



HAMPSHIRE & ISLE OF WIGHT  
**CONSTABULARY**

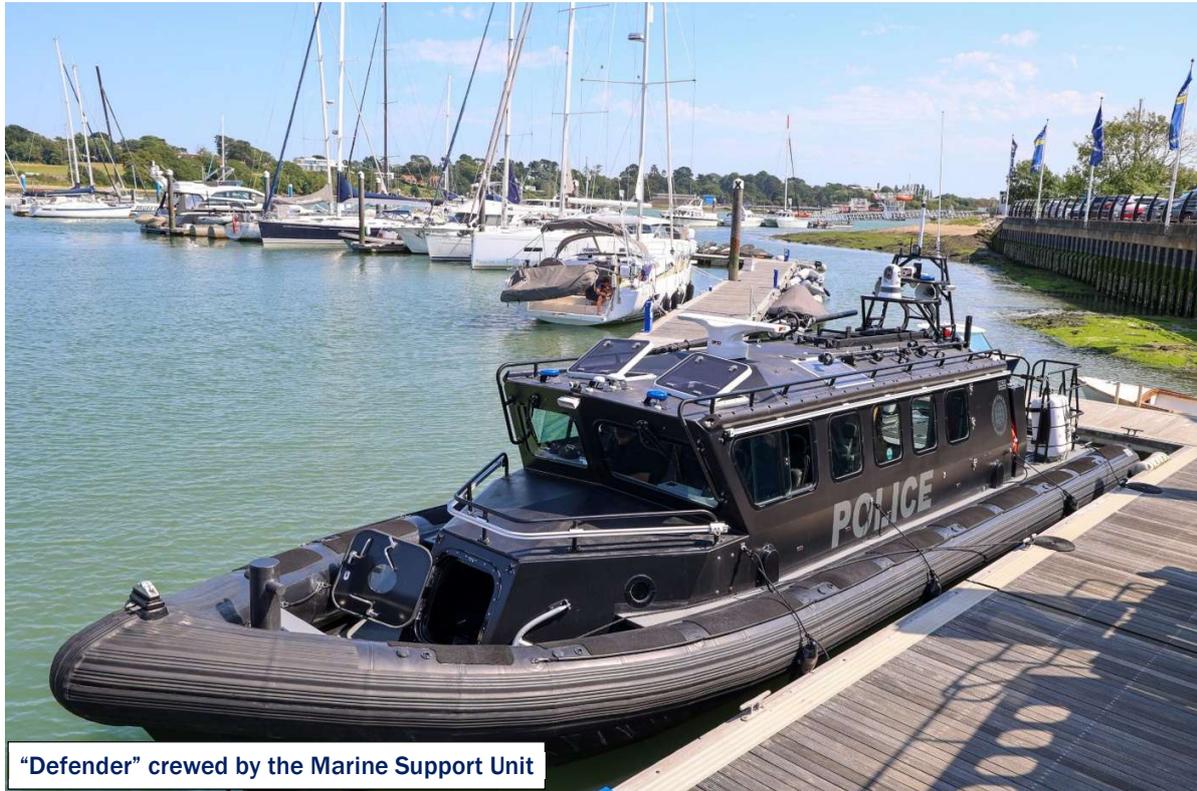
# Statement of Accounts Year ending 31 March 2025



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## Annual Report

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The Statement of Accounts sets out the overall financial position of the Chief Constable of Hampshire and Isle of Wight for the year ending 31 March 2025. The accounts provide a wealth of information on the Constabulary's financial position and are a critical part of our stewardship of large sums of public money. They have been prepared using the International Financial Reporting Standards (IFRS), in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and the narrative that follows here draws out key issues from these accounts to provide a clearer explanation of the financial performance and activities during the financial year.

The Police and Crime Plan, published in November 2024 sets out the Commissioner's vision and priorities for policing and community safety across Hampshire and the Isle of Wight and is available on the Commissioner's website at [www.hampshire-pcc.gov.uk](http://www.hampshire-pcc.gov.uk). The vision of the Commissioner is to make Hampshire and the Isle of Wight one of the safest places to live, work and visit in the Country with local policing for local people.

## Structure

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

- Understand the overarching financial position of Hampshire and Isle of Wight Constabulary
- Have confidence that the Constabulary has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the Constabulary is sound and secure

The annual report aims to assist readers in understanding and interpreting the accounts, and sets out:

- The organisational overview, and the governance arrangements
- The basis of preparation of the financial statements
- Review of the year ended 31 March 2025
- Financial issues and risks facing the Constabulary
- Future Prospects

## Organisational overview

The Chief Constable is charged with maintaining the King's Peace and directs and controls the Force's officers and staff. The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Hampshire Police area. On 7th April, the Chief Constable, Scott Chilton, announced his intention to retire with immediate effect. While the Police and Crime Commissioner undertook the process to recruit a new Chief Constable, the Deputy Chief Constable Sam de Reya was appointed as Acting Chief Constable. Chief Constable Alexis Boon was appointed and took up post on 4th September 2025.

