

Chief Constable of Durham Constabulary

Statement of Accounts

for the year ended 31st March 2025



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2024/25 Narrative Report

Message from Julie Diamond, Assistant Chief Officer

Organisational Overview

Following the Police Reform and Social Responsibility Act 2011, Durham Police Authority was abolished on 21 November 2012 and replaced with two corporation sole bodies, The Office of the Police and Crime Commissioner for Durham (Durham Police and Crime Commissioner, PCC) and the Chief Constable of Durham Constabulary (Chief Constable, CC). This set of accounts shows the financial position of the Chief Constable of Durham Constabulary. The financial position of the PCC and the consolidated Group of the PCC and CC are set out in the PCC and Group accounts which is a separate document.

The Constabulary's Purpose is to build trust and confidence by:

- Relentlessly pursuing Criminals.
- Providing a first-class service to victims.
- Being determined to protect vulnerable people.
- Being the best at preventing crime and ASB.

External Environment

During 2024/25 the CC continued to operate in a challenging external environment. The CC operates within a national policing and local government environment shaped by government policy, funding arrangements and wider economic conditions. The CC financial position and ability to deliver the Police and Crime Plan is also influenced by the Police Funding Settlement, specific grant funding and inflationary pressures impacting pay awards and wider operating costs. The CC works closely with partners across local government, health and criminal justice agencies to respond effectively to shared priorities and to manage wider system pressures that affect service delivery.

Governance

The statement included in this set of accounts is draft. The final version will be agreed at the Executive Board at a future date and will be included in the final published accounts.

Finance

The latest medium term financial plan will require a larger level of efficiency and cash backed savings than have been delivered in the past. A plan has been agreed to deliver savings as part of future budget setting. This will require careful management to ensure that the need for financial stability is aligned with operational policing.

Key financial information for 2024/25 is as follows:

	Original Budget 2024/25	Actual 2024/25	Variance Fav/(unfav)
	£'000	£'000	£'000
Employees	145,174	147,155	(1,981)
Premises	6,746	6,883	(137)
Transport	2,744	2,910	(166)
Agency Services	3,163	4,081	(918)
Supplies and Services	16,931	16,989	(58)
Gross Expenditure	174,758	178,018	(3,260)
Special Grants and Other Income	(7,976)	(11,858)	3,882
Net Expenditure	166,782	166,160	622

The main variations to budget include:

- **Employees**
The overspend is due to larger than budgeted pay rises. Police officers' salaries over spent with staff salaries under spending due to staff positions carrying more vacancies these were held for longer to reduce the predicted overspend. Grants to offset this is shown under special grants and other income. Also overspent was police overtime which is monitored closely.
- **Agency Services & Supplies & Services**
Additional spend was incurred for agency services in excess of the budgeted allocation. Whilst most areas exceeded their budget allocation on supplies and Services IT services significantly underspent due to resourcing issues within the department this is being monitored closely going forward.
- **Special Grants and Other Income**
Additional income was received for reimbursement of expenditure incurred by the Constabulary for the Police Uplift Programme and to cover the larger than budgeted pay rises and other grants. Additional income was also received for extra training carried out which exceed the budgeted figure there were also more officers than expected being on secondment.

The operation of the Force is funded by the PCC. The financial position of the PCC and the consolidated position of the Group is shown in the Group accounts which is a separate document.

Cash Flow

Cash flows are managed through active treasury management arrangements, ensuring that that cash is available to support operational requirements, including the payment of employees and suppliers. The CC cash flow position for the year is reported in the Cash Flow Statement, which summarises movements in cash and cash equivalents arising from operating activities.

Financial sustainability and liquidity are monitored through regular budget monitoring, medium-term financial planning and reserve management. Based upon current forecasts,

there are no indications that the CC is at risk of being unable to meet its financial obligations as they fall due.

Funding Formula

Previous work from central government has indicated that any revised funding formula could adversely impact the income received by the PCC. The implementation of a new formula is not expected to be a risk in the short-term but in the medium-term, any reduction in income would require savings to be made.

Collaboration

Whilst the Constabulary does not have a formal collaboration policy, it keeps under review initiatives where they either increase resilience, capacity or provide value for money. A number of initiatives continue to exist, joint fingerprint unit with Cleveland Police and also Evolve Legal Services with Cleveland and North Yorkshire Police Forces. Work is also expanding in respect of income generation with other Forces and central government.

Strategic Policing Requirement (SPR)

The Strategic Policing Requirement (SPR) may require the Force to respond to a major incident which could impact on normal governance arrangements/decision making due to its scale and timing. Additional resources have been included in the 2025/26 budget.

Increase in officer numbers in line with National Officer Uplift Programme

The PCC has received additional grant funding to increase officer numbers in line with the National Officer Uplift Programme. Detailed recruitment timelines have been agreed and Northumbria University has been appointed as the police degree apprentice provider and the Force works closely with the College of Policing to ensure the local uplift programme is a success. At the end of 2024/25 the Force slightly exceeded the Uplift target.

Business Model

The Constabulary employed 1,384 officers as at 31st March 2025, 1,060 staff and 131 PCSOs. This was across the following main areas of policing:

<u>Command Area</u>		<u>Headcount</u>	
	POL	STAFF	PCSO
Crime and Justice Command	350	329	
Digital Data and Technology	7	74	
EXEC Executive	8	6	
Governance and Insights Command	21	98	
NE Regional Special Operations Unit	39	1	
Operations Command	199	282	
People Standards and Development Command	92	95	5
Response Command	644	36	126
Secondments	24	1	
Support Services Command		138	
Chief Constable	1384	1060	131

The Constabulary provided a full range of policing services during the year as well as supporting a number of other Forces as requested. The Force produces an annual Force Management Statement which has considerable detail of all aspects of service delivery in terms of their current demand profile, strengths and weaknesses and areas for improved efficiency. This forms part of the HMICFRS inspection process and also acts as a plan for improvement.

Strategy & Resource Allocation

The Constabulary has a medium term financial plan which includes future deficits and is based on the following key assumptions:

- Increased grant, plus assumed uplift grant,
- A pay rise per annum in 2025/26 of 2.8%, 2% in 2026/27 and 2% in 2027/28 onwards,
- £14 band D precept increase for 2025/26 and then £14 thereafter. The £14 assumes that additional precept flexibility will be given to PCC's. It is assumed that the current Council Tax capping criteria will continue.
- No unspecified financial savings, and
- Officer numbers maintained in line with uplift funding plus additional officers for the Neighbourhood guarantee funded by £2.3m grant.
- A work force plan will ensure rationalisation of staff posts and ensure resources are targeted in areas of need.

The PCC is aware that there are potential changes to the Police Funding Formula. This will require a savings plan which will result in lower staff numbers, increased income generation and reduced third party spend.

The challenge with delivering the above would be to ensure that there is minimal impact on service delivery. This will require careful management and clear leadership.

Risks and Opportunities

The main risks are as described above.

Opportunities

Alongside the risks and financial pressures facing policing, there are a number of opportunities to support service delivery and support financial resilience over the medium-term. These include:

- Continued investment in information technology to improve productivity and service delivery.
- Improving data quality and analytical capability to support data-led, solution focused decision making and prioritisation.
- Continued collaboration to strengthen capability and make the best use of shared resources.
- Making best use of external funding streams and grant opportunities where available.

Performance

Comparing reporting year 2023/24 with 2024/25

- Anti-social behaviour incidents increase 7.5%
- Alcohol-related anti-social behaviour incidents increase 20%
- Youth-related anti-social behaviour incidents increase of 13.2%
- Domestic abuse incidents decrease of 5.8%
- Missing person incidents decrease of 29%
- Prejudice (Hate) incidents increase of 21.5%
- Recorded crime decrease of 7%
- Solved crime rate during 2023/24 was 19.0%, increasing to 21.1% during 2024/25

Durham Constabulary Funding

- During 2024, funding was secured to purchase a new welfare van. This will help support those working on scene.
- For 2024-25, a dedicated wellbeing budget was made available or funding.
- In 2024, Durham Constabulary was one of ten Police Forces to receive Government funding to trial 'Immediate Justice (IJ)', an initiative to tackle ASB within communities.
- National funding for Operation Trailblazer was initially planned to end in April 2025, however, will now be funded for a further 12 months.
- Safer Streets funding was utilised during 2024 through the 'Number Forty' establishment in Darlington, and the Safety of Women at Night (SWaN) Hub in Durham City.
- Over the previous 12 months Community Peer Mentors have delivered partnership projects through funding received from Tees, Esk, and Wear Valley Mental Health Services (TEWV) to support mental health issues linked to alcohol and substance misuse.
- Operation Caraway, the rollout of handheld metal detectors to assist in negating the risk to Officers from concealed weapons was established within the Force. Funding for this initiative was obtained from Durham Constabulary's Police and Crime Commissioner (PCC) and reflects the Forces commitment to addressing knife crime directly.
- In 2025/26 £2.3m of grant will be received for additional Neighbourhood officers.

Shift Patterns

- Following a review of the current shift pattern for Response Teams, in September 2024 the shift pattern was updated. This has received very positive feedback.

Awards

- Community Peer Mentors were announced as winners of the Durham POP Awards, and the Tilley Awards during 2024. They were also finalists in the Goldstein Awards and recipients of the Queens Award for Voluntary Service.
- In 2024, IOMU were awarded the North East Prison After Care Society (NEPACS) Ruth Cranfield Certificate for their outstanding work and recognition.
- The Operations Planning and Resourcing Team won 'Most Outstanding Team' of the year at the 2024 Durham Difference Awards.
- In 2024, the Media team won a national ApComm (Association of Police Communicators) award for Innovative Use of Communications regarding the creation for the A1M collision documentary.

- The Forces annual Prevention and Problem-Solving Conference winner was Operation Nightingale, an innovative project launched in 2023, in partnership with Total Healthcare.

Training

- During 2024, a multi-agency CPD session around County Lines was held in Force, as a result of Public Health funding.
- The Force continues to remain in a training collaboration with Cleveland Police until the end of the PFI Contract in 2026 with longer term scoping required to understand the training model moving beyond 2026. It is believed the collaboration between Durham and Cleveland will remain as it is now.

Partnerships

- As a result of Operation Navette, the Force established regular TCGs to effectively communicate with partners to reassure them of policing response.
- Durham Constabulary International Business collaborates closely with overseas partners.

New Schemes

- The new Investigative Hub became operational during 2024/25, with improved custody facilities and operational efficiencies.
- During 2024, the Neighbourhood Policing Guarantee was announced as one of the Government priorities for UK policing. The Guarantee sets out clear commitment to; revitalising local policing, rebuilding public trust and making communities safer. The funding and additional officers.
- The 'Drugs Testing on Arrest' initiative implemented early 2025 now includes scope for identifying offenders experiencing gambling related harm.
- During 2024, an investment was made by The Force, purchasing software and hardware which allows crypto currency to be downloaded and stored, allowing seizure of the assets to be completed efficiently and effectively.
- In April 2024, the Force launched two new processes for the recovery and storage of digital material.
- The MyDurhamPortal was launched in the year where victims of crime can receive updates.

Outlook

The CC continues to operate in a challenging environment with increasing demand pressures, evolving crime trends and increasing complexity in safeguarding and vulnerability-related investigations. The CC will continue to focus resources towards delivery of the Police and Crime Plan and national policing priorities, while maintaining financial sustainability and operational resilience.

The medium-term outlook remains subject to uncertainty, particularly in relation to future levels of government funding, the sustainability of the police funding settlement, inflationary impacts on pay and non-pay budgets, and the affordability of the capital programme required to maintain and modernise the estate and invest in digital technology. The Commissioner's financial strategy remains focused on robust medium-term financial planning, ensuring that savings plans are deliverable, and that reserves are maintained at a prudent level to support the management of identified risks. Work is ongoing to identify further efficiencies and

productivity improvements to support a balanced financial position in the medium term, whilst sustaining service performance and outcomes for communities across County Durham and Darlington.

