depreciation	(13)	-
Disposal of assets	(-)	-
<b>Amount written off to the Capital Adjustment Account</b>	<b>(13)</b>	<b>-</b>
<b>Balance as at the 31 March</b>	<b>9,185</b>	<b>8,095</b>
Share of Revaluation Reserve LLP	1,680	2,442
<b>Balance as at the 31 March PCC Group</b>	<b>10,865</b>	<b>10,537</b>

### **Capital Adjustment Account**

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction and enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement.

The Account contains revaluation gains accumulated on Property, Plant and Equipment before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

The Movement on Reserves Statement details the source of all transactions posted to the Account, apart from those involving the Revaluation Reserve.

<b>Capital Adjustment Account</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance as at the 1 April</b>	<b>30,491</b>	<b>35,141</b>
<b>Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement</b>		
<ul style="list-style-type: none"> <li>• Charges for depreciation and impairment of non-current assets (incl IFRS 16 adjustments)</li> <li>• Revaluation losses on Property, Plant &amp; Equipment</li> <li>• Reversal of Lease Liability</li> <li>• Capital Grants / Contributions credited to CIES</li> <li>• Amortisation of Intangible Assets</li> <li>• Revenue Expenditure funded from capital under statute</li> <li>• 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</li> </ul>	(5,807) 1,331 - - (162) (170) (1,266)	(6,971) (2,695) 544 122 (8) (293)
	<b>(6,074)</b>	<b>(9,301)</b>
Adjusting amounts written out of revaluation Reserve	13	-
Net written out amount of the cost of non-current assets consumed in the year	<b>(6,061)</b>	<b>(9,301)</b>
<b>Capital Financing applied in the year</b>		
<ul style="list-style-type: none"> <li>• Capital Receipts</li> <li>• Capital Grants and Contributions</li> <li>• Statutory Provision for financing capital investment (MRP)</li> <li>• Capital Expenditure charged against the General Reserve</li> </ul>	749 1,901 835 7,226	- 1,730 825 1,074
	<b>10,711</b>	<b>3,629</b>
<b>Balance as at the 31 March</b>	<b>35,141</b>	<b>29,469</b>

### **Pension Reserve**

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post employment benefits and for funding benefits in accordance with statutory provisions. The PCC 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 liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet these costs. However, statutory arrangements require benefits earned to be financed as the PCC Group makes employer's contributions to pensions funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the PCC Group has set aside by the time the benefits come to be paid.

<b>Pensions Reserve</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance as at the 1 April</b>	<b>(1,670,665)</b>	<b>(1,723,332)</b>
Actuarial gains or losses on pensions assets and liabilities	12,238	291,374
Asset Ceiling Adjustment	(28,544)	(91,382)
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.	(104,453)	(107,486)
Employer's pensions contributions and direct payments to pensioners payable in the year	68,092	73,160
<b>Balance as at the 31 March</b>	<b>(1,723,332)</b>	<b>(1,557,666)</b>

### **Collection Fund Adjustment Account**

The Collection Fund adjustment account manages the difference arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement as it falls due from council taxpayers compared with the Statutory arrangements for paying across amounts to the General Reserve from the Collection Fund.

<b>Collection Fund Adjustment Account</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance as at the 1 April</b>	<b>402</b>	<b>285</b>
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from the council tax income calculated for the year in accordance with statutory requirements	(117)	(387)
<b>Balance as at the 31 March</b>	<b>285</b>	<b>(102)</b>

### **Accumulated Absences Account**

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Reserve Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave, time off in lieu entitlement carried forward at the 31 March. Statutory arrangements require that the impact on the General Reserve Balance is neutralised by transfers to or from the Account.

<b>Accumulated Absences Account</b>	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
<b>Balance as at the 1 April</b>	<b>(3,184)</b>	<b>(3,477)</b>
Settlement or cancellation of accrual made at the end of the preceding year	3,184	3,477
Amounts accrued at the end of the current year	(3,477)	(3,446)
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	<b>(293)</b>	<b>31</b>
<b>Balance as at the 31 March</b>	<b>(3,477)</b>	<b>(3,446)</b>

### **Note 29 Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:

	<b>2023/24 £'000</b>	<b>2024/25 £'000</b>
Interest received including accruals	(2,093)	(1,514)
Interest received accruals	(82)	(27)
<b>Interest received on a cash basis</b>	<b>(2,175)</b>	<b>(1,541)</b>
Interest paid including accruals	969	779
Interest paid accruals	5	5
<b>Interest paid on a cash basis</b>	<b>974</b>	<b>784</b>

### **Note 31 Police Property Act Fund**

Commissioners are required under the Police Property Act 1997 to set aside any money received from the sale of property which has come into their possession in connection with a criminal charge. The net proceeds from this fund are subsequently either repaid to the individual, used to defray expenses incurred in the storage and safe custody of property, or distributed to local charities. The balance on the fund as at the 31 March 2025 was £16,026 (£10,484 as at the 31 March 2024). Derby Women's Centre was the nominated charity who received funds for 2023/24. This balance has not been included in the PCC Group Balance sheet, as it does not represent monies owned by the Group.

### **Note 32 Authorisation of Accounts for issue**

The 2024/25 Statement of Accounts were authorised for issue by the Chief Operating Officer & s151 Officer on the 31<sup>st</sup> July 2025. All events after the balance sheet date until this date have been considered for disclosure as events after the balance sheet date.

### **Note 33 Post Balance sheet events**

There are no post balance sheet events.