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities. The PCC is elected by the public every four years to secure the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of their functions and those of persons under their direction and control. The current PCC is Donna Jones, who was re-elected in May 2024 with a term of 4 years.

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

- Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances
- Review the Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement

- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the Office of the PCC and Hampshire Constabulary.
- Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC and the Chief Constable in addressing risk-related issues reported to them
- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions
- Review anti-fraud arrangements (including whistleblowing procedures) and the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy actions and resources
- Further consideration and advice in relation to Internal Audit, External Audit, Financial Reporting, Partnership Governance and Accountability Arrangements

In policing terms, the Constabulary is the second largest non-metropolitan force in England and Wales and the combined population of Hampshire and the Isle of Wight is approximately 2 million. The Chief Constable wants people to not just be safe but to feel safe as well. To achieve this we need clear priorities and to be agile and responsive to the needs of all our communities. Our priorities are:

- Relentless pursuit of criminals
- Putting victims first
- Exceptional local policing

Further information on who we are, how we work and what we cost can also be found on the Chief Constable's website at [www.hampshire.police.uk](http://www.hampshire.police.uk)



Country Watch Operation by Hazel Cross

## Basis of preparation

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner and the Chief Constable as separate entities (known as 'corporations sole'). As separate bodies, both the Commissioner and the Chief Constable are required to appoint their own Chief Finance Officers, each with statutory responsibilities, as being the person responsible for proper financial administration under the provisions of the Act. A consequence is also that each body is required to be subject to audit under the Local Audit and Accountability Act 2014 and are thus required to prepare a set of accounts. Additionally, the Commissioner, with their ultimate control over the Chief Constable's resources, has to prepare group accounts.

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

The Police Reform and Social Responsibility Act 2011 outlined a two-staged approach to the establishment of the office of the Police and Crime Commissioner and the relationship between Commissioners and Chief Constables. The FMCP outlines how the two bodies should work together in managing the finances and covers such things as the Scheme of Corporate Governance which includes the Scheme of Consent, Financial Regulations and Contract Standing Orders and delegation which identify what powers and responsibilities.

The core accounting statements covering the Constabulary are the:

**Comprehensive Income and Expenditure Statement:** *this records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.*

**Movement in Reserves Statement:** *this is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific accounting purposes rather than for investment or spending purposes.*

**Statement of Financial Position:** *this is a 'snapshot' of the assets, liabilities, cash balances and reserves at the year-end date.*

**Statement of Cash Flows:** *this shows the reason for changes in the cash balances during the year and whether due to operating, investing or financing activities.*

## Accounting Principles

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

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

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

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

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

**c) Reliability** – The financial information within the accounts has been prepared so that it:

- Can be depended upon to represent faithfully what it either purports to represent or could reasonably be expected to represent and therefore reflects the substance of the transactions and other events that have taken place;
- Is free from bias (i.e. it is neutral);
- Is free from material error;
- Is complete within the bounds of materiality and cost; and
- Under conditions of uncertainty, it has been prudently prepared (i.e. a degree of caution has been applied in exercising judgement and making the necessary estimates).

**d) Comparability** - an important mechanism for ensuring the usefulness of financial information (and is an essential element of the best value accounting framework). The application of the terms, accounting policies and requirements of the Chartered Institute of Public Finance and Accountancy

Code of Practice on Local Authority Accounting in England (2018) Statement of Recommended Practice and the Service Reporting Code of Practice is the way in which the Chief Constable has ensured consistency of financial information in the financial statements leading to comparability.

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

There have been no significant changes to the accounts this year.

### ***Changes in accounting policies***

There have been no significant changes in accounting policies this year.

### ***Going Concern***

The Constabulary cannot be created or dissolved without statutory prescription, and it would therefore not be appropriate for the Constabulary's statements to be prepared on anything other than a going concern basis. Paragraph 3.4.2.23 of the Code therefore confirms as a matter of fact that local authority (incl. PCC and Constabulary) accounts must be prepared on a going concern basis.

The CFO's management assessment has concluded that there are no proposals to alter the current legal framework for the provision or funding of policing services, and that the Going Concern basis therefore remains appropriate in line with the Code.

Whilst there is no statutory change to this position, it is the responsibility of the CFO to keep the financial position under review and to ensure that budgets set are realistic and deliverable, and that reserves are adequate. Ongoing financial sustainability of both the PCC and the Constabulary has therefore been reviewed and is discussed later in this narrative.



## Review of the year

### *Collaborative working*

The Commissioner and the Constabulary continue to work with police bodies, including the National Police Air Service, Police Digital Service, the South East Region Organised Crime Unit and Counter Terrorism Policing South East. There is increasing national co-ordination through the Policing Vision 2025 and work of the National Police Chiefs Council.