Basis of Preparation

The Statement of Accounts has been prepared in accordance with proper accounting practices, as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), which is based on International Financial Reporting Standards (IFRS), and in accordance with the Accounts and Audit Regulations 2015. The accounts present the financial position of the OPCC as at 31 March 2025 and the income and expenditure for the year ended on that date.

The Statement of Accounts comprises the CC financial statements. The accounts have been prepared on an accruals basis and are prepared on the assumption that the CC will continue to operate for the foreseeable future as a going concern. The Narrative Report provides a fair, balanced and understandable commentary on the Group's financial performance and position during 2024/25, together with an overview of key risks and future prospects.

Independent Auditor's Report to the Chief Constable of Durham Constabulary

Report on the audit of the financial statements

Opinion on the financial statements

We have audited the financial statements of the Chief Constable of Durham Constabulary (the Chief Constable) for the year ended 31 March 2025, which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, Cash Flow Statement, the Police Officer Pension Fund account, the Police Officer Pension Fund Net Asset Statement and notes to the financial statements, including material accounting policy information.

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

In our opinion, the financial statements:

- give a true and fair view of the financial position of the Chief Constable as at 31st March 2025 and of the expenditure and income for the year then ended; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the “Auditor’s responsibilities for the audit of the financial statements” section of our report. We are independent of the Chief Constable 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

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

Based on the work we have performed, and taking into account the requirements of the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable’s ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Assistant Chief Officer with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the Statement of Accounts, other than the financial statements and our auditor’s report thereon. The Assistant Chief Officer is responsible for the other information. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Responsibilities of the Assistant Chief Officer for the financial statements

As explained more fully in the Statement of Responsibilities for the Statement of Accounts, the Assistant Chief 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, and for being satisfied that they give a true and fair view. The Assistant Chief Officer is also responsible for such internal control as the Assistant Chief Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Assistant Chief Officer is required to comply with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and prepare the financial statements on a going concern basis on the assumption that the functions of the Chief Constable will continue in operational existence for the foreseeable future. The Assistant Chief Officer is responsible for assessing each year whether or not it is appropriate for the Chief Constable to prepare the accounts on the going concern basis and disclosing, as applicable, matters related to going concern.

Auditor's responsibilities for the audit of the financial statements

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

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Chief Constable, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: data protection and information governance regulation, employment regulation, health and safety regulation, procurement regulation, anti-money laundering regulation, and anti-fraud and corruption and anti-bribery regulation.

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- gaining an understanding of the legal and regulatory framework applicable to the Chief Constable, the environment in which they operate, and the structure of the Chief Constable's office, and considering the risk of acts by the Chief Constable which were contrary to the applicable laws and regulations, including fraud;
- inquiring with management and the Chief Constable, as to whether the Chief Constable is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- reviewing relevant meeting minutes in the year;
- communicating identified laws and regulations throughout our engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- considering the risk of acts by the Chief Constable which are contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as the Local Government Act 2003 (and associated regulations made under section 21), the Local Government Finance Acts of 1988, 1992 and 2012, and the Accounts and Audit Regulations 2015.

In addition, we evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls) and determined that the principal risks were related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to pension disclosures, and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- making enquiries of management and the Chief Constable on whether they had knowledge of any actual, suspected or alleged fraud;
- gaining an understanding of the internal controls established to mitigate risks related to fraud;
- discussing amongst the engagement team the risks of fraud; and
- addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud, rests with both management and the Chief Constable.

As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

We are also required to conclude on whether the Assistant Chief Officer's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. We performed our work in accordance with Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom, (Revised 2024) and Supplementary Guidance Note 01, issued by the National Audit Office in November 2024.

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

Report on the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in the use of resources

Matter on which we are required to report by exception

We are required to report to you if, in our view we are not satisfied that the Chief Constable has made proper arrangements for securing economy, efficiency and effectiveness in the use of resources for the year ended 31 March 2025.

We have nothing to report in this respect.

Responsibilities of the Chief Constable

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

Auditor's responsibilities for the review of arrangements for securing economy, efficiency, and effectiveness in the use of resources

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Chief Constable has made proper arrangements for securing economy, efficiency, and effectiveness in the use of resources. We are not required to consider, nor have we considered, whether all aspects of the Chief Constable's arrangements for securing economy, efficiency, and effectiveness in the use of resources are operating effectively.

We have undertaken our work in accordance with the Code of Audit Practice, having regard to the guidance issued by the Comptroller and Auditor General in November 2024.

Matters on which we are required to report by exception under the Code of Audit Practice

We are required by the Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014;
- we make a recommendation under section 24 of the Local Audit and Accountability Act 2014; or
- we exercise any other special powers of the auditor under sections 28, 29 or 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in these respects.

Use of the audit report

This report is made solely to the Chief Constable of Durham Constabulary, as a body, in accordance with part 5 of the Local Audit and Accountability Act 2014 and as set out in 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 Chief Constable those matters we are required to state to them 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 Chief Constable of Durham Constabulary, as a body, for our audit work, for this report, or for the opinions we have formed.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work required in relation to consolidation returns and received confirmation from the NAO that the group audit of the Whole of Government Accounts has been completed and that no further work is required to be completed by us.



Gavin Barker, Key Audit Partner
For and on behalf of Forvis Mazars LLP (Local Auditor)

The Corner
Bank Chamber
26 Mosley Street
Newcastle upon Tyne
NE1 1DF

25 February 2026

Statement of Responsibilities for the Statement of Accounts

The Chief Constable's Responsibilities

The CC is required to:

- Make arrangements for the proper administration of their financial affairs and to secure that one of their officers has the responsibility for the administration of those affairs. In this organisation, that officer is the Assistant Chief Officer.
- Manage their affairs to secure economic, efficient and effective use of resources and safeguard their assets.
- Approve the Statement of Accounts.

The Assistant Chief Officer's Responsibilities

The Assistant Chief Officer is responsible for the preparation of the CC's Statement of Accounts in accordance with proper practices as set out in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2024/25. In preparing this Statement of Accounts, the Assistant Chief Officer has:

- selected suitable accounting policies and then applied them consistently.
- made judgements and estimates that were reasonable and prudent; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities

Assistant Chief Officer's Certificate

I certify that the accounts present a true and fair view of the financial position of the Chief Constable of Durham Constabulary as at 31 March 2025 and of their income and expenditure for the year ended 31 March 2025.

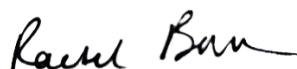


J Diamond ACA BSc (Hons)
Assistant Chief Officer

Date 25/02/2026

Chief Constable's Certificate

I confirm I have approved these accounts



R Bacon BSc (Hons)

Date 25/02/2026

Comprehensive Income and Expenditure Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2025

2023/24				2024/25		
Gross Expenditure £'000	Income £'000	Net Expenditure £'000		Gross Expenditure £'000	Income £'000	Net Expenditure £'000
125,839	-	125,839	Employee costs	133,918	-	133,918
27,587	-	27,587	Non employee costs	29,325	-	29,325
-	(12,901)	(12,901)	Income	-	(13,721)	(13,721)
-	-	-		-	-	-
153,427	(12,901)	140,525	Net Cost of Services before Funding	163,243	(13,721)	149,522
5,722		5,722	Charge for use of assets	5,405		5,405
			PCC funding for resources consumed			
	(155,580)	(155,580)			(168,827)	(168,827)
159,149	(168,481)	(9,333)	Net Cost of Services	168,648	(182,548)	(13,900)
			Other Operating Expenditure			
32,992	(32,992)	-	Police Pension Top Up Grant	28,363	(28,363)	-
		1,340	Levies			1,428
			Financing and Investment Income and Expenditure			
		58,210	Net interest on defined benefit liability (Note 23)			59,030
		(4)	Interest receivable and similar income (Note 10)			(4)
		50,213	Chief Constable deficit on Provision of Services			46,554
		(58,905)	Re-measurements of the defined benefit liability (Note 23)			(172,345)
		(58,905)	Other Comprehensive Income and Expenditure			(172,345)
		(8,692)	Total Comprehensive Income and Expenditure			(125,791)

This statement shows the accounting cost in the year for the CC of providing services at the request of the PCC in accordance with generally accepted accounting practices. The CC deploys assets, police officers and police staff to deliver the Police and Crime Plan.

Movement in Reserves Statement for the Chief Constable of Durham Constabulary

Current year	Police Fund Balances £'000	Total Useable Reserves £'000	Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2024	-	-	(1,272,195)	(1,272,195)
Movement in reserves during 2024/25				
Total Comprehensive Income and Expenditure	(46,554)	(46,554)	172,345	125,791
Adjustments between accounting basis & funding basis under regulations (note 9)	46,554	46,554	(46,554)	-
Increase/(Decrease) in year	-	-	125,791	125,791
Balance at 31 March 2025 carried forward	-	-	(1,146,404)	(1,146,404)
Comparative year				
Balance at 31 March 2023	-	-	(1,280,887)	(1,280,887)
Movement in reserves during 2023/24				
Total Comprehensive Income and Expenditure	(50,213)	(50,213)	58,905	8,692
Adjustments between accounting basis & funding basis under regulations (note 9)	50,213	50,213	(50,213)	-
Increase/(Decrease) in year	-	-	8,692	8,692
Balance at 31 March 2024 carried forward	-	-	(1,272,195)	(1,272,195)

This statement shows the movement in the year on the different reserves held by the CC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Balance Sheet for the Chief Constable of Durham Constabulary at 31 March 2025

31 March 2024		Notes	31 March 2025	
£'000	£'000		£'000	£'000
-		Property, Plant and Equipment	-	
-		Intangible Assets	-	
	-	Total Long Term Assets		-
1,174		Inventories	1,260	
9,975		Short Term Debtors	11,804	
-		Cash and Cash Equivalents	-	
	11,149	Total Current Assets		13,064
(15,148)		Short term Creditors	(16,949)	
	(15,148)	Total Current Liabilities		(16,949)
(1,876)		Provisions	(2,559)	
-		Other Long Term Liabilities	-	
(1,266,320)		Pensions Liability	(1,139,960)	
	(1,268,196)	Total Long Term Liabilities		(1,142,519)
	(1,272,195)	Net Assets		(1,146,404)
	-	Useable Reserves		-
	(1,272,195)	Unusable Reserves		(1,146,404)
	(1,272,195)	Total Reserves		(1,146,404)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the CC. The net assets are matched by the reserves held by the CC.

Cashflow Statement for the Chief Constable of Durham Constabulary for the Year Ended 31 March 2025

2023/24		OPERATING ACTIVITIES	2024/25	
£'000	£'000		£'000	£'000
		Cash Inflow		
10,485		Specific Grants	11,417	
8,968		Cash received for goods and services	17,585	
-		Interest received	-	
206,109		Contribution from PCC to CC for Operating activities	204,587	
	225,562	Cash Inflows generated from operating activities		233,588
		Cash Outflow		
(184,457)		Cash paid to employees	(198,615)	
(41,105)		Cash paid to suppliers of goods and services	(34,973)	
	(225,562)	Cash outflows generated from operating activities		(233,588)
	-	Net cash flows from operating activities		-
		INVESTING ACTIVITIES		
	-	Net cash flows from investing activities		-
		FINANCING ACTIVITIES		
	-	Net cash flows from financing activities		-
	-	Net increase or decrease in cash and cash equivalent		-
	-	Cash and cash equivalents at the beginning of the reporting period		-
	-	Less Cash and cash equivalents at the end of the reporting period		-
	-			-

The Cashflow Statement shows the changes in cash and cash equivalents of the CC during the reporting period.

All payments were made and income received into the Bank Account which is held by the PCC.

Notes to the Financial Statements for the Chief Constable of Durham for the year to 31 March 2025

1 ACCOUNTING POLICIES

1.1 General Principles

The Statement of Accounts summarises the CC of Durham's transactions for the 2024/25 financial year and the position at the year-end of 31 March 2025. The CC is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015 which require accounts to be prepared in accordance with proper accounting practices. These practices under section 19 schedule 6 of the Local Audit & Accountancy Act 2014 act primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The accounts have been prepared on the basis of going concern as the management believe the organisation is financially viable and will continue to operate for the foreseeable future.