**POLICE PENSION FUND ACCOUNT**

2023/24 £'000		2024/25 £'000
	<b>Contributions Receivable :</b>	
( 26,040)	Employer's actuarial rate	( 30,960)
( 649)	Employer's ill health retirement capital charges	( 524)
-	Active members - 1987 Scheme	( 225)
5	Active members - 2006 Scheme	( 1)
( 11,234)	Active members - 2015 Scheme	( 11,764)
	<b>Transfers In :</b>	
( 348)	Transfer values receivable	( 83)
	<b>Benefits Payable :</b>	
56,894	Pensions	61,400
9,707	Commutations and lump sum retirement benefits	10,005
158	Death Grant Benefit	148
	<b>Payments to and on account of leavers :</b>	
103	Refunds of contributions	154
24	Transfer values payable	17
28,620	<b>Sub-total : Net amount payable for the year</b>	28,167
( 28,620)	<b>Additional contribution from the Police and Crime Commissioner to fund the deficit for the year</b>	( 28,167)
0	<b>Net amount payable/receivable for the year</b>	0
	<b><u>Net Assets Statement</u></b>	
	<b>Current assets</b>	
5,020	Pensions paid in advance	5,232
	<b>Current Liabilities</b>	
( 273)	Unpaid pension benefits	0
( 4,748)	Surplus for year payable to Police and Crime Commissioner	( 5,232)
0		0

## **Notes to the Pension Fund Account**

### **Note 1 Police Pensions Fund Account**

The Police pension scheme is an unfunded single employer defined benefit scheme. This means that it provides pensions and other retirement benefits for police officers based on pensionable pay, but there are no investment assets built up to meet the pensions liabilities as they fall due.

Up until 2014/15 two police pension schemes were in operation, both of which gave retirement benefits based on 'final' salaries:

- **The 1987 Police Pension Scheme** - based on a maximum pensionable service of 30 years.
- **The 2006 Police Pension Scheme** (effective for police officers commencing from April 2006 onwards) - based on a maximum pensionable service of 35 years.

From the 6 April 2015 a new Police Officer pension scheme came into existence

- **The Police Pension Scheme 2015** - which provides retirements based on 'career average' salaries, meaning that the benefits receivable are based on a proportion of pensionable pay earned in each year of scheme membership.

The 1987 and 2006 schemes were closed to new members as from 31 March 2015 and were closed completely as from 31 March 2022.

31 March 2022 was the latest point to which existing members of the 1987 and 2006 schemes (as at 31 March 2015) could continue to accrue final salary benefits in those schemes under 'transitional protection' arrangements put in place when the 2015 scheme was introduced. In general terms to receive protection members had to be within 10 years of their normal point of retirement under their existing scheme rules. Depending on their age and length of service, protection was either 'full' (meaning they remained in their legacy scheme for the full 7-year period between 2015 and 2022) or 'tapered' (they remained in the legacy scheme for a proportion of the 7-year transitional period).

All existing officers at April 2015 not eligible for protection arrangements were automatically transferred into the 2015 scheme from that date. Similarly new officers joining the service on or after the 1 April 2015 were and are automatically entered into the 2015 Scheme. All members have a right to opt out of the scheme at any time.

At about the same period as the new 'career average' Police Officer scheme was implemented, similar schemes were also introduced for various other professions within the public sector, such as those for court judges, firefighters and civilian staff working in local government. Each had similar protection arrangements for members who were nearer to retirement. As those arrangements disproportionately benefited older members they were subject to a series of legal challenges on the basis of age discrimination.

Following rulings finding in favour of such challenges against the arrangements for judges and firefighters (the 'McCloud' and 'Sargeant' judgements), the Supreme Court denied the Government's request for an appeal against the rulings on 27 June 2019. As a result of this the Treasury announced on the 15 July 2019 that the rulings would apply to all of the main public service pension schemes and the Government afterwards stated that any remedial action implemented for claimants will be extended to all non-claimants who are in the same legal and factual position.

On 16 July 2020 HM Treasury published proposals for implementing a remedy to the age discrimination across all the public sector schemes affected by the rulings. Following a period of consultation the key details of the Remedy were confirmed on 4 February 2021, including:

- **determination of which members should be eligible for remedy**, namely: those who were members of a public sector pension scheme on or before the 31 March 2012 and on or after the 1 April 2015.
- **determination of the period of remedy**, namely: April 2015 to March 2022, with all active members being put into their respective CARE schemes from the 1 April 2022.
- **the fundamental mechanism for achieving remedy**, namely: a 'Deferred Choice Underpin', meaning that at the point they retire each eligible member will be able to choose to have been in either their legacy pension scheme or their new scheme for the seven-year period of the remedy.
- **Confirmation that the legacy 1987 and 2006 schemes would close from 31 March 2022**
- **Determination that the retrospective remedy would come into force on 1 October 2023**

These details were enacted by the Public Service Pensions and Judicial Offices Act 2022 which received royal assent on 10 March 2022.

Each individual Commissioner is required by legislation to operate a Pension Fund Account and the amounts that must be paid into and paid out of the Pension Fund are specified by regulation (Police Pensions Regulations 2007 Statutory Instrument 1932/2007).

Credits to the Pension Fund Account include a fixed employer's contribution, being an actuarially assessed % of pensionable salary. This employer's contribution is charged to the Comprehensive Income and Expenditure Statement and, along with officers' contributions, is paid into the Pensions Fund Account from which pension payments are made.

Employer and employee contribution rates are set nationally by the Home Office and are determined by a 4-yearly re-valuation of total scheme liabilities by the Government Actuary's Department. The last re-valuation that has been implemented took place as of the 31 March 2016 and was used to set an employer contribution rate from April 2019 of 31.0% (previously 24.2%) of pensionable pay.

A further valuation took place as at 31 March 2020 which was due to inform a new contribution rate as from April 2023. However, as part of its announcement concerning the implementation of measures to remedy the age discrimination within its pension reforms on 4 December 2021, HM Treasury also delayed the introduction of revised employer contribution rates to April 2024.