Hampshire & Isle of Wight Constabulary and Thames Valley Police have a bilateral partnership:

- The Commissioner and Chief Constable have entered into a collaboration agreement with Thames Valley in order to create a joint Information & Communications Technology (ICT) and Information Management department, with a shared Assistant Chief Officer having direct responsibility for the provision of ICT and information management assurance for both Forces.
- A Joint Operations Unit (JOU) exists with Thames Valley Police allowing strategic operations, roads policing, firearms and dogs units, to be delivered in collaboration between the two forces across departmental and geographical boundaries (although not a collaborated function, the Hampshire Constabulary Marine Unit is also managed through the Joint Operations Unit). A collaboration agreement also exists for Contact Management senior leadership and the contact management platform.

- The Forensic Collision Investigation Unit is a collaborated function that has been moved out of the JOU and into Scientific Services Department due to new accreditation requirements.
- The Constabulary is also part of the Forensic Collision Investigation Network national collaboration that holds the overarching accreditation for all police forces in England and Wales.

The Policing and Crime Act 2017 placed a statutory obligation on emergency services to collaborate and enables Police and Crime Commissioners (PCCs) to take on the responsibility for fire and rescue services in their area, where there is a strong local case to do so. The Constabulary has an active program of collaboration with Hampshire Fire and Rescue Services. This already includes the sharing of buildings, including a shared headquarters.

The Constabulary entered into a joint working arrangement in 2014/15 with Hampshire County Council and Hampshire Fire and Rescue Service for the provision of professional support services including finance, human resources, facilities management and procurement across the three organisations. Internal audit and pensions services have subsequently been added. The services are hosted but not controlled by Hampshire County Council as they are delivered with joint direction, governance, control and senior management with each organisation accounting for its share of the costs.

Following a formal review in August 2022, a number of factors were identified as to why some services should be withdrawn and the Finance and Recruitment teams successfully transitioned back to the Constabulary in October 2023. HR, Leadership Management and Organisational Development returned to the Constabulary in April 2024 into the new People and Development Services department. Facilities Management transferred to the OPCC in September 2024. Occupational Health, Wellbeing and Procurement transferred back in February 2025.

Furthermore, the Chief Constable is collaborating with Hampshire County Council on a joint laboratory facility and with the University of Portsmouth on a shared Digital Forensics Centre of Excellence.

Other areas of collaboration include:

**Bluelight Commercial:** created to provide national procurement solutions within the police service. Hampshire & Isle of Wight Constabulary also purchases most uniform through the National Uniform Management Service (NUMS).

The Association of Chief Police Officers' Criminal Records Office (ACRO) and its associated national units are hosted by Hampshire. Collaborative agreements in respect of ACRO are in place with all 43 forces in England and Wales as at 31 March 2025.



### ***Operational performance***

In April 2023, His Majesty's Inspector of Constabularies and Fire and Rescue Services (HMICFRS) reported their Police Efficiency Effectiveness and Legitimacy (PEEL) assessment of the extent to which Hampshire & Isle of Wight Constabulary keeps people safe and reduces crime. The full report is available at:

<https://hmicfrs.justiceinspectors.gov.uk/peel-assessments/peel-assessments-2021-22/hampshire-and-isle-of-wight/>

A more recent inspection has been undertaken by HMICFRS in 2024/25, but the report has not been published by the end of the financial year.

In January 2025, His Majesty's Inspector of Constabularies and Fire and Rescue Services (HMICFRS) reported their value for money dashboards which provide comparative data on a wide range of policing activities. The latest profile can be viewed at:

<https://hmicfrs.justiceinspectors.gov.uk/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/>

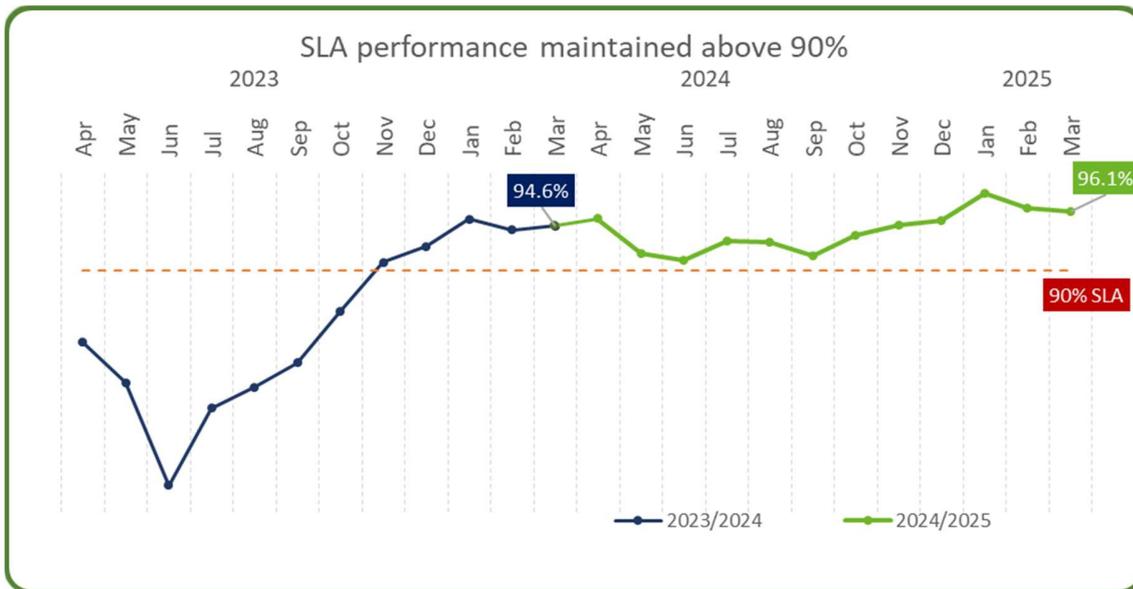
An area based model for local policing was put in place in 2023, to base more police officers in the community that they serve. Performance reviews for the year ending 31 March 2025 show another reduction in crime of 2.5% compared to 2023/24 on top of the 7.7% reduction the year before:

<b>2024/25</b>	<b>159,808</b>
<b>2023/24</b>	<b>155,765</b>
<b>Reduction in crime</b>	<b>-4,043</b>
<b>Reduction %</b>	<b>-2.5%</b>

At the same time, the number of crimes that were detected and had formal action taken increased:

<b>2024/25</b>	<b>15,060</b>
<b>2023/24</b>	<b>12,394</b>
<b>Increase in FAT</b>	<b>2,666</b>
<b>Increase %</b>	<b>21.5%</b>

The performance for answering 999 calls in 2024/25 improved compared to 2023/24 with the SLA performance successfully maintained for the entire financial year:



There was also a significant improvement in the time taken to answer non-emergency 101 calls with the average time to answer reducing from 8 minutes to 2 minutes. This has been achieved by interventions to increase recruitment, reduce the number of leavers, improve the technology and open a new call centre in Portsmouth.

101 Calls	Avg Speed to Answer (hh:mm:ss)	Volumes	Abandoned	% Abandoned
2023/24 YTD	00:08:19	308,518	92,955	30.1%
2024/25 YTD	00:02:26	285,281	29,896	10.5%
Change	-00:05:53	-23,237	-63,059	-19.7% pts

Victim satisfaction has improved in 2024/25 compared to 2023/24, with the three month average reaching 62% at 31 March 2025. However, that is still slightly below the performance expectation level.



The number of officers as at 31 March 2025 was 3,424, surpassing the Home Office target for the year of 3,400 and ensuring that all associated Uplift grant funding was received in the financial year.

Police Officer Numbers	31-Mar-25
Home Office Target	3400
Actual Headcount	3424
Variance	+24

### **Financial performance**

The Constabulary's Net Revenue Budget for 2024/25 was £418.5m, and there was an underspend against this budget of £9.8m (2%) meaning there was a net expenditure of £408.7m on policing services for the people of Hampshire and Isle of Wight.

The variance is driven by a range of factors including in-year savings made across ICT including increased cost recoveries, and lower than expected charges across some of our joint working relationships.

£'000	Budget	Actual	Variance
<b>Expenditure owned by Constabulary</b>			
Employees	352,869	365,182	12,313
Indirect employee costs	6,045	9,996	3,951
Premises	1,244	2,973	1,729
Transport	7,911	9,898	1,987
Supplies & services	23,544	30,969	7,425
Third party payments & Support services	78,728	103,542	24,814
<b>Total expenditure owned by Constabulary</b>	<b>470,341</b>	<b>522,559</b>	<b>52,218</b>
<b>Income earned by Constabulary</b>			
Fees & Charges	(10,988)	(4,056)	6,932
Grants & Contributions	(40,901)	(109,803)	(68,902)
<b>Total income earned by Constabulary</b>	<b>(51,889)</b>	<b>(113,859)</b>	<b>(61,970)</b>
<b>Net expenditure owned by Constabulary</b>	<b>418,453</b>	<b>408,700</b>	<b>(9,753)</b>
<b>Outturn</b>	<b>0</b>	<b>(9,753)</b>	<b>(9,753)</b>

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

This is a different basis to the way the revenue budget is produced – for the purpose of setting the council tax precept each year certain charges, such as depreciation and impairment charges on assets, the accrual of retirement benefits, should not be borne by the general fund. The budget, which is reported to the Commissioner and Chief Constable throughout the year exclude such charges and accounting adjustments and are used to monitor the financial performance, as well as informing the setting of the precept for the following year. The budget provides for the cost of financing capital expenditure, revenue contributions and actual in year employer's contributions to the pension fund instead of the charges for the pension scheme and depreciation.

The following table contains an analysis of the income and expenditure incurred by the Chief Constable in the format of the management accounting figures and reconciled to the figures reported in the Comprehensive Income & Expenditure Statement prepared in accordance with the CIPFA Code. There was a deficit of £115.6m on the provision of services for 2024/25 in the statutory financial statements compared to the £9.8m underspend position reported in the budget and reflects the different basis on which the Statement of Accounts is prepared.