On 22 November 2012, Durham Police Authority was replaced by two corporation sole bodies: the Office of the Durham Police and Crime Commissioner and the Chief Constable for Durham Constabulary. Both bodies are required to prepare separate Statements of Accounts.

The financial statements cover the 12 months to 31 March 2025.

1.2 Revenue and Expenditure Recognition

Since 1 April 2014, the majority of staff and all officers are employed by the CC however all the major revenue streams are received by the PCC. The PCC funds the operations of the CC.

1.3 Accruals of Income and Expenditure

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

- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet of the CC; and
- 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.
- The CC has a de minimis level of £1k for accruals.

1.4 Cash and Cash Equivalents

All cash is held by the PCC.

1.5 Employee 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 wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits 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 by the CC for the cost of holiday entitlements (or any form of leave, eg 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 the CC's Surplus or Deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

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

When 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

Employees of the CC are members of two separate pension schemes:

- The Police Pension Scheme for Police Officers, which is unfunded; and
- The Local Government Pension Scheme, administered by Durham County Council.

The Police Pension Scheme for Police Officers

This is an unfunded defined benefit final salary scheme meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. If the amounts receivable by the pension fund for the year are less than amounts payable, the Durham Police and Crime Commissioner must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Durham Police and Crime Commissioner who then must repay the amount to central government.

Injury Awards

IAS 19 requires that any obligation arising from other long-term employee benefits that depend on length of service need to be recognised when service is rendered. As injury awards under the Police Officer schemes are dependent on service, the liability expected to arise due to injury awards in respect of service prior to the valuation date requires valuation. The gratuity lump sum paid on injury is not dependent on service and so is not recognised as service is rendered.

The Local Government Pension Scheme

The Local Government Pension Scheme for support staff, administered by Durham County Council is a funded defined benefit final salary scheme, meaning that the CC and employees pay contributions into a fund, calculated at a level intended to balance the pension's liabilities with investment assets.

Aspects of the schemes

The main aspects of both these pension schemes are:

- i. The liabilities of each scheme attributable to the Group are included in the Balance Sheet on an actuarial basis using the projected unit method - ie 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 projected earnings for current employees.
- ii. Liabilities are discounted to their value at current prices at a rate that is determined by reference to market yields at the end of the reporting period on high quality corporate bonds.
- iii. The attributable assets of each scheme are included in the Balance Sheet at fair value;
- iv. The change in the net pension liability for each scheme is analysed into the following components:
 - Current service cost - the increase in liabilities as a result of years of service earned this year. The current service cost is stated net of employees' contributions, so as to reflect the part of the total pensions liabilities that are to be funded by the Group - allocated in the Comprehensive Income and Expenditure Statement to employee costs.
 - Past service costs - the increase in liabilities as a result of a 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; and
 - Net interest on the net defined benefit liability, ie net interest expense for the Group - the change during the period in the net defined liability that arises from the passage of time charged to the Financing and Investment Income line of the Comprehensive Income and Expenditure Statement - this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period - taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- v. Remeasurements comprising:
 - The return on plan assets - excluding amounts included in net interest on the net defined benefit liability - charged to the Pensions Reserve as Other Comprehensive Income and 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 - charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
 - Contributions paid to the funds - cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.

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

retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

A separate statement of Police Pension Fund Accounts is prepared to reflect the transactions in respect of funding for the Police Pension Schemes. The Police Pension Fund Accounts do not take account of liabilities to pay pensions and other benefits after the period end. Details of the liabilities for retirement benefits attributable to the CC at 31 March 2025, and of the basis for assessing those liabilities, are included in Note 23 to the Statement of Accounts.

1.6 Events after the Reporting Period

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

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

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

1.7 Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the CC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost. The CC has not given any financial guarantees.

Financial Assets

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

- Amortised cost;
- Fair value through profit or loss (FVPL); and
- Fair value through other comprehensive income (FVOCI).

The CC grants low value loans to employees to allow them to take advantage of annual travel savings and other purchases. These are valued at amortised cost.

1.8 Government Grants and Contributions

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

- the CC will comply with the conditions attached to the payments; and
- the grants or contributions will be received.

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

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

1.9 Inventories

Inventories are held at the lower of cost and net realisable value and include uniforms, forensics dry goods, stationery, oil, diesel, personal protective equipment and ammunition.

1.10 Overheads and Support Services

The costs of overheads and support services are charged to either Employee or Non Employee costs depending on their nature.

1.11 VAT

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

1.12 Provisions

Provisions are made when an event has taken place that gives the authority a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement when the Group has an 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.

2 ACCOUNTING STANDARDS ISSUED NOT ADOPTED

In accordance with the Code, the PCC and Group shall disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted. This requirement applies to accounting standards that come into effect for financial years commencing after 31 March 2025.

The following standards have been issued but have not yet been adopted at 31 March 2025:

IAS 21 *The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability)*

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

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

The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach.

It is not anticipated that any of the above will have a material impact on the Financial Statements.

3 CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies set out in Note 1, the CC has had to make certain judgements about complex transactions or those involving uncertainty about future events.

Statutory Accounts. Both the PCC and the CC are separate bodies listed under the Local Audit and Accountability Act 2014 and so must produce statutory accounts. Both bodies comply with chapter 9 of the code and so group accounts must be produced also. The Police Reform and Social Responsibility Act 2011 (Transitional Provision) Order 2013 (SI 2013/2319) recognises that S21 and S22 of the LG Act 2003 apply to relevant transactions of the CC as if it were a local authority from 1 April 2013.

On 1 April 2014, the stage 2 transfer occurred between the PCC and the CC where all the officers and the majority of police staff transferred their employment from the PCC to the CC. The PCC retained all property, plant and equipment, the major revenue streams and usable reserves. The CC delivers the day to day operations funded by the PCC and holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Staff Costs. The staff costs have been split according to which organisation employs the individual. All the officer costs and liabilities rest with the CC.

Asset and Liability Recognition. Long term control and long term access to the economic benefits associated with assets such as buildings rests with the PCC. The CC deploys assets to deliver the Police and Crime Plan of the PCC and is funded by the PCC. The PCC retains all long term assets, the major revenue streams and usable reserves. The CC holds some current assets and liabilities and unusable reserves relating to pensions and staff absences.

Pension Fund Accounts. The CC is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social Responsibility Act 2011. Therefore the Pension Fund Accounts have been included in financial statements of the CC and the Group.

4 ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

The CC of Durham Constabulary's Statement of Accounts contains estimated figures that are based on assumptions made by the CC about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, as balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

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

4.1 Pensions Liability

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Commissioner with expert advice about the assumptions to be applied. The effects of changes in individual assumptions on the total pension liability can be measured. Examples of how changes in assumptions would impact upon the Police Officer pension liability are shown in note 23.

The CC, along with other CC's and the Home Office, currently has a number of claims lodged against them arising from the Transitional Provisions in the Police Regulations 2015. This is disclosed in more detail in Note 23.

4.2 Stage 2 Transfer on 1 April 2014

The allocation of some minor streams of income along with some associated debtors and creditors have been allocated to the CC in accordance with the governance framework. If all the income was allocated to the PCC, the income would decrease by £13.7m

5 MATERIAL ITEMS OF INCOME AND EXPENSE

There are no material items of income and expense which are not already disclosed on the face of the Comprehensive Income and Expenditure Statement or in the associated notes.

6 EVENTS AFTER THE REPORTING PERIOD

The CC's Statement of Accounts was authorised for issue by the Assistant Chief Officer on 30th June 2025 events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provided information about conditions existing at 31 March 2025, the figures in the financial statements have been adjusted in all material respects to reflect the impact of this information.

In June 2023 the High Court ruled in the case of Virgin Media Limited v NTL Pension Trustees. The ruling was that certain pension scheme rule amendments were invalid if they were not accompanied by the correct actuarial confirmation. The High Court ruling has since been appealed. In a judgment delivered on 25 July 2024, the Court of Appeal unanimously upheld the decision of the High Court.

An updated Government announcement was made on 5 June 2025.

Relevant certificates have been located in respect of the 2014 reforms. It is also believed a certificate will have been prepared in respect of the 2008 reforms, but the initial electronic search for this has meant paper files would now need to be retrieved from archive storage to try and locate this. As at 30 June 2025 no update has been received as to whether the certificate in respect of the 2008 reforms has been located.

While it is known there is potential for additional pension liabilities to be recognised, the impact in monetary terms is not known and it is reasonable to form the view that it is not reasonably estimable. While the Court of Appeal has upheld the High Court judgement, there are further actions that could be taken regarding the case. In addition, the certificate in respect of the 2008 reforms could be located.

On 5 June 2025, the Government announced that it will 'introduce legislation to give affected pension schemes the ability to retrospectively obtain written actuarial confirmation that historic benefit changes met the necessary standards.' Once the legislation has been passed, affected pension schemes will be able to obtain written confirmation from an actuary about the benefit changes that were previously made and apply that confirmation retrospectively without making the plan amendments void, if the changes met the necessary standards.

7 EXPENDITURE AND FUNDING ANALYSIS FOR THE CHIEF CONSTABLE OF DURHAM CONSTABULARY FOR THE YEAR ENDED 31 MARCH 2025

2023/24	2023/24	2023/24		2024/25	2024/25	2024/25
Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement		Net Expenditure Chargeable to the General Fund	Adjustments between the Funding and Accounting Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
£'000	£'000	£'000		£'000	£'000	£'000
133,836	(7,997)	125,839	Employee costs	146,394	(12,476)	133,918
27,587	-	27,587	Non employee costs	29,325	-	29,325
(12,901)		(12,901)	Income	(13,721)		(13,721)
5,722	-	5,722	Charge for use of assets	5,405	-	5,405
(155,580)	-	(155,580)	PCC funding for resources consumed	(168,827)	-	(168,827)
(1,336)	(7,997)	(9,333)	Net Cost of Services	(1,424)	(12,476)	(13,900)
	58,210	58,210	Pension liability costs		59,030	59,030
1,336	-	1,336	Other Income and Expenditure	1,424	-	1,424
			Deficit on Provision of Services			
-	50,213	50,213		--	46,554	46,554
			Opening General fund and Earmarked Reserves Balance			
-				-		
			Less deficit on General Fund and Earmarked Reserves Balance			
-				-		
			Closing General fund and Earmarked Reserves Balance			
-				-		

The objective of the Expenditure and Funding Analysis is to demonstrate to council taxpayers how the funding available to the CC for the year has been used in providing services in comparison with those resources consumed or earned by the CC in accordance with generally accepted accounting practices. The Expenditure and Funding Analysis also shows how this expenditure is allocated for decision making purposes between the PCC and the CC. Income and Expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

7A NOTE TO THE EXPENDITURE AND FUNDING ANALYSIS

Year ended 31 March 2025				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employee costs	-	13,045	(569)	12,476
Non employee costs	-	-	-	-
Net Cost of Services	-	13,045	(569)	12,476
Pension liability costs	-	(59,030)	-	(59,030)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
Difference between General Fund surplus/deficit and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of	-	(45,985)	(569)	(46,554)
Year ended 31 March 2024				
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Adjustments for Capital Purposes £'000	Net change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Employee costs	-	8,085	(88)	7,997
Non employee costs	-	-	-	-
Net Cost of Services	-	8,085	(88)	7,997
Pension liability costs	-	(58,210)	-	(58,210)
Other income and expenditure from the Expenditure and Funding Analysis	-	-	-	-
and Comprehensive Income and Expenditure Statement surplus or deficit on the Provision of Services	-	(50,125)	(88)	(50,213)

7B SEGMENTAL INCOME

There is a requirement within the Code to present financial information for reportable segments in a manner consistent with an authority's internal management reporting. The CC considers that it has only one operating segment, being the delivery of policing services, and the reporting of financial information within the Comprehensive Income and Expenditure Statement (CIES) and Expenditure and Funding Analysis (EFA) is consistent with internal management reports. Accordingly, the analysis in the CIES and within the EFA are deemed to fulfil the segmental reporting requirements set out in the Code.