Under these funding arrangements the Pension Fund Account balances to nil at the year-end by either receiving a contribution from the Commissioner to meet a deficit or making a payment to him equivalent to any surplus achieved. In 2024/25 a contribution of £28.923m was received, this being equivalent to the pension top-up grant receivable from the Home Office for that year.

The pension fund is statutorily prevented from including interest on cashflows and administration expenses in the pension fund, these expenses are borne by the Group Comprehensive Income and Expenditure Statement.

Costs of injury awards and ill health retirements are not part of the Pensions Fund Account and will continue to be paid from the Group Comprehensive Income and Expenditure Statement.

## **Note 2 Pension Fund Liabilities**

The Pension Fund's financial statements do not take account of liabilities to pay pensions and other benefits after the accounting period.

## **Note 3 Accounting Policies**

Accounting policies conform to those set out in the Statement of Accounts (page 17 to 29).

**POLICE AND CRIME COMMISSIONER FOR DERBYSHIRE**  
**STATEMENT OF ACCOUNTS 2024/25**  
**COMMISSIONER'S ANNUAL GOVERNANCE STATEMENT 2024/25**

Position as at 31 March 2025 including plans for the financial year 2025/26

**1 INTRODUCTION**

1.1 This Annual Governance Statement (AGS) explains how the Police and Crime Commissioner (Commissioner) has complied with:

- The Derbyshire Joint Code of Corporate Governance
- Requirements of Regulation 6[1] (a) of the Accounts and Audit (England and Wales) Regulations 2015 in relation to the review of the effectiveness of the system of internal control
- The Police Reform and Social Responsibility Act 2011 (the Act)

1.2 The Commissioner and the Chief Constable have approved and adopted a Derbyshire Joint Code of Corporate Governance which is consistent with the seven principles of the CIPFA Framework: *Delivering Good Governance in Local Government: Guidance note for Policing in England & Wales 2016*.

1.3 The Chief Constable produces a separate AGS which covers in more detail the activities of Derbyshire Constabulary together with any action plans produced to address governance or control issues. The Police and Crime Commissioner has reference to the Chief Constable's AGS (particularly the action-plan) and will monitor delivery against any actions as part of holding the Chief Constable to account. It is recommended that this AGS is therefore read in conjunction with the Chief Constable's version.

1.4 The current Commissioner (and signatory on this Annual Governance Statement) was elected in May 2024.

**2 SCOPE AND RESPONSIBILITY**

2.1 The Commissioner and the Chief Constable are responsible for ensuring that business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for, and used economically, efficiently, and effectively.

2.2 The Commissioner is responsible under the Police Reform and Social Responsibility Act 2011 for securing, amongst other things, an efficient and effective police service for Derbyshire and to deliver value for money, and continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

2.3 In discharging this overall responsibility, the Commissioner is also responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. The Chief Constable may do this through delegation to officers.

**3 THE POLICE AND CRIME PANEL**

3.1 The Police and Crime Panel has been established under legislation to hold the Commissioner to account by scrutinising the Commissioner's decisions and also has a role to play in overseeing the police and crime plan, on the setting of the precept, the appointment of the Commissioner's statutory officers and in the appointment of a Chief Constable. The panel is politically and geographically balanced with representatives from the local authorities in the policing area (including co-opted political members to maintain balance). For further information visit: <https://www.derbyshire.gov.uk/community/community-safety/derbyshire-police-and-crime-panel/derbyshire-police-and-crime-panel.aspx>

## **4 THE PURPOSE OF A GOVERNANCE FRAMEWORK**

4.1 The Police Reform and Social Responsibility Act 2011 changed the way policing was governed by introducing one directly elected Commissioner. The Commissioner is a corporation sole, as is the Chief Constable, and this required a new governance framework to be adopted.

4.2 Governance is about the systems, processes, culture and values which companies and other organisations are directed and controlled. Good governance enables the Commissioner to:

- Deliver on their vision and priorities for policing and crime
- Performance manages the Chief Constable and other partners
- Hold the Chief Constable and other partners to account for delivery
- Make decisions in an open, transparent way
- Engage with the public and victims to achieve better outcomes
- Provide good stewardship over public funds and achieve value for money

Importantly, it also provides an appropriate level of control and flexibility to enable the Chief Constable to make timely, efficient and effective operational decisions.

4.3 The Policing Protocol Order 2023 (previously 2011) requires the Commissioner to abide by the seven Nolan Principles as defined by the Committee on Standards in 'Public Life' published in May 1995. These principles include: selflessness, integrity, objectiveness, accountability, openness, honesty and impartiality. The protocol also defines the Chief Constable's operational independence from interference by the Commissioner.

4.4 The Commissioner has sworn an oath of impartiality. This has committed the Commissioner to serve local people without fear or favour and it sets out her public commitment to performing her role with integrity, impartiality and fairness.

4.5 The Commissioner's governance framework has been in place since 22 November 2012 when the first Commissioner for Derbyshire was elected. The framework was in place at the year-end 31 March 2025. The original frame work was amended with effect from 1 April 2014 to reflect the transfer of all police staff (except those under the direct control of the Commissioner) to the employment of the Chief Constable (called the Stage 2 transfer). The Police and Crime Commissioner's governance framework applies up to and including the date that the 2024/25 Statement of Accounts are approved for publication.

4.6 The Commissioner is able to confirm that the financial management arrangements conform to the Financial Management Protocol issued under the Police Reform and Social Responsibility Act 2011 and the CIPFA Statement on the Role of the Chief Finance Officer (CFO) of the Police & Crime Commissioner and the Role of the CFO of the Chief Constable. The arrangements in place are in line with the expectations set out in the CIPFA Financial Management Code 2019.