£'000	Per Outturn	Adjustments between accounting & funding basis	Adjustments for other items to match CIES	Per CIES
<b>Expenditure owned by Constabulary</b>				
Employees	365,182	(17,126)	0	348,056
Indirect employee costs	9,996	0	0	9,996
Premises	2,973	0	0	2,973
Transport	9,898	0	0	9,898
Supplies & services	30,969	0	(5,129)	25,840
Third party payments & Support services	103,542	0	(200)	103,342
<b>Total expenditure on Policing Services</b>	<b>522,559</b>	<b>(17,126)</b>	<b>(5,329)</b>	<b>500,104</b>
<b>Income earned by Constabulary</b>				
Fees & Charges	(4,056)	0	0	(4,056)
Grants & Contributions	(109,803)	0	5,287	(104,516)
<b>Total income on Policing Services</b>	<b>(113,859)</b>	<b>0</b>	<b>5,287</b>	<b>(108,572)</b>
<b>Other items not allocated to cost of services</b>				
Past pension costs	0	2,249	0	2,249
<b>Total other items not allocated to services</b>	<b>0</b>	<b>2,249</b>	<b>0</b>	<b>2,249</b>
<b>Net expenditure owned by Constabulary</b>	<b>408,700</b>	<b>(14,877)</b>	<b>(42)</b>	<b>393,781</b>
<b>Other income &amp; expenditure</b>	<b>0</b>	<b>130,509</b>	<b>(408,658)</b>	<b>(278,149)</b>
<b>(Surplus)/deficit on provision of services</b>	<b>408,700</b>	<b>115,632</b>	<b>(408,700)</b>	<b>115,632</b>

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

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

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

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

### **Significant provisions or contingencies**

The Constabulary is required to accrue for any annual leave, flexitime and time off in lieu which had been earned but not taken at 31 March each year. The amount accrued at 31 March 2025 was £6.1m (£5.6m as at 31 March 2024).

## **Reserves**

The requirement for reserves is covered in sections 32 and 43 of the Local Government Finance Act 1992, which require billing and precepting authorities in England and Wales to have regard to the level of reserves needed for meeting estimated future expenditure when calculating the budget requirement. Earmarked reserves remain legally part of the general fund but are accounted for separately.

All reserves are held by the Commissioner with two exceptions; the accumulated absences account and the pensions reserve. Both of these reserves are unusable (i.e. not cash-backed). The balance on the accumulated absences account at 31 March 2025 was £6.1m (£5.6m at 31 March 2024) and the balance on the pensions reserve was £2,379m (£2,769m at 31 March 2024).

## **Pensions**

The Chief Constable's and Commissioner's net pension liability is included in the balance sheet in accordance with accounting standards including an estimate of the impact of the McCloud judgement that concluded the transitional provisions introduced to the reformed judges and firefighters pension schemes in 2015 gave rise to unlawful age discrimination.

The Government's application to appeal the decision was denied by the Supreme Court on 27 June 2019. Consequently, the Government has stated its intention to engage fully with the Employment Tribunal to agree how the discrimination will be remedied for all the main public service pension schemes, including Police. The actuary has modelled the assumed remedy with reference to developments in the Employment Tribunals of other public service schemes.

Overall, the net pension liability has decreased by £390m from £2,769m at 31 March 2024 to £2,379m at 31 March 2025. The Local Government scheme returned a surplus position for the year of £101m which is subject to an asset ceiling cap leaving a net surplus of £15m. The remaining liability of £2,394m is attributable to the Police Pension Scheme. The Commissioner's assessed share of the value of the plan assets of the Local Government Superannuation scheme showed an increase of £11.9m while the assessed present value of the Commissioner's liabilities on all pension schemes decreased by £450m.

The large negative pension reserve created when applying IAS-19 is mainly due to the police pension scheme being an unfunded scheme i.e. with no fund assets to offset future liabilities when existing police officers have all retired. The difference between pension fund outgoings and incomings is met by top-up grant from the Home Office. Therefore, the statutory arrangements for funding the liability mean that the Commissioner's and the Group's financial position remains sound.

Although the Commissioner is responsible for all assets and liabilities, pension liabilities are disclosed in the Chief Constable's Statement of Financial Position, as the majority of staff are employed by the Constabulary. While a small number of staff work directly for the Commissioner, the proportionate share of pension liabilities would not be material and so these are included in the total liability both in this Statement of Accounts and the Group Statement of Financial Position, as the Commissioner has ultimate responsibility for them.

### Financial issues and risks

Strategic risk registers are maintained by both the Commissioner and the Chief Constable on separate risk registers and are reported to each meeting of the Joint Audit Committee. Papers for the Joint Audit Committee can be accessed at [www.hampshire-pcc.gov.uk/transparency/scrutiny/joint-audit-committee](http://www.hampshire-pcc.gov.uk/transparency/scrutiny/joint-audit-committee).

### Future prospects

The revenue and capital budget for 2025/26 and Medium-Term Financial Strategy (MTFS) were approved by the Police and Crime Commissioner in February 2025 and published on the Commissioner's website.