8 CHIEF CONSTABLE OF DURHAM CONSTABULARY EXPENDITURE AND INCOME ANALYSED BY NATURE

	2023/24	2024/25
	£'000	£'000
Expenditure		
Employee benefits expenses	125,839	133,918
Other services expenses	33,309	34,730
Interest payments (including defined benefit liability)	58,210	59,030
Levies	1,340	1,428
Total Expenditure	218,698	229,106
Income		
Fees, charges and other service income	(12,901)	(13,721)
Interest	(4)	(4)
PCC funding for resources consumed	(155,580)	(168,827)
Total Income	(168,485)	(182,552)
Deficit on the Provision of Services	50,213	46,554

9 ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the CC in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC to meet future revenue expenditure.

Year ended 31 March 2025	USABLE RESERVES					
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	Movement in Unusable Reserves
	£'000	£'000	£'000	£'000	£'000	£'000
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:	-				-	-
<i>Pension Costs (transferred to or from the Pension Reserve):</i>					-	-
- Retirement benefits	(75,030)	-	-	-	(75,030)	75,030
- Employer's pensions contributions and direct payments to pensioners payable in the year	29,045	-	-	-	29,045	(29,045)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(569)	-	-	-	(569)	569
TOTAL ADJUSTMENTS	(46,554)	-	-	-	(46,554)	46,554
(Movement in Reserves Statement)						

Year ended 31 March 2024	USABLE RESERVES					Movement in Unusable Reserves
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Capital Contribution Reserve	Total Usable Reserves	
	£'000	£'000	£'000	£'000	£'000	
Adjustments to the Revenue Resources						
Amounts by which income and expenditure included in the Comprehensive Income and Expenditure statement are different from revenue for the year calculated in accordance with statutory requirements:						
Pension Costs (<i>transferred to or from the Pension Reserve</i>):						
- Retirement benefits	(74,660)	-	-	-	(74,660)	74,660
- Employer's pensions contributions and direct payments to pensioners payable in the year	24,535	-	-	-	24,535	(24,535)
Holiday Pay (transferred to the Accumulated Absences Reserve)	(88)	-	-	-	(88)	88
TOTAL ADJUSTMENTS	(50,213)	-	-	-	(50,213)	50,213
(Movement in Reserves Statement)						

10 FINANCIAL INSTRUMENTS

The following categories of financial instrument are carried in the Balance Sheet

Financial Assets

	Current Debtors	
	31 March 2024	31 March 2025
	£'000	£'000
Amortised Cost	8,216	7,921
Total financial assets	8,216	7,921
Non-financial assets	1,759	3,882
Total	9,975	11,804

Financial Liabilities

	Current Creditors	
	31 March 2024	31 March 2025
	£'000	£'000
Amortised Cost	11,851	13,324
Total financial liabilities	11,851	13,324
Non-financial liabilities	3,297	3,624
Total	15,148	16,948

Income, Expense, Gains and Losses

	2023/24		2024/25	
	Surplus or Deficit on the Provision of Services		Surplus or Deficit on the Provision of Services	
	£'000		£'000	
Interest Revenue				
Financial assets measured at amortised cost		(4)		(4)
Total interest revenue		(4)		(4)
Interest Expense		-		-
Total fee expense		-		-

The Fair Values of Financial Assets and Financial Liabilities that Are Not Measured at Fair Value (but for which Fair Value Disclosures are Required)

All the CC's financial assets and liabilities are carried in the Balance Sheet at amortised cost. Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

The risk is that the financial assets are not received. The extent of the risk is their carrying value.

Financial Liabilities

	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Creditors held at amortised cost	(11,851)	(11,851)	(13,324)	(13,324)
Total Financial Liabilities	(11,851)	(11,851)	(13,324)	(13,324)

Financial Assets

	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£'000	£'000	£'000	£'000
Receivables held at amortised cost	8,216	8,216	7,921	7,921
Total Financial Assets	8,216	8,216	7,921	7,921

11 DEBTORS

	31 March	31 March
	2024	2025
	£'000	£'000
Trade receivables	2,724	2,755
Prepayments	1,267	2,214
Other receivable amounts	6,112	6,973
Others		
Less: Impairment Allowance		
Trade receivables	(128)	(139)
Total debtors	9,975	11,804

12 CREDITORS

	31 March	31 March
	2024	2025
	£'000	£'000
Trade payables	3,612	4,875
Other payables	11,536	12,073
Total creditors	15,148	16,948

13 PROVISIONS

	Insurance	Other	Total
	£'000	£'000	£'000
Balance at 1 April 2024	677	1,199	1,876
Increase/ (decrease) during the year	(85)	768	683
Balance at 31 March 2025	592	1,967	2,559

An insurance provision has been established to meet the identified potential cost to the Group of claims of negligence from employees for personal injury sustained during the course of their employment, and from third parties for personal injury or damage to their property. The provision is based on the insurer's estimates of outstanding claims and settlement of the claims is likely to be spread over a number of years. The amount relating to the PCC is insignificant, so this provision is all held by the CC. All other provisions are individually insignificant.

14 PENSIONS LIABILITY

	31 March 2024	31 March 2025
	£'000	£'000
Police Pension Scheme liability	1,263,380	1,139,880
Local Government Pension Scheme liability	2,940	80
Total Liability	1,266,320	1,139,960

15 RESERVES

The CC has a number of reserves in the Balance Sheet. These are needed to comply with proper accounting practice. Details of the reserves of the CC are as follows:

Reserve	1 April 2024	Net Movement in year	31 March 2025	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,266,320)	126,360	(1,139,960)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 22
Accumulated Absences Account	(5,875)	(569)	(6,444)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	(1,272,195)	125,791	(1,146,404)		

Reserve	1 April 2023	Net Movement in year	31 March 2024	Purpose of Reserve	Further details of movement
	£'000	£'000	£'000		
UNUSABLE RESERVES					
Pensions Reserve (IAS 19)	(1,275,100)	8,780	(1,266,320)	Balancing account to allow inclusion of pensions liability in the balance sheet	Note 22
Accumulated Absences Account	(5,787)	(88)	(5,875)	Balancing account to allow inclusion of police officers and other employees liability in the balance sheet	
TOTAL UNUSABLE RESERVES	(1,280,887)	8,692	(1,272,195)		

16 OFFICERS' REMUNERATION

The remuneration paid to the senior staff of the Chief Constable as follows:

31 March 2025	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - R Bacon	171,622	-	-	60,583	232,205
Deputy Chief Constable - C Irvine	141,793	-	2,403	50,053	194,250
Assistant Chief Constable up to 12/06/2024	25,859	-	-	9,128	34,987
Assistant Chief Constable - R Allen	119,833	-	-	42,301	162,134
Assistant Chief Constable from 01/06/2024	99,042	-	-	34,962	134,003
Assistant Chief Constable from 24/02/2025	10,525	-	388	3,579	14,492
Assistant Chief Officer	110,793	-	-	17,948	128,741

31 March 2024	Salary	Benefits in kind	Allowances	Employer's Pension Contributions	Total
	£	£	£	£	£
Chief Constable - J Farrell (to 8 October 2023)	88,388	9,124	1,253	27,400	126,165
Chief Constable - R Bacon (from 27 November 2023)	55,926	20,818	-	17,337	94,081
Deputy Chief Constable - C Irvine	134,579	6,160	2,403	41,018	184,160
Assistant Chief Constable - T Antonis	121,879	11,364	-	37,482	170,725
Assistant Chief Constable (from 1 October 2023)	60,951	-	432	16,265	77,648
Assistant Chief Officer - G Ridley	136,236	-	-	22,070	158,306

The Deputy Chief Constable C Irvine was acting Chief Constable from 9th October to 26th November 2023, with the Assistant Chief Constable T Antonis acting Deputy Chief Constable and Chief Superintendent R Allen Acting as Assistant Chief Constable. The role of the Treasurer to the PCC is carried out part time by the Assistant Chief Officer

The CC's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts.

Remuneration Band	Number of Employees	
	2023/24	2024/25
£50,000 - £54,999	221	255
£55,000 - £59,999	141	176
£60,000 - £64,999	91	107
£65,000 - £69,999	27	79
£70,000 - £74,999	6	8
£75,000 - £79,999	3	7
£80,000 - £84,999	11	8
£85,000 - £89,998	3	3
£90,000 - £94,999	2	7
£95,000 - £99,999	3	1
£100,000 - £104,999	-	2
£105,000 - £109,999	-	1

The numbers of exit packages for the CC with the total cost per band and total cost of the compulsory and other redundancies are set out in the table below:

Exit package cost band (including special payments)	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
							£	£
£0-£20,000	-	-	2	-	2	-	3,547	-
£20,001-£40,000	-	-	1	-	1	-	25,600	-
	-	-	3	-	3	-	29,147	-

17 EXTERNAL AUDIT COSTS

	31 March 2024 £'000	31 March 2025 £'000
Fees payable to Mazars with regard to external audit services carried out by the appointed auditor for the year	47	61

18 GRANT INCOME

The CC credited the following grants and contributions to the Comprehensive Income and Expenditure Statement in 2024/25.

	2023/24	2024/25
	£'000	£'000
Credited to Services		
Other	2,883	2,429
	2,883	2,429

19 RELATED PARTIES

The CC is required to disclose material transactions with related parties ie bodies or individuals that have the potential to control or influence or be controlled/influenced by the CC. Disclosure of these transactions allows readers to assess the extent to which the CC may have been constrained in his ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the CC. Transactions should be disclosed where material to either the organisation or individual with whom the transaction has been incurred.

The Group and PCC are considered to be a related party of the CC due to the statutory relationship between the two corporations sole and the nature of the financial transactions between them.

Central Government

Central government has effective control over the general operations of the CC. It is responsible for providing the statutory framework within which the CC operates, provides the majority of its funding in the form of grants which are paid to the PCC and prescribes the terms of many of the transactions that the Group has with other parties. Grants received by the Group from government departments are included within the Comprehensive Income and Expenditure Statement of the PCC and the Group.

All transactions with other public bodies were made with the PCC and are disclosed in the PCC's financial statements.

Officers

There were no related party transactions involving the CC, or chief officers of the Constabulary.

20 DEPRECIATION AND AMORTISATION

The PCC makes charges to the CC for the use of long term assets equivalent to the charges made in the accounts of the PCC for depreciation, impairment and amortisation. For 2024/25 this amounted to £5.405M (2023/24 £5.721M).

21 REGIONAL COLLABORATION

The Commissioner has collaborative arrangements with other local Forces as follows:

- **Cleveland and Durham Fingerprint Bureau (CDFB)**
Contribution for 2024/25 was £445,203 (£422,754 in 2023/24). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Forensic Collision Investigation (FCI)**
Contribution for 2024/25 was £531,399 (£473,328 in 2023/24). Durham's proportionate share is 50% as set out in the collaborative agreement.
- **Tactical Training Centre (TTC)**
Contribution for 2024/25 was £623,650 at 50% (2023/24 was £578,069), Durham's proportionate share is 50% as set out in the collaborative agreement.
- **North East Regional Special Operations Unit (NERSOU)**
The North East Regional Special Operations Unit (NERSOU) is a collaboration between the Police and Crime Commissioners of Durham, Northumbria and Cleveland to tackle serious and organised crime across the region. NERSOU is financed through a combination of Home Office Grants and contributions from each of the participating Forces. The contribution proportion during 2024/25 was 22.74%

	31 March 2024	31 March 2025
	£'000	£'000
Employees	14,972	17,863
Premises	556	511
Transport	493	492
Supplies and Services	870	1,528
Gross Expenditure	16,891	20,394
Funded by :-		
Income	(6,209)	(7,004)
The Office of the Police and Crime Commissioner for Durham	(2,458)	(3,042)
The Police and Crime Commissioner for Cleveland	(2,595)	(3,252)
The Police and Crime Commissioner for Northumbria	(5,681)	(7,087)
Contribution to/(from) Reserves	52	(9)
	-	-

The three forces jointly own a building for NERSOU which houses regional policing assets and enables further joint working with other partners. The premises are held under a Trust Agreement signed by each of the three PCC's. The relative share of ownership of the asset is determined by the proportion of agreed capital contributions made by each Force. The proportional share forms the basis of the asset held on the PCC's balance sheet. The relative share of ownership is 37.5%

22 DEFINED BENEFIT PENSION SCHEMES

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers and other employees, the CC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the CC has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The CC participates in two pension schemes:

- The Local Government Pension Scheme for civilian employees, administered by Durham County Council; this is a funded defined benefit final salary scheme, meaning that the PCC and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.
- The Police Pension Scheme for police officers – this is an unfunded defined benefit final salary scheme meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet actual pensions payments as they eventually fall due. If the amounts receivable by the pensions fund for the year is less than amounts payable, the Commissioner must annually transfer an amount to meet the deficit to the pension fund. This cost is then met by central government. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Commissioner which then must repay the amount to central government.