## **5 THE POLICE AND CRIME PLAN**

5.1 Each Commissioner is required to set out their vision, priorities and objectives for policing and crime within the Police and Crime Plan which has effect (subject to review) until the end of the financial year following a normal PCC election. The production and publication of the Police and Crime Plan is a core statutory planning requirement as defined by the Police Reform and Social Responsibility Act 2011. The Plan sets out the resources and assets that the Commissioner will make available to the Chief Constable for policing and the mechanisms by which the Chief Constable will report on performance and be held to account.

- 5.2 In developing the plan the Commissioner is required to consider a number of duties. These include:
- Working and co-operating with partner organisations in developing and implementing local crime and disorder strategies
  - Engaging and consulting with the public, victims of crime and businesses
  - Resources to support the strategic policing requirements to address national risks, harm and threats
  - Have regard to the safeguarding of children, promoting the welfare of children and equality and diversity
  - Co-operation with local criminal justice bodies to provide efficient and effective criminal justice services
- 5.3 Developing the Police and Crime plan is part of the Commissioner's annual business planning and commissioning cycle process. The Commissioner may review the Police and Crime plan to take account of public and victim consultation and findings from the partnership risk and threat assessment, subject to consultation with the Chief Constable and approval by the Police and Crime Panel.
- 5.4 Although the Chief Constable is responsible for operational policing matters, the direction and control of police personnel and for putting in place proper arrangements for the governance of the Constabulary, the Commissioner is required to hold the Chief Constable to account for the exercise of those functions and those of the persons under their direction and control. It therefore follows that the Commissioner must satisfy themselves that the Constabulary has appropriate mechanisms in place for the maintenance of good governance, and that these operate in practice. To this end and because of the Chief Constable being a corporation sole with separate accounts, the Commissioner has had regard to the Chief Constable's AGS when producing this AGS.

## **6 THE INTERNAL CONTROL ENVIRONMENT**

- 6.1 The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives; it 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 risks to the achievement of the Commissioner's policing objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them effectively, efficiently, and economically.
- 6.2 The following documents and strategies establish the policies, aims, and objectives at a high level:
- The Police and Crime Plan reflecting local and national priorities
  - The Police and Crime Commissioner's Annual Report
  - The Medium Term Financial Plan
  - Strategic Risk Registers (Constabulary and Commissioner)
  - The Joint Scheme of Corporate Governance
  - The Scheme of Delegation and Consent
  - The Financial Regulations and Contract Regulations
  - Terms of reference for the Joint Audit Risk and Assurance Committee (JARAC)
- 6.3 These documents and other strategies and policies, which incorporate best practice, demonstrate that the Commissioner operates a good system of internal control and is detailed further in the following key elements of the Internal Control environment.

- 6.4 The Internal Control environment supports the Commissioner in establishing, implementing and monitoring policies and objectives. The Commissioner, in consultation with the Chief Constable, published the Police and Crime Plan 2024-2029 based on public consultation, the assessment of risk and threat in the County and the Commissioner's manifesto commitments. The plan has to have regard to the national Strategic Policing Requirement and the Policing Protocol, as well as the community safety priorities of the responsible authorities. The plan is reviewed and updated annually. The Police & Crime Plan is available to view on the website: <https://www.derbyshire-pcc.gov.uk/commissioner/police-and-crime-plan/>
- 6.5 The Medium-Term Financial Plan and the Risk Registers are informed by the policing objectives identified in the Commissioner's Police and Crime Plan. These objectives are used to direct resources and manage activity and risk.
- 6.6 The activities of the Constabulary are further governed by the vision, corporate values, principles and behaviours that have been agreed by the Commissioner and the Chief Constable.
- 6.7 Through the mechanism of a regular Public Assurance Meeting (PAM), the Commissioner receives reports from the Chief Constable and senior officers covering how the Force is delivering against the priorities set out in the Police & Crime Plan. In addition to the PAM, the Commissioner established a Financial Assurance Board (FAB) which is jointly chaired with the Chief Constable and attended by senior officers from both the OPCC and Force. The FAB allows for detailed discussion and scrutiny of the Force's financial affairs and is pivotal in delivering against the Commissioner's Police & Crime Plan. This is supplemented by Strategic Estates Board (oversees the delivery of the asset management plan to meet the delivery models for the Force), a range of policies and processes to support the operation of the Commissioner's office, including a scheme of delegation to officers, standing orders relating to the business of the Commissioner, and codes of conduct for the Commissioner and a Deputy (if relevant) as well as the staff of the OPCC.

## **7 DERBYSHIRE POLICE AND FIRE PARTNERSHIP (LLP)**

- 7.1 The LLP was established by Derbyshire Fire Authority (through the Chair) and the Police and Crime Commissioner as a vehicle by which joint estates projects such as the Joint Headquarters and Joint Training Centre buildings could be built and maintained. The LLP leases space to the respective operational services (Derbyshire Police and Derbyshire Fire & Rescue Service).
- 7.2 The LLP has its own corporate governance framework, based on the Nolan Principles, which reflects the desire of both parties to work together in the interests of the local community that they serve.
- 7.3 The LLP Management Board (co-chaired by the Police and Crime Commissioner and Chair of the Fire Authority) meets quarterly to (a) have oversight of how the two buildings are being operated/utilised (b) consider any proposals from officers and (c) to discuss any future opportunities that the LLP may be considered the right vehicle for. Both Chairs are supported by director-level officers from their respective organisations as well as subject matter experts as required.

## **8 RISK MANAGEMENT**

- 8.1 The Chief Operating Officer (supported by the Deputy Chief Finance Officer) leads on risk management for the Commissioner. This encompasses both risks specific to the Commissioner's responsibilities, but also a broader oversight over the Force's risk management system.
- 8.2 The Commissioner's risk register contains strategic risks linked to the Police & Crime Plan objectives, as well as more operational risks that emerge from the work the office undertakes on the Commissioner's behalf.