The budget includes a precept rise of £14 on a Band D property, below the referendum limit set by Government, and taking into account the public consultation and views of the Police and Crime Panel. A fully balanced budget of £495m was set for 2025/26, however, the MTFS shows the position for 2026/27 and 2027/28 is that, all other things being equal, further savings would be required in those years to balance the budget.

The capital programme for 2025/26 includes £15.8m of planned expenditure - of this amount £10.8m relates to new estate and £5m relates to replacement vehicles. This is funded entirely from revenue contributions.

The United Kingdom continues to experience slower interest rate cuts and high inflation with modestly weaker economic growth over the medium term. The new government, following the general election in 2024, is embedding its Autumn Budget, but together with the impact from President Trump's second term in office, there continues to be an internationally and domestic uncertain political climate. The war in Ukraine and the Middle East have continued to impact on the supply of some raw materials, goods and services, further driving inflation.

Across the country, the negative impact of inflation on the finances of organisations, both public and private, has been well documented. In the public sector the significant pressures experienced have led to many organisations raising concerns as to their financial stability and sustainability, and a number of Local Authorities have issued Section 114 notices, with others mooted to be close to requiring Section 114 notices to be issued.

As part of the assessment of the 2025/26 budget and the MTFS through until 2028/29, the CFO has considered a whole range of issues which could impact on financial sustainability, and these are detailed in the Section 25 report (appendix I to the 2025/26 Budget report available at [www.hampshire-pcc.gov.uk](http://www.hampshire-pcc.gov.uk)).

For the position beyond 2025/26, the MTFS has been based on prudent funding assumptions. These show budget shortfalls across the 3 years post 2025/26. It is likely that efficiencies and/or savings will be necessary in future years to balance the budget but this position will be reviewed as the assumptions which underpin the MTFS become clearer.

The Commissioner has healthy usable reserves (excluding ACRO balances) of £162m, including a Grant Equalisation Reserve and a Council Tax Reserve, which can be used to support the budget position in the short to medium-term should it become clear that ongoing savings are required to deliver a balanced budget, and such savings will take a period of time to deliver beyond the budget year in question.

The CFO is content that, based on this review of financial sustainability and the conclusions set out in the PCC's Section 25 report, there are no concerns as to the financial sustainability of the Constabulary. The financial position and the impact on financial sustainability is kept under ongoing view.



# Statement of Responsibilities

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## The Chief Constable's Responsibilities

The Chief Constable is required to:

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

## The Chief Finance Officer's Responsibilities

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

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Code of Practice on Local Authority Accounting;
- kept proper accounting records which were up-to-date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

## Approval of the Accounts by the Chief Constable

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by me on 23 February 2026.



**Date: 23 February 2026**

## The Chief Finance Officer's Statement

I certify that the Statement of Accounts for 2024/25 give a true and fair view of the financial position of the Commissioner and the group at 31 March 2025 and its income and expenditure for the year then ended on 31 March 2025.



**Date: 23 February 2026**

# Annual Governance Statement

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## 1. Scope of Responsibility

Hampshire and Isle of Wight Constabulary is responsible for ensuring that:

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

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

## 2. The Purpose of Corporate Governance

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

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

The governance framework has been in place at Hampshire & Isle of Wight Constabulary for the year ending 31 March 2025 and up to the date of approval of the annual report and the statement of accounts.

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

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

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

### 3. Core Principles of Good Governance

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

The Constabulary's operates in an open and transparent way and the Chief Constable sets the tone for the organisation by creating a climate and culture of openness, support, and respect. The Constabulary has fully adopted the Code of Ethics and the Deputy Chief Constable is the national lead for ethics in policing.

The Constabulary is committed to the highest ethical standards and has adopted a governance framework to re-enforce this philosophy as well as procedures to investigate any issues should the need arise. The framework, policies and procedures are set out in the Scheme of Corporate Governance. The Scheme of Corporate Governance demonstrates a comprehensive commitment to integrity, ethical values and the rule of law.

The Independent Advisory Group advises the Chief Constable on items that require ethical consideration and promotes the Code of Ethics within the Constabulary.

The Constabulary has an Environmental Strategy that promotes sustainability. Environmental factors are considered in force policies and procedures, for example, air travel.

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

### 3.2 *Ensuring openness and comprehensive stakeholder engagement.*

The Chief Constable has set out the Constabulary's priorities. The clear strategic aims of which are communicated on the Constabulary's website and through communications to personnel. This provides an operating model for business planning and is informed by departmental and partnership strategies and priorities. The image following shows the priorities:



The Constabulary has a clear governance framework for corporate decision making. Operational decision making is covered by standard practices and the use of decision logs. Corporate decisions are made at meetings that record key decisions and actions. Financial authorisations are recorded in the finance system and often supported by emails. It should be noted that some decisions that affect the Constabulary are made by the Police and Crime Commissioner. Police and Crime Commissioner decisions have clear guidance and protocols on decision-making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting some elements where this is necessary and proportionate.

Public consultation to inform decision making is undertaken where warranted. The Constabulary has access to consultation undertaken by the Police and Crime Commissioner as well as systematic data gathered from surveying of victims and the wider public. Social media provides further opportunities to engage and survey members of the public. Other consultation is undertaken such as via the Joint Audit Committee, Independent Advisory Group, Ethics Committee and local consultations.