The Local Government Pension Scheme is operated under the regulatory framework for the Local Government Pension Scheme and the governance of the scheme is the responsibility of the pensions committee of Durham County Council. Policy is determined in accordance with

the Pensions fund Regulations. The investment managers of the fund are appointed by the committee.

The principle risks to the authority of the scheme are the longevity assumptions, statutory changes to the scheme, structural changes to the scheme (ie large-scale withdrawals from the scheme), changes to inflation, bond yields and the performance of the equity investments held by the scheme. These are mitigated to a certain extent by the statutory requirements to charge to the General Fund the amounts required by statute as described in the accounting policies.

Transactions Relating to Retirement Benefits

The CC recognises the costs of retirement benefits in the Net Cost of Services as part of the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge required to be made against Council Tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and Movement in Reserves Statement during the year as follows:

	Local Government Pension Scheme		Police Pension Scheme	
	2023/24	2024/25	2023/24	2024/25
	£'000	£'000	£'000	£'000
Comprehensive Income and Expenditure Statement (CIES)				
Net Cost of Service				
Current service cost	5,730	5,620	10,000	10,060
Past service cost	-	-	720	320
Finance and Investment Income and Expenditure				
Net Interest Expense	640	-	57,570	59,030
Total post employment benefit charged to provision of services	6,370	5,620	68,290	69,410
Other post employment benefit charged to the CIES				
Remeasurement of net defined benefit comprising of:				
Return on plan assets	(6,075)	5,675	(33,710)	(28,690)
Actuarial gain/loss from changes in demographic	(2,890)	(1,420)	-	(1,950)
Actuarial gain/loss from changes in financial assumptions	(8,050)	(38,970)	(26,150)	(139,600)
Other:	2,690	280	15,280	470
Adjustment gain /loss due to restriction surplus	-	31,860	-	-
Net Charge to the CIES	(7,955)	3,045	23,710	(100,360)
Movement in the Reserves Statement				
Reversal of net charges made for retirement benefits accordance with IAS19	(6,370)	(5,620)	(68,290)	(69,410)
Actual amount charged against the General Fund Balance				
Employer's contributions payable to scheme	5,433	5,874	17,667	21,634
Retirement benefits payable to pensioners	32	31	1,403	1,506

Police Pension Scheme

Reconciliation of the present value of the liabilities in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(1,116,530)	(24,540)	(21,490)	(96,180)	(1,258,740)	Opening present value of liabilities	(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)
(450)	(340)	-	(9,210)	(10,000)	Current service cost	(470)	(350)	-	(9,240)	(10,060)
(50,600)	(1,120)	(1,000)	(4,850)	(57,570)	Interest cost	(51,030)	(1,070)	(1,060)	(5,870)	(59,030)
-	-	-	(7,330)	(7,330)	Contributions by participants	-	-	-	(7,990)	(7,990)
-	-	-	-	-	Remeasurement gains and losses:	-	-	-	-	-
-	-	-	-	-	Actuarial gain / (loss) arising from changes to demographic assumptions	1,230	90	80	550	1,950
21,280	450	500	3,920	26,150	Actuarial gain / (loss) arising from changes to financial assumptions	110,210	1,890	4,320	23,180	139,600
(14,110)	1,030	(510)	(1,690)	(15,280)	Actuarial gain / (loss) arising from changes to other assumptions	(1,620)	1,200	(150)	100	(470)
30	-	(160)	(590)	(720)	Past service cost	-	-	(10)	(310)	(320)
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
57,930	1,400	200	580	60,110	Net benefits paid out	57,240	1,530	260	790	59,820
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Closing present value of liabilities	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)

Reconciliation of the present value of the assets in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
-	-	-	-	-	Opening fair value of asset	-	-	-	-	-
-	-	-	-	-	Interest Income	-	-	-	-	-
					Remeasurement gains and losses:					
57,304	(3)	200	(23,791)	33,710	The return on plan assets, excluding the amount included in the net interest expense	56,549	24	260	(28,143)	28,690
626	1,403	-	17,041	19,070	Contributions by employer	691	1,506	-	20,943	23,140
-	-	-	7,330	7,330	Contributions by participants	-	-	-	7,990	7,990
(57,930)	(1,400)	(200)	(580)	(60,110)	Net benefits paid out	(57,240)	(1,530)	(260)	(790)	(59,820)
-	-	-	-	-	Closing fair value of assets	-	-	-	-	-

Reconciliation of opening and closing surplus/(deficit) in the scheme

2023/24					2024/25					
Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total		Police Scheme 1987	Injury Awards	Police Scheme 2006	Police Scheme 2015	Total
£'000	£'000	£'000	£'000	£'000		£'000	£'000	£'000	£'000	£'000
(1,116,530)	(24,540)	(21,490)	(96,180)	(1,258,740)	Opening surplus(deficit)	(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)
(450)	(340)	-	(9,210)	(10,000)	Current service cost	(470)	(350)	-	(9,240)	(10,060)
626	1,403	-	17,041	19,070	Contributions by employer	691	1,506	-	20,943	23,140
-	-	-	-	-	Contributions by participants	-	-	-	-	-
30	-	(160)	(590)	(720)	Past service cost	-	-	(10)	(310)	(320)
(50,600)	(1,120)	(1,000)	(4,850)	(57,570)	Interest cost	(51,030)	(1,070)	(1,060)	(5,870)	(59,030)
-	-	-	-	-	Expected return on assets	-	-	-	-	-
-	-	-	-	-	Loss on curtailments	-	-	-	-	-
					Remeasurement of net defined benefit liability comprising:					
57,304	(3)	200	(23,791)	33,710	Return on plan assets	56,549	24	260	(28,143)	28,690
-	-	-	-	-	Actuarial gain / (loss) arising from changes to demographic assumptions	1,230	90	80	550	1,950
21,280	450	500	3,920	26,150	Actuarial gain / (loss) arising from changes to financial assumptions	110,210	1,890	4,320	23,180	139,600
(14,110)	1,030	(510)	(1,690)	(15,280)	Actuarial gain / (loss) arising from changes to other assumptions	(1,620)	1,200	(150)	100	(470)
(1,102,450)	(23,120)	(22,460)	(115,350)	(1,263,380)	Closing surplus(deficit)	(986,890)	(19,830)	(19,020)	(114,140)	(1,139,880)

Durham County Council Pension Fund

Reconciliation of present value of the scheme liabilities:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	£'000
Opening present value	(192,860)	(192,770)
Current service cost	(5,730)	(5,620)
Interest cost	(8,740)	(9,110)
Contributions by scheme participants	(2,100)	(2,290)
Remeasurement gains and losses:		
Actuarial gains / losses from changes in demographic assumptions	2,890	1,420
Actuarial gains / losses from changes in financial assumptions	8,050	38,970
Other:	(2,690)	(280)
Past service costs	-	-
Liability assumed on entity combinations	-	-
Benefit paid	8,410	8,470
Closing present value	(192,770)	(161,210)

Reconciliation of fair value of the scheme assets:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	£'000
Opening fair value	176,500	189,830
Interest Income	8,100	9,110
Remeasurement gain / loss - Return on plan assets	6,075	(5,675)
Employer contributions	5,465	5,905
Contributions by scheme participants	2,100	2,290
Assets assumed on entity combinations	-	-
Benefit paid	(8,410)	(8,470)
Closing fair value	189,830	192,990

Reconciliation of opening and closing surplus / (deficit) of the scheme:

	Local Government Pension Scheme	
	2023/24	2024/25
	£'000	£'000
Opening surplus (deficit)	(16,360)	(2,940)
Current Service Cost	(5,730)	(5,620)
Contributions by employer	5,465	5,905
Contributions by participants	-	-
Interest cost	(8,740)	(9,110)
Expected return on assets	8,100	9,110
Remeasurement gains and losses:		
Return on plan assets	6,075	(5,675)
Actuarial gains / losses from changes in demographic assumptions	2,890	1,420
Actuarial gains / losses from changes in financial assumptions	8,050	38,970
Other: Liability Experience	(2,690)	(280)
Net Assets / liabilities assumed on entity combinations	-	-
Closing fair value	(2,940)	31,780

Pension assets and liabilities recognised in the balance sheet.

The amounts included in the balance sheet arising from the CC's obligation in respect of the defined benefit plans are as follows:

	2023/24	2024/25
	£'000	£'000
Present value of liabilities		
Local Government Pension Scheme	(192,770)	(161,210)
Police Pension Scheme	(1,263,380)	(1,139,880)
Fair value of assets in the Local Government Pension Scheme	189,830	192,990
Unrecognised Asset	0	(31,860)
Surplus / (deficit) in the scheme		
Local Government Pension Scheme	(2,940)	(80)
Police Pension Scheme	(1,263,380)	(1,139,880)
Total	(1,266,320)	(1,139,960)

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

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

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

Prior to the financial year 2023/24 the fund has never been in a surplus position and actuaries have applied FRS 102 for recognition of the defined benefit obligation on an entities balance sheet, within FRS 102 the following is noted for dealing with a surplus.

If the present value of the defined benefit obligation at the reporting date is less than the fair value of plan assets at that date, the plan has a surplus. An entity shall recognise a plan surplus as a defined benefit plan asset only to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

The impact of this approach for the 2023/24 accounts was that a defined benefit asset was recognised on the balance sheet in full as there was no guidance on 'reduced future contributions' or 'refunds' for which an asset ceiling could be calculated. The assumption had been that the employer could cease contributions into the scheme at the accounting date and gain economic benefit equal to the value of prospective service costs.

This assumption has been reconsidered and AON, in line with increasing industry wide practice, have moved to applying the principles of IFRIC 14 which requires an allowance be made for a minimum funding requirement. This limits the amount of economic benefit from reduced contributions to the excess of the value of the prospective current service costs above the funding requirement.

The impact for the Chief Constable is that the asset in relation to the funded scheme has been reduced to nil with the liability for the unfunded scheme being the value shown on the balance sheet.