- 8.3 The Commissioner utilises the same risk management system (supplemented by an internal database), and methodology as the Force and reports twice yearly to the JARAC. The former Head of Finance & Resources attended the Force's Risk Board (moving forwards it will be the Deputy Chief Finance Officer) as do, on occasion, members of the JARAC.
- 8.4 Risk management is a standing item on the agenda of the key management and team meetings within the Commissioner's office and most notably features heavily in the Commissioner's OPCC Management Board (OMB) that features the OPCC's Senior Leadership Team, Communications Adviser and is chaired by the Commissioner.
- 8.5 Risk is discussed regularly between the Commissioner, the office, the Chief Constable and the Force – particularly strategic risks that have relevance to the broader policing and crime portfolio.
- 8.6 Both the Commissioner and the Force's risk management systems are subject to regular internal audit review, the most recent of which recognised that the systems and controls gave significant assurance.

## **9 TRANSPARENCY**

- 9.1 The Commissioner has adopted and is following a wide ranging and robust transparency agenda which, whilst it is based on the secondary legislation of the two Specified Information orders and the requirements of the Information Commissioner's Office, is nevertheless one of the Commissioner's key tenets. Meetings are publicised in advance and published along with any supporting reports that are not subject to a restrictive marking.
- 9.2 The financial management of the Commissioner's business is integrated with, and influenced by, many of the above processes, and includes processes for forward planning of expenditure and resources; budget consultation, setting and monitoring; and completion of final accounts, all aimed to be accurate, informative and timely. The Commissioner also has in place financial regulations designed to support sound financial management policies and procedures, and adherence thereto, and to reflect the Commissioner's current management structure and business activities.
- 9.3 In order to ensure compliance with policies, procedures and statutory requirements, the Commissioner has a range of controls and processes in place, as set out below. These processes also assist the Commissioner to ensure the economical, effective and efficient use of resources, and to secure continuous improvement in exercising their functions, providing for an effective performance management and reporting process.
- 9.4 The Commissioner or their representatives sit on Governance boards at all levels within the Constabulary and the Constabulary regularly provides the Commissioner with information on performance, finance and risk management, in accordance with an agreed forward plan. Furthermore, the FAB (see para 6.7) provides an additional forum at which the Commissioner can scrutinise and be assured on key financial planning and management information.
- 9.5 Collaborative functions are overseen by the East Midlands Police and Crime Commissioners Board (EMPCCB). The Board provides oversight of all collaboration activities in the region and is a forum for all Police and Crime Commissioners and Chief Constables to share and demonstrate their experiences of partnership work. All forces can discuss governance, performance and financial issues at the regular EMPCCB meetings. In addition, there is a Regional CFO/FD Board where both the Commissioner and Chief Constable's respective Chief Finance Officers discuss financial, audit and risk matters and advise the Commissioners. Furthermore, the Regional Chief Executive Board allows for an overview of all collaborative matters with particular focus on governance and compliance issues. The collaboration approach builds on best practice from across the region and nationally to improve performance and enhance resilience as well as delivering a cost saving agenda.

- 9.6 There are 5 forces in the East Midlands region – Derbyshire, Leicestershire, Lincolnshire, Northamptonshire and Nottinghamshire. These continue to review collaborative arrangements through the East Midlands Police Collaboration Programme (EMPCP) which is led by the Assistant Chief Constable East Midlands. All the projects aim to save money, increase capacity and capability, maintain or improve customer service standards, use officer and staff time in the best way possible, deliver the best service with the resources available, improve performance or make better use of technology. The EMPCP focuses on delivering joint regional work in both operational and non-operational support services. Not all collaboration initiatives are shared by all five forces. Further information on the collaborations which Derbyshire is a participant in can be found within the main Statement of Accounts.
- 9.7 A regional AGS has been produced by the Assistant Chief Constable East Midlands covering performance monitoring, arrangements for compliance with relevant laws, policies and procedures, and that appropriate controls are in place for the management of resources. A management structure is in place, with clear lines of accountability for both operational issues and use of resources. Budgets for each service are approved each year at EMPCC/CC Board which defines the expenditure targets for each area of policing within regional collaboration.
- 9.8 Each force actively supports the budget allocation and sets its own precept accordingly. Management reports showing costs against budget are produced monthly and unexpected variances are investigated and explained, ready for reporting to EMPCC/CC Board quarterly (having been reviewed at the Regional CFO/FD Board). The monthly expenditure reports are shared across the region to provide each force with visibility over expenditure to date.
- 9.9 Whilst the EMPCC/CC Board provides joint oversight, Commissioners remain individually responsible for their decisions and Chief Constables are held to account locally for activities they carry out regionally.
- 9.10 The Joint Audit Risk and Assurance Committee (JARAC) for the Chief Constable and the Commissioner is charged with overseeing the corporate governance process, management of risk and financial reporting arrangements. It carries out the role similar to that of an audit committee but acts in an advisory and assurance capacity. It will review the Annual Governance Statement and approve its inclusion in the annual Statement of Accounts.