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

The strategic aims set out in the priorities underpin the Constabulary's overarching ambitions for delivering positive economic, social and environmental outcomes to better ensure that Hampshire and the Isle of Wight is safe for everyone. The Constabulary must also have regard to the Police and Crime Plan, which also sets out the Police and Crime Commissioner's vision, priorities and mission. The operational delivery is tracked through the Force Performance Group held by the Deputy Chief Constable and the Police and Crime Commissioner holds the Chief Constable to account on a regular basis for the exercise of the functions of the Chief Constable and the functions of people under the direction and control of the Chief Constable (section 1.7, PRSRA 2011).

The Chief Constable maintains operational independence.

### **3.4 *Determining the interventions necessary to optimise the achievement of the intended outcomes.***

Clear guidance and protocols exist for decision making and the involvement of legal and finance officers in all significant decisions of the Constabulary ensures that decisions are only made after relevant options have been weighed and associated risks assessed.

Details of the guidance and protocols are set out in the Scheme of Corporate Governance.

The Constabulary's Force Performance Group oversees key performance delivery and agrees actions where necessary to improve performance. The Force Change Board oversees projects that aim to enhance delivery of the priorities or mitigate emerging risks to delivery.

Equality Impact Assessments (EIAs) are used to assess the impact of significant proposals and to inform decision making.

The budget setting process is well established and ultimately the budget is set by the Police and Crime Commissioner after proposals on the council tax precept are consulted upon with the public and scrutinised in public by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan and the purpose of the Constabulary.

A medium term financial strategy, capital programme and reserves strategy is updated each year together with relevant resource forecasts and takes full account of the changing regulatory, environmental, demographic and economic factors that impact on the financial environment in which the Constabulary operates.

Risks associated with the achievement of intended outcomes are detailed in Risk Registers held at strategic corporate, portfolio and project level. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation.

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

The Constabulary places a significant value of the capability of leadership. Courses are run in-house and available externally, for example via the College of Policing. Each individual has a Personal Development Review on an annual basis with their line manager to ensure that any skill gaps are addressed and to discuss opportunities for development.

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

There is an emphasis on the need for high performance, of which resilience and continuous development play key parts, both of which factor in the regular discussions between managers and staff.

### **3.6 Managing risks and performance through robust internal control and strong public financial management**

The Constabulary operates a robust Risk Management Strategy, with oversight of those arrangements provided by the Deputy Chief Constable and reports to the Joint Audit Committee. The Joint Audit Committee has provided significant guidance and advice for the enhancement of the risk management arrangements.

Each part of the Constabulary has its own Board to identify and manage risks within their part of the organisation and escalate those to the strategic risk register for consideration. Risks jointly held with TVP through collaborations are reviewed at the DCC Collaboration Board and PCC Collaboration Board.

The Internal Audit Plan provides the mechanism through which the Chief Internal Auditor can ensure most appropriate use of internal audit resources. The Internal Audit Plan was developed to operate at a strategic level providing a value adding, and proportionate, level of assurance aligned to the Constabulary's key risks and objectives. This includes a periodic review of the Constabulary's risk management processes. The Audit Plan remains fluid to ensure Internal Audit's ability to react to the changing needs of the Constabulary.

The Internal Audit Plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy. The delivery of the Internal Audit Plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee, Police and Crime Commissioner and Chief Constable.

#### **Annual Internal Audit Conclusion 2024-25**

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

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

(Chief internal Auditor)

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

The Joint Audit Committee has a clear 'Terms of Reference' providing an effective source of scrutiny, challenge and assurance regarding the arrangements for managing risk and maintaining an effective control environment.

During 2024/25 the maximum term of office of the Chair and Vice Chair expired.

A new Chair and Vice Chair have been selected from the remaining members and two new members have been welcomed to the committee.

The Constabulary has a well-developed and effective scrutiny function via the Police and Crime Commissioner.

The Constabulary has strong financial management arrangements at both the strategic and operational level. The Section 151 Officer is a member of the Chief Officers Group and Force Executive. All formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative. It should be noted that resource difficulties with delivering audits nationally lead to a position whereby 2022/23 accounts did not receive a full audit and therefore had a disclaimed opinion, but an unqualified audit opinion for value for money. That has resulted in a disclaimed opinion again in 2023/24 due to the need to rebuild assurance, but no adverse findings were reported and the value for money opinion was unqualified again.

Key financial regulations and financial strategies form an important part of the Corporate Governance Framework together with effective risk based financial and performance reporting.

Financial management in key risk areas across the Constabulary focusses on activity and performance management alongside the budget management processes and the financial management framework throughout all tiers of the organisation is appropriately advised and supported by the Finance function.