Local Government Pension Scheme assets comprised:

	2023/24	2024/25
	£'000	£'000
Cash and Cash equivalents	3,417	4,246
Equity instruments	103,079	105,759
Bonds by sector:		
Corporate	18,224	17,176
Government	19,552	21,036
Sub-total bonds	37,776	38,212
Multi Asset Credit Fund	28,853	29,913
Property	12,529	12,737
Other	4,176	2,123
Total assets	189,830	192,990

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. Both the Police Scheme and the Local Government Fund liabilities have been assessed by independent actuaries, estimates for the Local Government Fund being based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuaries are detailed below:

	Local Government Pension Scheme		Police Pension Scheme	
	2023/24	2024/25	2023/24	2024/25
Mortality assumptions				
Longevity at 65 for current pensioners				
Men (years)	21.7	21.6	21.9	21.9
Women (years)	24.0	23.9	23.6	23.9
Longevity at 45 for future pensioners				
Men (years)	23.0	22.5	23.7	23.3
Women (years)	25.1	24.7	25.1	25.2
Rate of Inflation (CPI)	2.6%	2.5%	2.6%	2.7%
Rate of increase of salaries	3.6%	3.5%	3.9%	3.5%
Rate of increase to pensions in payment	2.6%	2.5%	2.6%	2.7%
Rate of increase to deferred pensions	2.6%	2.5%	2.6%	2.7%
Rate for discounting scheme liabilities	4.8%	5.8%	4.8%	5.7%

The estimation of 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 and 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 practise, 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 projected unit credit method. The method and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

Impact on the Defined Benefit Obligation in the Local Government Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	157,420	164,840
Rate of increase in salaries (increase or decrease by 0.1%)	161,610	160,650
Rate of increase in pensions (increase or decrease by 0.1%)	163,550	158,710
Rate for discounting scheme liabilities (increase or decrease by 0.1%)	158,230	164,030

Impact on the Defined Benefit Obligation in the Police Pension Scheme:

	Increase in Assumption	Decrease in Assumption
	£'000	£'000
Longevity (increase or decrease in 1 year)	1,164,880	1,114,880
Rate of increase in salaries (increase or decrease by 0.5%)	1,147,880	1,131,880
Rate of increase in pensions (increase or decrease by 0.5%)	1,220,880	1,058,880
Rate for discounting scheme liabilities (increase or decrease by 0.5%)	1,058,880	1,220,880

Duration of Liabilities

The weighted average of the defined benefit obligation to scheme members in the LGPS for 2024/25 is provided in the number of years this figure is 17.8 years, (prior year 2023/24 was 16 years).

The weighted average of the defined benefit obligation to members in the Police Pension scheme is 16 years for 2024/25 (prior year 2023/24 was 15 years).

Assets and Liability Matching (ALM) Strategy

The pensions committee of Durham County Council has agreed an asset and liability matching strategy (ALM) that matches, to the extent possible, the types of assets invested to the liabilities in the defined benefit obligation. The fund has matched assets to the pension's obligation by investing in long-term fixed-interest securities and index-linked gilt-edged investment with maturities that match the benefits payments as they fall due. This is balanced with the need to maintain the liquidity of the fund to ensure that it is able to make current payments. As is required by the pensions and (where relevant) investment regulations the suitability of various types of investment have been considered, as has the need to diversify investments to reduce the risk of being invested in too narrow a range. A large proportion of the assets relate to equities (54% of scheme assets) and bonds (20%). The scheme also invests in properties as a part of the diversification of the schemes investment. The ALM strategy is monitored annually or more frequently if necessary.

Impact on Cash Flows

The objectives of the scheme are to keep employer's contributions at as constant rate as possible. The County Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the long term. Funding levels are monitored on an annual basis. The next triennial valuation is due to be completed on 31 March 2025.

The scheme takes into account the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and the other main existing public service schemes may not provide benefits in relation to service after 31 March 2014 (or service after 31 March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings to pay pensions and other benefits to certain public servants.

The CC is anticipated to pay £7M expected contributions to the schemes in 2025/26

There is a similar process for determining contributions for the Police Pension Scheme. In this case the Government Actuary Department (GAD) determine the contributions that must be paid. This is based on their actuarial calculations.

The Group is expecting to pay £22.4m contributions to the scheme in 2025/26.

McCloud / Sargeant judgement

Background

On 16 July 2020 HM Treasury published their [Public service pension schemes consultation: changes to the transitional arrangements to the 2015 Schemes](#), which contained the proposed remedy regarding the McCloud/Sargeant remedy.

On 4 Feb 2021 HM Treasury published their [response](#) to the consultation. This response confirmed: that the legacy schemes would be closed from 31 March 2022; a remedy would be introduced for the period 2015-2022 based on a deferred choice underpin basis; and, eligibility criteria for members to access the remedy.

On 19 July 2021 the [Public Service Pensions and Judicial Offices Act 2022](#) was taken to the House of Lords. This got royal assent on 10 March 2022 and the [Act](#) came into force from 1 April 2022. HMT directions to accompany the act were published on 14th December 2022.

The Act closed the legacy schemes from 31 March 2022 and brings the retrospective remedy into force by 1 October 2023.

The Home Office have consulted during 2023 on the secondary regulations to bring the police determined by the act into force from 1 October 2023.

Technical consideration

The impact of McCloud has been factored into IAS19 liability estimate since 2018/19. The introduction of the [PSPJOA 2022](#) following the consultation confirms the remedy methodology to be on the deferred choice basis, which was the basis of assumption following the consultation for the 2020/21 accounts.

As a result, there is no underlying change in method/approach to the IAS19 liability estimate. The IAS 19 liability estimate will therefore roll-forward the McCloud impact with a further 1 year of benefits recognised.

Compensation Claims

In addition to the remedy, claimants have lodged claims for compensation for injury to feelings. Claims are separated into two litigation cases;

1. Aarons and Ors claims bought by Leigh Day representing individual officers in a group claim.
2. Roderick and Slade, claims bought by Penningtons on behalf of the Police Federation. These claims were brought after the finding of discrimination by the Court of Appeal in McCloud and Sargeant.

Update on Aarons cases

Injury for feelings claims for Aarons were due to be heard by the Employment Tribunal in December 2021, and on 25 November 2021 the Home Secretary sought agreement from Chief Officers to settle on behalf of forces. This authority was given and the Government Legal Department (GLD) have since settled on behalf of forces.

This was welcomed by forces as a major step forward for the Chief Officers, NPCCs position has been consistently that Government should agree to meet the cost of compensating the claimants for the discrimination, settling the Aarons case sets a helpful precedent that Government should pay.

A preliminary hearing for the pecuniary loss in the Aarons cases which was set for 20 December 2022 was stayed pending introduction of the remedy from 1 October 2023. It is felt that the settlement of the injury to feelings on the Aarons cases has set a very helpful precedent to also settling pecuniary loss.

Update on Roderick and Slade cases

As the Roderick and Slade cases were lodged after the finding of discrimination by the government, NPCC will look to defend these cases on the basis that they were 'out of time'. It is not possible to estimate the extent of this claim being successful, however if the time point were not to succeed, then NPCC would look towards the government to indemnify chiefs. This has been their position throughout this litigation, and it is felt the settlement of the Aarons cases has set a very helpful precedent.

No date at present has been set to hear the Roderick and Slade cases.

Contingent liability

In accordance with the Code (8.2.2.2) a contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity. The claims would meet this definition, and therefore should be considered for disclosure. The Code (8.2.4.2) permits authorities not to provide specific disclosure if information is not material. Given the existence of the claims is adequately disclosed in the accounts, and it is not considered material, no contingent liability will be disclosed.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought

into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2025, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Valuation 2020 – Employer Contributions

In HMT written statement [HCWS757](#), it was confirmed that changes to employer contribution rates resulting from the 2020 valuations will be delayed from April 2023 to April 2024. The 2020 valuation remains unpublished we are still awaiting an update. The employer contributions will depend on a set of variables which will include but not limited to:

- The outcome of the [discount rate consultation](#), which continues the current methodology and the [WMS HCWS697](#) which confirms the new SCAPE discount rate is 1.7%
- The cost of remedy
- 4.9% employer contributions already made from April 2019 to include the cost cap correction costs that were paused

The WMS confirms that the effect of the discount rate will be to increase employer contribution rate and commits to funding increases as a consequence of changes to the discount rate. It does not confirm whether funding from the increase to employer contributions under the 2016 valuation will continue to be funded.

“The Government is aware that the updated SCAPE discount rate will generally lead to higher employer contribution rates for most unfunded public service pension schemes resulting from the 2020 valuations. In recognition of the cost pressure that an increase to the employer contribution rate would bring to existing departmental budgets, the Government has committed to providing funding for increases in employer contribution rates resulting from the 2020 valuations as a consequence of changes to the SCAPE discount rate; this commitment is for employers whose employment costs are centrally funded through departmental expenditure. These funds will be used to pay for employer contributions and therefore will contribute to meeting the costs of public service pensions provision which means this will be cost neutral for the Exchequer.”

Legal Claims

Claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons.

Aarons & Ors

Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. Pecuniary loss claims remain stayed under advice from Counsel, but it is expected that most of these claims will be settled under the current compensation mechanism that is provided for under the Public Service Pensions & Judicial Offices Act (PSPJOA) 2022.

Penningtons

As at 31 March 2025, it is not possible to reliably estimate the extent or likelihood of these claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Remedy

The [Public Service Pensions and Judicial Offices Act 2022](#) (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ends, all those in service in main unfunded schemes will be members of the reformed pension schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on pension liability

Allowing for all eligible members to accrue benefits from their legacy scheme during the remedy period would lead to an increase in the Police Pension Scheme liabilities. For Durham Constabulary this effects 1170 members.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The next Police Pension valuation is due to be reported in 2025/26 although this timetable is subject to change.

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

PENSION FUND ACCOUNTS

The funding arrangements for the Police Pension Scheme in England and Wales changed from 1 April 2006. Before 1 April 2006 each Police Authority was responsible for paying the pensions of its former officers on a pay as you go basis rather than a percentage of pensionable earnings as an employer's contributions. Under the current funding arrangements the Scheme remains unfunded but no longer on a pay-as-you-go basis as far as an individual Chief Constable is concerned. The Chief Constable no longer meets the pension outgoings directly, instead they pay an employer's pension contribution based on a percentage of pay into the Pension Fund. Each individual Chief Constable is required to operate a Pension Fund and the amounts that must be paid into and paid out of the Pension Fund are specified by regulations.

Under the new arrangements the Pension Fund is balanced to nil at the end of the year by transferring from the Chief Constable's Income and Expenditure Account an amount equivalent to the deficit on the Fund. There are no investment assets relating to the Police Pension Fund.

The transactions of the Police Pension Fund are as follows. Net assets are included within the Chief Constable's Balance Sheet.

Police Officer Pension Fund Account 2023/24

2023/24	2023/24		2024/25	2024/25
£'000	£'000		£'000	£'000
(17,424)		Contributions receivable		
		From local policing body	(21,487)	
-		Additional funding payable by local policing body to meet the deficit for the year.		
(7,566)		Reimbursement of unabated pensions (30+ police officers) From Officers	-	
	(24,990)		(8,160)	(29,647)
		Transfers in		
	(704)	Transfers in from other schemes		(313)
		Recharges to other local Authorities		
	(41)	Net recharges		(30)
		Benefits payable		
45,731		Pensions	49,889	
12,711		Commutations and lump sum retirement benefits	8,367	
-		Lump Sum Death Benefit	-	
	58,442			58,256
		Payments to and on account of leavers		
76		Transfers out to other schemes	56	
209		Refund of Contributions	41	
	285			97
	32,992	Net amount payable for the year		28,363
	(32,992)	Contribution from policing body in respect of the deficit		(28,363)
	-	Year end balance		-

Police Officer Pension Fund Net Asset Statement 2024/25

As at 31 March 2024		As at 31 March 2025
£'000		£'000
	Current Assets	
-	Funding to meet deficit due from the local policing body	-
-	Cash Held	-
	Current Liabilities	
15	Unpaid Pension Benefits	36
-	Recharges to other Authorities	-
	Surplus for the year owing to the local policing body	-
15	Net Current Assets/Liabilities	36

	2024	2025
	£'000	£'000
Debtors	-	-
Government Departments	-	-
Local Authorities	-	-
	-	-

Net Current Liabilities

	2024	2025
	£'000	£'000
Payables		
Government Departments	-	-
	-	-
Others	15	36
	15	36

The balance reflects the cash overdrawn

1 Basis of Preparation

The pension fund accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

The Net Assets Statement does not include liabilities to pay pension and other benefits after the Balance Sheet date. The liabilities of the Pension scheme are accounted for under IAS19 and details can be found above. Details of the long-term pension fund obligation are provided in Notes 14 and 15 of the main statements.

2 Accounting Policies

The principal accounting policies are as follows:

Contributions

Contributions represent the total amount receivable from the CC and pensionable employees. The contributions are made at rates determined by the Government Actuary's Department. The Employer's contributions are set at a nationally applied rate of 35.3% of pensionable pay. For 2024/25 the employee's contributions are dependent on salary: 12.44%, 13.44% and 13.78% for the Police Officers' Pension Scheme 2015.