## **10 REVIEW OF THE JOINT CODE OF CORPORATE GOVERNANCE 2024/25**

10.1 In adopting the Joint Code the Commissioner must comply with the principles of corporate governance in each of the six dimensions of the Commissioner's business:

- Focusing on the purpose of the Commissioner and the Constabulary, and on outcomes for the community, and creating and implementing a vision for the local area
- Leaders, officers and partners working together to achieve a common purpose with clearly defined functions and roles
- Promoting values for the Commissioner and demonstrating the values of good governance through upholding high standards of conduct and behaviour
- Taking informed and transparent decisions which are subject to effective scrutiny and managing risk
- Developing the capacity and capability of the Commissioner and the Officers of the Police and Crime Commissioner to be effective
- Engaging with local people and other stakeholders to ensure robust public accountability

The Commissioner is satisfied that these requirements are being met through a combination of:

- The Police & Crime Plan and its supporting delivery plans
- The Public Assurance Meeting (PAM)
- The Financial Assurance Board (FAB)
- The Strategic Estates Board (SEB) / Derbyshire Police and Fire Partnership (LLP)
- Governance & Delegation policies
- Formal decision notices covering the Commissioner's decisions
- Ongoing engagement with communities, stakeholders and the wider public through digital and physical means

## **11 DELIVERING THE GOVERNANCE FRAMEWORK**

11.1 The Commissioner is committed to maintaining an effective governance framework. Alongside this the Commissioner has a structure within the OPCC to support delivery against the Police & Crime Plan. This structure includes the Chief Operating Officer post (with statutory finance and corporate leadership responsibilities alongside being the designated Head of Paid Staff for the Commissioner); and Head of Governance & Compliance (in terms of the Monitoring Officer role).

11.2 The JARAC has oversight over areas of audit and inspection activity. This provides effective assurance that governance arrangements are working effectively. The JARAC has continued to refine its role in providing assurance on the Chief Constable and Commissioner's financial management arrangements during 2024/25.

11.3 External audit is carried out by Grant Thornton LLP newly appointed for the financial year 2024/25, whilst Mazars provides the internal audit service. HMICFRS (Her Majesty's Inspectorate of Constabularies and Fire and Rescue Services) have no remit to inspect the Commissioner but can inspect activities on request and for a fee. In addition, changes to either Fire governance and/or complaints handling may see elements of the Commissioner's activities inspected.

11.4 The designated Monitoring Officer (the Commissioner's Head of Governance & Compliance) is responsible for promoting and maintaining high standards of conduct of the Commissioner and a deputy (if relevant) by monitoring compliance with the law, Commissioner's Code of Conduct and the Register of Interests and Hospitality. The Head of Strategic Policy and Communications acts as the Deputy Monitoring Officer and both are supported by the Chief Operating Officer in discharging their roles.

11.5 Collaboration is overseen by Management Boards together with the work of the Regional Chiefs Executive Board and Regional CFO/FD Board which inform the agendas of the East Midlands Police and Crime Commissioners Board.

## 12 REVIEW OF EFFECTIVENESS OF INTERNAL CONTROL

- 12.1 The Commissioner has responsibility for conducting, at least annually, the review of the effectiveness of the system of internal control. The review of effectiveness of the system of internal control is informed by the work of the internal auditors and the managers within both the Constabulary and the Commissioner's Office who have responsibility for the development and maintenance of the internal control environment. It is also informed by the comments received from external auditors, and other agencies. The process is finally formalised by the declaration provided by the Commissioner, and Chief Operating Officer as part of the annual governance statement (a copy of which is available on the website).
- 12.2 Internal Audit also provides assurance statements for each audit they carry out during the year, categories being Significant, Satisfactory, Limited or No Assurance.
- 12.3 Management Assurance statements were provided to the Chief Operating Officer by individual Senior Officers in the OPCC to provide confirmation on the status of the internal control environment within their areas of responsibility.

The Head of Internal Audit Opinion has reported that:

**“ On the basis of our audit work, our opinion on the framework of governance, risk management, and control is Moderate in its overall adequacy and effectiveness. This opinion is provided on the basis that some improvements are required to enhance the adequacy and effectiveness of the framework of governance, risk management and control.”**  
and this is as detailed in the Internal Audit Annual Report 2024/25.

- 12.4 In addition to the above formal review, assurance is provided throughout the year through:
- The framework of regular management information
  - Internal audit reviews, advisory reports and progress and follow-up reports
  - Performance monitoring arrangements
  - The role of the Professional Standards Department (PSD) where their work impacts on the activities of the Commissioner's office
  - Reviews by other external agencies
- 12.5 Having undertaken the review of the effectiveness of the governance framework by the JARAC, the arrangements continue to be regarded as fit for purpose in accordance with the governance framework although it continues to be assessed in the context of the new performance and delivery portfolio of the OPCC. The areas of work or development and new actions planned in 2024/25 by the OPCC are outlined below:
- Complete the review of the Corporate Governance Framework and self-assessment approach in light of the OPCC structure
  - Continue to review the Police and Crime Plan alongside the Chief Constable's operational plans to ensure alignment
  - Finalise the Financial Handbook (and associated regulations/procedures)
  - Undertake thematic internal audit work (with regional partners) across regional collaborations
  - Maintain proactive horizon-scanning of central government policy developments, recognising the significance of remaining agile and informed in light of ongoing political volatility and the increasing prevalence of rapidly formulated policy initiatives emerging from Whitehall
  - Reviewing partnership working in the increasingly challenging fiscal difficulties faced by the government
  - Following a refresh on how the Force Governance Boards are structure to incorporate HMIC recommendations and areas for improvement (AFIs) into relevant Boards chaired by a member of the Chief Officer Team, additional assurance has been incorporated by the OPCC to monitor and be kept updated on the progress relating to HMIC actions
  - Embedding Commissioner updates to receive quarterly PEEL report direct from the Chief Constable detailing ongoing work and progress towards the recommendations and AFIs within the PEEL reports

## 13 **SIGNIFICANT INTERNAL CONTROL ISSUES**

- 13.1 **Significant Internal Control Issues 2024/25**– with the exception of one audit relating to Data Quality that was issued with limited assurance (with four out of the seven recommendations completed and subsequently three recommendations are being addressed). There was only one high recommendation (out of 19 recommendations in total for 2024/25) relating to the Environmental Sustainability audit, this has a completion due date of 1 December 2025. The system of Internal Control is considered to have operated effectively in 2024/25. There are no known post balance sheet events.

## 14 **LOOKING FORWARD**

- 14.1 2025/26's financial settlement saw an approximate 6.6% increase in Government funding to the Commissioner for policing and crime. Included in that is funding to support costs associated with recruitment above the Uplift programme target, pension support and costs associated with McCloud. Also announced was new funding for National Insurance, and Neighbourhood Policing. All the aforementioned items are detailed within the Budget and Precept Report. A further increase in funding was achieved through the £14 precept increase, which itself generated an additional £6.5m of income and reduced the need to use reserves to balance the budget by £0.6m. However, the increase in funding also resulted in additional cost, meaning in real terms there is still pressure on the medium-term position.
- 14.2 The Medium-Term Financial Strategy (MTFS) shows a forecasted worst-case scenario of a £2.7m funding deficit for 2025/26. However, it is assumed that the proposed budget reductions are achieved and other changes driven largely by funding assumptions will materialise moving the gap to £0.6m. As the MTFS assumptions are live, it will require refinements as time progresses. A revised MTFS will be produced in Autumn 2025 to further refine what we believe the financial challenge looks like. This will be scrutinised by the Commissioner at the FAB.
- 14.3 The potential funding deficit may place a greater emphasis on the Constabulary's efficiency and value-for-money arrangements in order to ensure a balanced budget can be presented for 2026/27.
- 14.4 The PCC continues to invest in the Estate to support the Chief Constable's desire to improve the infrastructure and reduce the reliance on costly and obsolete older buildings. Significant work is planned to improve both the divisional headquarters and custody facilities in Chesterfield, improve the existing buildings in the North-West of Derbyshire as well as much needed improvements to a number of police stations used by our Safer Neighbourhood Teams. The two statutory Chief Finance Officers work together to ensure plans are balanced against the higher cost of borrowing and financial pressures elsewhere in the policing budget.
- 14.5 The Commissioner's officers (under the leadership of the Chief Operating Officer) will continue to work closely with the Chief Constable, Chief Officer Team and wider Constabulary to scrutinise and have oversight of the challenges facing the Force as laid out in the Chief Constable's own Annual Governance Statement. Officers either attend or are represented at key governance boards and meetings within the Force and are regularly consulted with as work progresses.

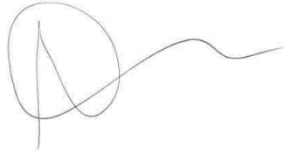
## 15 **CONCLUSION**

- 15.1 During 2024/25 the internal and external auditors continued to work with the organisation and have provided both opportunities and challenges. The Commissioner welcomes the challenge and the support provided by our auditors; we will continue to meet the financial, economic and governance challenges of ensuring there is an efficient and effective policing service in Derbyshire.
- 15.2 This Annual Governance Statement demonstrates that a sound governance framework exists in Derbyshire and is subject to regular review. Where significant governance or control issues are identified, actions are taken to address them. Whilst no issues have been identified by the Police and Crime Commissioner in 2024/25 (beyond those identified by internal audit), the Chief Constable's own action plan is referred to and is kept under review as part of holding the Chief Constable to account.
- 15.3 Funding challenges continue for the police service at a national level and that is no different within Derbyshire. The MTFP is kept under review and regular dialogue held with the Chief Constable and the senior officers to ensure that adequate savings plans are put in place (if required) to ensure a balanced budget can be produced for 2026/27 and beyond.

### Further Information:


- Regional AGS 2024/25 (included below)

**Police and Crime Commissioner for Derbyshire**  
**Annual Governance Statement 2024/25**



**Nicole Ndiweni**

Police and Crime Commissioner for Derbyshire  
Date: 23rd February 2026



**Andrew Dale**

Chief Operating Officer & Section 151 Officer  
Office of the Police and Crime Commissioner for Derbyshire  
Date: 23rd February 2026



## **ANNUAL GOVERNANCE STATEMENT FOR REGIONAL COLLABORATION 2024/25**

I confirm that the relevant controls and procedures are in place to manage the following issues within the East Midlands Special Operations Unit, which includes the Regional Organised Crime Unit, Major Crime, Forensic Services, Counter Terrorism Policing East Midlands, and Legal Services.

### **1. The monitoring processes by which performance against operational, financial and other strategic plans are considered and key issues identified and tasked.**

ACC (East Midlands) monitors performance. Exceptions are reported to the East Midlands Police & Crime Commissioners and Chief Constables' (EMPCC/CC) Board on a quarterly basis, with full performance reports reported twice a year.

### **2. Ensuring compliance with relevant laws and regulations, internal policies and procedures, and that expenditure is lawful.**

Compliance is monitored by management review and supported by specialist professional advice where appropriate. Where areas for improvement are identified these are subject to action plans that are revisited to ensure that they have been attended to. Internal Thematic inspections and external audits form part of the monitoring controls to ensure compliance with appropriate policies and regulations and demonstrate the effective and efficient use of resources.

### **3. That the appropriate controls are in place for the management of all resources deployed within Regional collaboration**

A management structure is in place, with clear lines of accountability for both operational issues and use of resources. A budget is approved each year at the EMPCC/CC's Board which defines the expenditure targets for each area of policing within EMSOU. Each force actively supports the budget allocation and sets its own precept accordingly.

Management reports showing costs against budget are provided monthly. Unexpected variances are investigated and explained, ready for reporting to quarterly Management Boards and the EMPCC/CC's Board. Quarterly monitoring reports are shared across the region to provide each force with visibility over expenditure to date and projected outturn position.