The CC is also required to make payments into the Pension Fund in respect of ill-health retirements when they are granted.

Benefits

In accordance with the accruals concept benefits are accounted for in the year in which they become due for payment.

Transfer Values

Transfer values are those sums payable by or receivable from, other pension schemes for individuals only and relate to periods of previous pensionable employment. Transfers are accounted for on a receipts and payments basis.

GLOSSARY

Accruals

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

Budget

The CC's plans and policies expressed in financial terms.

Cash

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours.

Cash Equivalents

Cash equivalents are investments that mature within three months or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

Chartered Institute of Public Finance and Accountancy (CIPFA)

The principal accountancy body dealing with local authority finance.

Collection Funds

Funds administered by Durham County Council and Darlington Borough Council in which individuals' Council Tax payments are paid. The Commissioner raises precepts on the funds to finance part of net revenue expenditure.

Collection Fund Adjustment Account

The account through which to implement the accruals basis for recording the precept without affecting the bottom line for taxpayers.

Contingency

The sum of money set aside to meet unforeseen expenditure or liability.

Council Tax

The local tax levied on householders, based on the relative market values of property, which helps to fund local services.

Current Assets

Items that can be readily converted into cash.

Current Liabilities

Items that are due immediately or in the short-term.

Debtors

Persons or bodies who owe sums to the CC.

Earmarked Reserves

These represent monies set aside that can only be used for a specific purpose.

Employee Benefits

Short-term employee benefits are those due to be settled within 12 months of the year end. They include salary, paid annual leave, paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense in the year in which the employee renders service to the CC. An accrual is made for the cost of the benefit earned by an employee but not taken before the year end. The accrual is charged to the surplus or deficit on the provision of Services, but then reversed out through the Movement in Reserves Statement.

Interest Income

The money earned from the investment of surplus cash.

International Financial Reporting Standards (IFRS)

The CC's financial statements have been prepared in accordance with the following statutory accounting standards adopted by the International Accounting Standards Board (IASB):

- International Financial Reporting Standards (IFRS)
- International Accounting Standards (IAS)

- Interpretations of the International Financial Reporting Interpretations Committee (IFRIC)
- Interpretations of the Standing Interpretations Committee (SIC)

National Non-Domestic Rates (NNDR)

The business rate is set annually by the government. Income from business rates goes into a central government pool that is then distributed to authorities according to resident population.

Outturn

The actual amount spent in the financial year.

Payables

Persons or bodies to whom sums are owed by the CC.

Payments in Advance

These represent payments up to 31st March for supplies and services received after 31 March.

Receipts in Advance

These represent income received prior to 31st March for supplies and services provided after 1st April.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

Revenue Expenditure and Income

Expenditure and income arising from the day to day operation of the CC's service.

Running Expenses

All expenses other than those relating to employees and the financing costs of capital expenditure (capital financing costs and revenue contributions). Running expenses include expenditure on maintenance of buildings, consumable supplies, transport etc.

Termination Benefits

Amounts payable as a result of a decision to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. They are charged on an accruals basis to the Net Cost of Service in the Comprehensive Income and Expenditure Statement.



CHIEF CONSTABLE OF DURHAM

ANNUAL GOVERNANCE STATEMENT 2024/25

ANNUAL GOVERNANCE STATEMENT

The governance framework has continued to be in place at Durham Constabulary for the year ended 31 March 2025 and up to the date of the approval of the statement of accounts.

1. SCOPE OF RESPONSIBILITY

Durham Constabulary is responsible for ensuring that its business is conducted in accordance with the financial governance arrangements outlined in the Financial Management Code of Practice for the Police Service of England and Wales (2013) as revised in July 2018. The police service also has a statutory duty to secure value for money in the use of public funds.

In discharging this overall responsibility, Durham Constabulary is responsible for putting in place proper arrangements for the governance of its affairs and facilitating the exercise of its functions, which includes the management of risk.

Durham Constabulary established a Corporate Governance Framework through which the Chief Constable can be assured that the Force's systems, policies and people are operating in a way that is driving the delivery of agreed corporate objectives, are focused on the key risks to the delivery of those objectives and are economic, efficient and effective.

This statement meets the requirements of the Accounts and Audit Regulations 2024 in relation to internal controls the publication of an Annual Governance Statement (AGS).

2. THE PURPOSE OF THE GOVERNANCE FRAMEWORK

The governance framework comprises the systems, processes, culture and values, by which the Force is directed and controlled and the activities through which it accounts to and engages with and leads its community. It enables the Force to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services, including achieving value for money.

The system of internal control is a significant part of that 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 Force's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised and to manage them efficiently, effectively and economically.

3. THE GOVERNANCE FRAMEWORK

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 Force, the Police and Crime Commissioner (PCC) is required under the Police Reform and Social Responsibility Act 2011 to hold her to account for the exercise of those functions and those of the persons under her direction and control.

The Annual Governance Statement (AGS) provides a summary of the extent to which the Force meets the seven principles of good governance as identified in the Delivering Good Governance in Local Government: Guidance Note for Police (2016).

Principle A Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

To achieve this, the Chief Constable:-

- has a detailed organisational structure, with clearly defined responsibilities and terms of reference, which are monitored and updated when required;
- has established clear roles and responsibilities for each of her senior officers. There is a formal Constabulary accountability/performance management framework and each officer and staff member is subject to the Constabulary Personal Development Review;
- has included inclusion as a Force value to reflect the importance of both external and internal inclusion;
- has developed standards of conduct and personal behaviour which are defined and communicated through appropriate codes of conduct and protocols;
- has policies and procedures for media, information disclosure, hospitality and gifts, business interests, procurement and contracts;
- has delivered Leading through Standards of Professionalism training via its Professional Standards Department to Officers and staff;
- has a policy on counter fraud and corruption which clearly sets out the procedures to be operated and which is designed to encourage prevention, promote detection and identify a clear pathway for the investigation of fraudulent and/or corrupt practices or behaviour;
- has appropriate and long established whistle-blowing arrangements and processes in place within the Constabulary;
- has established procedures for dealing with and investigating complaints which are in line with national guidelines;
- promotes the values for the PCC and Force demonstrating the values of good governance through upholding standards of conduct and behaviour;
- embraces the concept of an ethics committee responsible for enhancing trust and confidence in the ethical governance and actions of Durham Constabulary;
- gives training to all officers and staff on the code of ethics developed by the College of Policing and awareness raising in respect of abuse of authority for sexual gain;
- ensures that the Constabulary website in relation to integrity and transparency details actions taken to prevent, increase intelligence, enforce and provide reassurance to members of the public of strategies and outcomes of our current transparency agenda;
- oversees a restorative approach to complaint resolution and allows officers and staff to mediate with the members of the public in a controlled fashion;
- oversees relevant officers and staff being provided as personal issue a body camera which maximises evidence yield and assists with the integrity and transparency agenda; and
- ensures that appropriate legal, financial and other professional advice is considered as part of the decision-making process and observes the specific requirements of legislation and its general responsibility by Law.
- has adopted the integrity health check and personal development review objectives
- reviews the ethical behaviour of external service providers when awarding contracts
- has senior staff declare any related party transactions
- has reviewed force performance against the 2022 HMIC report 'an inspection of vetting, misconduct and misogyny in the police service.
- considers ongoing recommendations from the Angiolini inquiry into police culture and women's safety

Principle B Ensuring openness and comprehensive stakeholder engagement

To achieve this, the Chief Constable:-

- holds regular sessions with local communities through the Police and Communities Together (PACT) initiative which offers the community a chance to be heard, to discuss

issues that affect communities, to agree local action to tackle these issues and agree priorities;

- works with partner organisations through the Durham and Darlington Community Safety Partnerships to tackle crime, disorder, anti-social behaviour, substance misuse, other behaviour adversely affecting the local environment and to reduce re-offending as required by the Crime and Disorder Act 1998 and amended by the Police and Justice Act 2006;
- The Safe Durham Partnership has developed a Partnership Plan as part of its statutory responsibility to develop a three year plan to tackle priorities identified from the County Durham Joint Strategic Assessment and public consultation;
- regularly publishes information on the Constabulary's work and achievements;
- undertakes a local Public Confidence Survey highlighting public confidence levels and concerns at a local level about policing in their neighbourhood;
- ensures, as part of the investigative update process, that responsible officers in charge engage directly with the victims of crime and keep them informed;
- undertakes a victim satisfaction survey which provides the Force with information about the quality of service they have received from the Police service;
- holds regular meetings through Neighbourhood Policing teams with the public to discuss local policing priorities and activities to focus work upon. Feedback from these meetings are also included as part of the Force's priority setting process; and
- ensures that Durham Constabulary works in partnership with the Independent Office for Police Conduct, the Home Office and key strategic partners ie HM Coroner to enhance service delivery.
- has ensured that the PCC's Anti-Social Behaviour, Domestic Abuse and Victims champions work closely with force colleagues to ensure that the victims voice is heard when developing policy, processes and delivering services.
- has implemented a victim's portal to allow on line updates

Principle C Defining outcomes in terms of sustainable economic, social, and environmental benefits

To achieve this, the Chief Constable:-

- sets out Durham Constabulary's vision and purpose in accordance with the Police Crime and Justice Plan which sets out policing priorities to be delivered and which is reviewed annually;
- has transitioned to the delivery plan with four key pillars, organisational, operational, people and prevention to align with the PCC's Police Crime and Justice Plan and executing the Chief Constable's own operational independence and 'corporation sole';
- decides how the quality of service for users is to be measured and ensures that the information needed to review service quality effectively and regularly is available;
- provides a commitment to the public to deliver excellent policing to inspire confidence and deliver high satisfaction to victims and local communities by relentlessly pursuing criminals, being determined to protect vulnerable people, providing a first-class service to victims and being the best at preventing crime and anti social behaviour';
- worked in partnership with stakeholders (for example) Durham University to better understand the specific drivers of victim satisfaction and public confidence in relation to crime and Anti Social Behaviour, engages with the public to better understand and address issues that have a negative impact on communities;
- has a robust performance framework that ensures the Chief Constable is informed of progress against key performance objectives;
- has effective arrangements in place to ensure the Constabulary performs to high standards and to identify and deal with failure in service delivery;

- established a Medium Term Financial Plan supported by robust multi-year budgets, supported by a Strategic Workforce Plan.
- continuously improves processes to ensure that the information needed to review performance in achieving value for money effectively and regularly is available;
- keeps under review the Force's key functions and departments to ensure the delivery of effective policing with reduced numbers of staff. Frontline policing services are prioritised to ensure changes made will provide a maintained or improved service to the communities of County Durham and Darlington in future years;
- compares performance against peer data as provided within HMICFRS VFM profiles and seeks improvement where best practice is identified;
- is implementing the Neighbourhood policing guarantee
- has implemented a sustainability strategy
- has a robust complaints process in place; and
- continues to work with Independent Advisory Groups and minority consultative groups to ensure fairness of delivery.

Principle D Determining the interventions necessary to optimise the achievement of the intended outcomes

To achieve this, the Chief Constable:-

- has a detailed medium term financial plan which aims to ensure financial sustainability;
- has a performance management framework, to ensure plans are met and remedial action taken;
- is improving data quality, so as to enable objective and rigorous decision making;
- reviews victim and community feedback to identify areas for improvement;
- holds monthly Executive Board meetings where issues are raised and actions agreed upon;
- has a risk management process to identify where interventions may be required; and
- has a sound, research evidenced, understanding of demand (current and future) which informs resource allocation decisions.
- Produces a Force Management Statement which outlines current and future demands, resources and required actions to close any gaps
- monitors control room performance
- Introduced a telephone resolution team within the Force control room to support crime investigation and victim support.