### **4. Incorporating good governance arrangements in respect of partnerships.**

The EMPCC/CC's Board provides a forum for all members of collaboration to feedback their experiences of the partnership work. All forces can discuss governance, performance and financial issues at the quarterly meetings. The collaboration builds on best practice from across the country and the region to improve performance as well as saving money.

**Signed**

**Date**

**15/05/2025**

Diane Coulson  
**ACC (East Midlands)**

## DEFINITIONS

### Accounting Period

The period of time covered by the accounts, normally a period of twelve months commencing on 1 April.

### Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

### Agency and Contracted Services

Services which are performed by, or for, another Authority or public body where the agent or contractor is reimbursed for the cost of work done.

### Budget

A statement of the Group's (financial) plans for a specific period of time. A budget is prepared and approved by the Commissioner prior to the start of the financial year. The Commissioner's budget is prepared on an out-turn basis which means that increases for pay and prices during the financial year are contained within the total budget figure.

### Capital Adjustment Account

The capital adjustment account reflects the difference between the cost of fixed assets consumed and the capital financing set aside to pay for them. It provides a mechanism between the different rates at which assets are depreciated under the Code and are financed through the capital controls system.

### Capital Expenditure

Expenditure on the acquisition of a fixed asset or expenditure which adds to the life or value of an existing fixed asset.

### Capital Financing Requirement

The Capital Financing Requirement represents capital expenditure financed by borrowing and not by capital receipts, revenue contributions, capital grants or third party contributions at the time of spending. It measures the Commissioner's underlying need to borrow for a capital purpose.

### Capital Receipts

Proceeds from the sale of an asset which may be used to finance new capital expenditure or to repay outstanding loan debt as laid down within rules set by Central Government.

### Chief Constable

The Chief Constable is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### CIPFA

The Chartered Institute of Public Finance and Accountancy. This is the main professional body for accountants working in the public services.

### Commutations and lump sum retirement benefits

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

### Contingent Assets/Liabilities

A potential asset/liability at the balance sheet date when the accounts are submitted for approval. The asset/liability will be included in the balance sheet if it can be estimated with reasonable accuracy otherwise the asset/ liability will be disclosed as a note to the accounts.

### Corporate and Democratic Core

This represents the costs of delivering public accountability and representation in policy making and meeting our legal responsibilities.

### Creditors

Amounts owed by the Commissioner for work done, goods received or services rendered which have not been paid for by the end of the financial year.

### Debtors

Sums of money due to the Commissioner for work done or services supplied but not received at the end of the financial year.

### Deferred Liabilities

Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

### **Defined Benefit Scheme**

A pension or other retirement benefit scheme, with rules that usually define the benefits independently of the contributions payable and where the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

### **Depreciation**

The measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset, whether arising from use, the passing of time or obsolescence through technological or other changes.

### **Financial Instruments**

Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial asset – Cash, equity instrument of another entity or a contractual right to receive cash or the right to exchange a financial instrument with another entity on potentially favourable terms. For example bank deposits, loans receivable, trade receivables and investments.

Financial Liability – a contractual obligation to deliver cash or another financial asset to another entity or to exchange a financial instrument with another entity on potentially unfavourable terms. For example trade payables, borrowings and financial guarantees.

### **Fixed Assets - Intangible**

Intangible assets are defined as 'non financial fixed assets that do not have physical substance but are identifiable and are controlled by the entity through custody or legal rights', for example, software licences.

### **Formula Grant Distribution System**

A mechanism by which Central Government determines how much Revenue Support Grant, Home Office Police Grant and Business Rates each local authority should receive in a given year to provide a common level of service. For the police service it is principally based on the resident and daytime populations, plus relevant socio-economic characteristics, for the area covered by an authority.

### **Group**

The term Group refers to the Commissioner and the Chief Constable.

### **Impairment**

A reduction in the value of a fixed asset below the amount shown on the balance sheet.

### **Leasing**

A method of financing capital expenditure where a rental charge is paid for a specified period of time. There are two main types of leasing arrangements:-

(a) finance leases which transfer all of the risks and rewards of ownership of a fixed asset to the lessee and such assets are included within the fixed assets in the balance sheet.

(b) operating leases where the ownership of the asset remains with the leasing company and the annual rental is charged direct to the revenue account.

### **Minimum Revenue Provision**

The minimum amount which must be charged to the revenue account each year and set aside for provision for credit liabilities.

### **Net Book Value**

The amount at which Property, Plant and Equipment are included in the balance sheet and being their historical cost or current value, less the cumulative amounts charged for depreciation.

### **Non Distributed Costs**

The cost of discretionary benefits awarded to employees retiring early. These are overheads which are not charged or apportioned to activities within the service expenditure analysis in the Comprehensive Income and Expenditure Statement.

### **Police and Crime Commissioner (PCC)**

The Police and Crime Commissioner (PCC), known as the 'Commissioner', is a separate corporation sole which was established on 22 November 2012 under the Police Reform and Social Responsibility Act 2011.

### **Precept**

The method by which the Commissioner obtains the income it requires from council tax via the appropriate authorities.

### **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.

**Prudential code**

The Code developed by CIPFA that sets out a framework for self-regulation of capital spending, in effect allowing authorities to invest in capital projects which best meet their service delivery objectives as long as they are affordable, prudent and sustainable. The code came into force from 1 April 2004 and is incorporated into the Local Government Act 2003 and associated regulations.

**Receipts and payments**

Amounts actually paid or received in a given accounting period irrespective of the period for which they are due.

**Reserves**

Earmarked reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. General reserves are accumulated balances generally available to support revenue or capital spending.

**Revaluation Reserve**

This reserve records the net gain (if any) from revaluations made after 1 April 2007.

**Revenue Expenditure funded from Capital by Statute**

Expenditure incurred during the year that may be capitalised under statutory provisions but does not result in the creation of fixed assets, for example, expenditure on property not owned by the Commissioner.