Principle E Developing the entity's capacity, including the capability of its leadership and the individuals within it

To achieve this, the Chief Constable:-

- has established clear roles and responsibilities for each of the Constabulary's senior officers. There is a formal Constabulary accountability/performance management framework and each officer is subject to the Constabulary Personal Development procedures;
- has robust performance management arrangements within the Constabulary which enables each officer's and staff needs, training and development requirements to be identified. The framework enables officers to work with their line managers to agree the appropriate actions to address their needs and regular reviews of progress are held;

- ensures that all police staff are issued with contracts of employment, each role is covered by a job description, all of which are processed through the Constabulary job evaluation scheme to determine the appropriate remuneration for the role unless prior approval is given for an alternative job salary to be paid. All changes to terms and conditions of contracts or to job descriptions are negotiated through the police staff group;
- Police Officers are servants of the Crown, their terms and conditions are provided for under national police regulations. The Constabulary has a range of policies to support the implementation of the national regulations, and any changes to these policies are negotiated/subject to consultation through the Personnel User Group;
- takes into account previous training and experience when considering officer postings;
- considers succession planning of key roles within departments;
- ensures that PDRs are carried out;
- ensures that key training is provided to Officers and staff including First Aid Training, Personal Safety Training and Driver Training, taser, public order training;
- provides leadership and talent management development to staff and managers; and
- has appointed Northumbria University to deliver the Police Education Qualification Framework, following a competitive process, to identify opportunities for new and existing employees to support workforce development and planning. The Force also continues to work with Derwentside College to deliver apprenticeship courses and degrees with Northumbria university;
- established processes to gain a better understanding of current / future demand.
- monitors the efficient and effective management of human, financial and environmental resources. Clear examples of this have been the Estates Programme which has a clear focus on reducing the impact upon the environment, adopting modern working methods whilst saving money and renewing key IT systems e.g. Red Sigma, Case & Custody, bodyworn devices and mobile devices. Work has been carried out to produce an updated Asset Strategy which includes Estates, Fleet and Environment;
- promotes an ethos of continuous improvement across the force in order to reduce organisational costs and improve performance. Is implementing an updated governance strategy with clear lines of escalation
- Individual programmes contain business cases to ensure value for money, programme and project plans to ensure effective resource management, quality measures; and projected benefits for communities;
- Utilises the Chief Constable Delivery Plan which combines the vision, business plan, performance and risk all within one document. Strategic business risks are discussed and debated at the Strategic Risk and Assurance Board where a determination is made as to their level and the plan updated. As a minimum this is done across all business areas every three months, but may be done more dynamically as a new risk reemerges. The plan utilises a balanced scorecard approach and links all the business areas within force, and the requirement to achieve value for money. Operational risks are overseen at the monthly Operational Threat and Risk and Force Threat and Risk meetings which is the highest level operational meeting under the National Intelligence Model in Force;
- actively pursues joint working opportunities at a local, regional and national level, which has resulted in a number of policing services being delivered in collaboration with other forces or organizations;
- ensures when working in partnership that the arrangements for governance and accountability for performance and financial administration are clearly articulated and disseminated.

Principle F Managing risks and performance through robust internal control and strong public financial management

To achieve this, the Chief Constable:-

- develops and maintains effective mechanisms for documenting evidence for decisions and recording the criteria, rationale and considerations;
- develops and maintains effective arrangements to challenge and scrutinise the Constabulary's own performance and compliance with other requirements;
- provides objective and timely information which is necessary to take balanced and informed decisions;
- ensures that risk management is embedded and is used effectively to inform and focus decision making;
- ensures the Constabulary has effective, transparent and accessible arrangements in place for dealing with complaints;
- ensures the Constabulary reviews and revises as appropriate its key governance documents, i.e. financial regulations and contract procedure rules;
- provides the PCC and External Audit with Revenue and Capital Monitoring reports on a regular basis;
- maintains with the PCC a Joint Independent Audit Committee; and
- ensures that the Joint Independent Audit Committee receives assurance with regards to arrangements in place for investigating complaints and misconduct related matters.
- Undertook a value for money self-assessment against the HMICFRS's Value for Money profile.

Principle G Implementing good practices in transparency, reporting, and audit to deliver effective accountability

To achieve this, the Chief Constable:-

- has, with the PCC, an established Corporate Governance Framework that clarifies the way in which their two corporations sole, will govern both jointly and separately, to do business in the right way, for the right reason at the right time
- publishes relevant information relating to salaries, business interests and performance data on its website;
- has a Procurement Department with clear guidelines for procuring goods and services and has implemented the new Procurement Act;
- has a well-established community engagement process (PACT);
- has a Joint Independent Audit Committee that operates in accordance with guidance provided by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Home Office's Financial Management Code of Practice;
- publishes information to the PCC and Police and Crime Panel as part of established accountability mechanisms;
- acts upon the findings / recommendations of HMICFRS Inspections and Internal Audit / External Audit Reports; and
- prepares an Annual Governance Statement for scrutiny.

4. REVIEW OF EFFECTIVENESS

Durham Constabulary has responsibility for conducting, at least annually, a review of the effectiveness of the governance framework, including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the Force who have responsibility for the development and maintenance of the governance environment, the Annual Report of the Head of Internal Audit, and also by comments made by the external auditors and other review agencies and inspectorates.

Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a moderate overall assurance opinion on the adequacy and effectiveness of

the governance, risk management and internal control operating across the Constabulary in 2024/25.

This moderate opinion provides assurance acknowledges that while there are systems of controls in place, there are some weaknesses and evidence of ineffective controls. This has been exacerbated by the under resourcing of support functions for a number of years. Durham Constabulary has identified the need to increase resources in some areas as part of the Strategic Workforce Plan.

During the year the Joint Audit Committee has considered a wide range of reports that related to the Force's governance arrangements and which included:

- Chief Constable Annual Governance Statement
- Annual Internal Audit Report
- External Audit – Annual Audit Letter
- Internal Audit Plan
- Fraud and Corruption Annual Report
- Annual Review of the System of Internal Audit
- Internal Audit Progress Reports
- External Audit Progress Reports
- Annual Governance Statement (AGS) Action Plan Report Updates
- Force Risk Register Update
- Budget Monitoring Reports
- Professional Standards Update Reports
- Annual Review of Gifts and Hospitality
- Chief Constable Annual Governance Statement
- Collaboration updates
- Evaluation of complaints resolution team
- HMICFRS Inspection Plans
- Rape Scrutiny
- Treasury Management Report

5. SIGNIFICANT GOVERNANCE ISSUES

The Chief Constable is fully committed to the principles of corporate governance, and has worked closely with the Police and Crime Commissioner to develop / enhance arrangements in place.

The Joint Audit Committee (JAC) has a full work programme developed with assistance from Internal Audit and External Auditors. Ongoing training is provided to ensure that the Committee can properly discharge its responsibilities.

It is imperative that External and Internal Audit's work continues to fulfil their statutory responsibilities, whilst at the same time adding value to the two corporate bodies. Regular meetings with auditors over the course of the year ensure that potential duplication resulting from the 'two corporations' sole arrangements' is minimised.

Based on the work undertaken, the Chief Internal Auditor and Corporate Fraud Manager is able to provide a moderate overall assurance opinion on the adequacy and effectiveness of the governance, risk management and internal control operating across the Constabulary in 2024/25.

The moderate opinion provides assurance that there is a sound system of control in place however there are some weaknesses and evidence of ineffective controls.

Following measures introduced by Government to tackle the public sector audit backlog, a backstop date of 28th February was put into place for 2023/24 audits. Whilst work around value for money was undertaken, a full audit was not completed by the backstop date and a disclaimed audit opinion was issued by external audit on the 2023/24 financial statements. We await national guidance on how assurance will be rebuilt and will continue to work closely with our external auditors.

A summary of how the significant issues identified in 2023/24 Annual Governance Statement, which, in the main, are of a recurrent nature, have been progressed is provided below:

Issue Raised in 2023/24	Current Position
Generating savings to fund predicted deficit	<p>The vacancy rate for police staff is set at 8%. This reflects the actual vacancy rate across the force and is not expected to change. An 8% vacancy rate in practice means that jobs are required to be vacant for in excess of 6 months before they can be filled. The challenge is to ensure that service delivery is not undermined, or additional costs are incurred e.g. through overtime, as a result of vacancies</p> <p>A Strategic Workforce plan is being produced to match resources against demand and identifying where savings can be made</p>
Income generation	<p>Additional resources have been provided to Learning and Development to deliver additional training courses</p>
Use of Reserves	<p>In the short-term, revenue reserves will be utilised to balance the budget. This is not sustainable and cost savings and income generation plans are being developed to reduce future reliance on reserves.</p> <p>With no capital funding, short-life assets within the capital programme will be funded by reserves with long-life assets funded from self-financed borrowing. The capital plan currently outlines that capital reserves will be depleted during 2027/28.</p>
Further Real Terms Funding Reductions	<p>The PCC and Force agreed its Medium-Term Financial Plan with the Executive Board. The Force monitors progress made to deliver efficiency savings via budget monitoring processes. Whilst the Medium-Term Financial Plan is in balance over the short term, the plan shows deficits for 2026/27 and beyond. Plans are being developed as outlined in the sections above. There remains uncertainty moving forward in relation to grant levels, pay awards, precept flexibility but it is hoped that more certainty will be provided when the Comprehensive Spending Review is published in June 2025.</p>
Funding Formula Review	<p>Although it is not anticipated that the funding formula will change in the short-term, a review of the police funding formula continues to be raised and discussed in Parliament. This therefore remains to be a significant risk to Durham and could potentially lead to an adverse impact on future grant income.</p> <p>This would be particularly challenging when future medium-term deficits are predicted and would require further savings and efficiencies.</p>

<p>Collaboration with Other Forces and Organisations</p>	<p>The Force has already delivered a number of joint initiatives with neighbouring Forces in Cleveland and Northumbria as well as with the County Durham and Darlington Fire & Rescue Service.</p> <p>The Government have placed an increased emphasis on collaboration and the Policing Efficiency and Collaboration Programme recently launched to further encourage collaboration between forces, fire services, local Councils and others.</p> <p>Work will continue to explore increasing partner working and collaboration which will save money and increase capacity and resilience.</p>
<p>The Strategic Policing Requirement (SPR)</p>	<p>The Force has carried out an internal assessment and business continuity plans are in place as required by the Strategic Policing Requirement (SPR).</p> <p>Whilst there is a sound understanding of the requirements of the SPR there will be an ongoing need to ensure that its key elements are adequately resourced, where necessary, and as such this issue remains one of significance.</p>
<p>Estates Programme</p>	<p>The Estate is aging placing pressure on revenue and capital budgets to maintain.</p> <p>The Estate and Asset Delivery Group, is a strategic governance group recently set up and chaired by the DCC. Members are senior leaders from both the OPCC and Force. The Group will own the Estate strategy, maintain oversight of the delivery plan and report into Executive Board.</p>

Further to the work undertaken as outlined above the following matters, identified in preparing the Statement and relevant at the time of its adoption, are considered to be significant.

Further Real Terms Funding Reductions

The 2025/26 grant settlement includes the following:

- an increase in core grant of £8m
- Of this increase £2.3m Neighbourhood Policing Grant was received. This funding will support the recruitment of additional officers in 2025-26 and therefore will be offset by additional costs. Any unspent grant will be returned.
- £2.4m of National Insurance Grant to partly offset the additional costs associated with the increased NI rate and threshold increases
- £14 precept increase per annum
- No capital grant
- The above has been used to construct a medium-term financial plan which includes pay awards of 2.8% for officers and staff

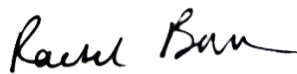
Despite an increase in funding, the costs of pay awards and rising inflation mean that the increase is insufficient and reserves are required to balance the 2025-26 budget.

The MTFP indicates future deficits from 2026-27 onwards and work is well underway to identify savings and efficiencies to reduce these deficits. Budgets will be continue to be closely monitored to achieve in year savings where possible. Income generation and maximisation opportunities are being explored to ensure we move become financially sustainable without reliance on reserves.

The Comprehensive Spending Review is due to be published in June 2025 when more clarity will be given over future funding levels and the assumptions built into our plans.

I propose to address the above matters to further enhance my governance arrangements and will monitor the implementation and operation of these improvements over the course of the year.

Signed:



Rachel Bacon
Chief Constable of Durham

Date: 25/02/2026