The risk of cyber-attack continues to grow in UK Policing not just from criminal organisations but also state actors. The Constabulary has a shared Cyber Threat & Response Management Board chaired by the SIRO to provide a comprehensive bilateral response to our cyber threat & response position. This ensures agreed and appropriate solutions and remediation plans are in place and actively progressing additionally, informing chief officers of strategic outcomes and ensuring learning activities are cascaded to respective departments. Cyber related risks are considered and where appropriate escalated to the strategic risk register.

The Joint Information Management Board, chaired by the SIRO and consisting of all Information Asset Owners, governs information risk. Information security is reviewed and lessons learned from any incidents. Any remedial actions or learning is shared back into the organisation.

### ***3.7 Implementing good practices in transparency reporting and audit to deliver effective accountability***

The decision making guidance, protocols and templates referred to in the Scheme of Corporate Governance and the involvement of senior officers, legal officers and finance officers ensures that public reports are written in a clear and accessible way with sufficient information to enable members of the public to formulate informed opinions on the matters for decision.

The corporate Force Performance Group framework provides a transparent cycle of reporting on core performance metrics. Performance information is published online and is easily accessible to staff, partners and the public.

The 'Internal Audit Charter' is presented annually for review by the Joint Audit Committee. The Charter makes provision that where it is considered necessary to the proper discharge of the internal audit function, the Chief Internal Auditor has direct access to the Joint Audit Committee.

The ongoing work of internal Audit is presented through a quarterly progress report to the Joint Audit Committee providing an overview of service performance; delivery against the plan; and progress made by the organisation in the implementation of management actions agreed to mitigate risks identified through internal audit work.

Representatives of External Audit routinely attend Joint Audit Committee meetings and present all External Audit reports. Any recommendations for corrective action detailed within External Audit reports are highlighted to the Joint Audit Committee who will track through to implementation. This is achieved through the clear and concise nature of the minutes to each meeting.

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

#### **4. Obtain assurances on the effectiveness of key controls**

Key controls relating to risks, internal control (including financial management), and governance processes are identified by managers as part of the governance framework and recorded on risk registers. These are consolidated into the strategic risk register at a corporate level.

Internal Audit, as part of its planned review of internal controls regularly evaluates the key controls to determine their adequacy and also carries out tests to confirm the level of compliance. Together the results of each review enable an audit opinion on effectiveness to be provided to management, and any actions for improvement to be agreed.

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

The PEEL Inspection report for 21/22 highlights two areas that require improvement. These relate to preventing crime and responding to the public.

The actions at section 6 include the change in the operating model to be more geographic based to enhance neighbourhood policing to prevent crime and actions in Contact Management to improve the response time for 101 non-emergency calls to improve responding to the public as summarised by HMICFRS:

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Recording data about crime	Investigating crime	Preventing crime	
	Treatment of the public	Protecting vulnerable people	Responding to the public	
	Developing a positive workplace	Managing offenders		
		Good use of resources		

An HMICFRS PEEL inspection was undertaken in 2024/25, the results have not yet been published.

In conjunction with specialist Internal Audit support, the Constabulary has also applied the CIPFA Counter Fraud self-assessment tool to identify potential opportunities for enhancement

The Constabulary must comply with the CIPFA Financial Management Code. The FM Code is a self-assessment of financial management within an organisation. The Code is written with Councils in mind and therefore we have been informed by CIPFA that police organisations will need to make their own common sense adjustments to the requirements of the Code to make it relevant for policing and that some sections will need to be disregarded. There is no guidance on the level of evidence that is required to support this assessment, but a desktop exercise performed drew the conclusion that the Constabulary is compliant with the principles of the FM Code. The FM Code process was subject to an internal audit review, which reported a ‘substantial’ audit opinion.

**5. Evaluate assurances and identify gaps in control/assurance**

The Constabulary has made adequate arrangements to identify, receive and evaluate reports from the defined internal and external assurance providers to identify weaknesses in controls. Reports on collaborated functions are received from the host force. Reports in relation to IT and Information Management are received from the Thames Valley Police internal auditor. These are reported to the Joint Audit Committee and incorporated by the Chief Internal Auditor into the annual internal audit opinion. Queries and concerns will normally be resolved during the course of the Joint Audit Committee through the attendance of the Thames Valley Police internal auditor. If there are any outstanding queries, the Police and Crime Commissioner and Chief Constable can raise those through the Collaboration Board.

Each board within the Constabulary has assessed risk and reported significant risks via the governance framework for inclusion within the Strategic Risk Register. The Internal Audit Plan and reports have assisted the assessment of risk in business areas that are higher risk.

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

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

The Chief Constable retired on 7 April 2025, so the PCC will undertake a recruitment process to select a new Chief Constable. The Chief Constable performs a pivotal role within the governance arrangements. The Deputy Chief Constable will become the Acting Chief Constable during the recruitment process to ensure that there is sufficient governance in place.

Operation Elevate will continue in 2025/26 in order to increase police officer numbers to meet the new funded establishment. Further staff have been added to the Vetting function. The additional staff and the use of robotic process automation will aim to reduce the time taken for vetting to within the 30 working day target.

The 2022/23 accounts received a disclaimed opinion due to a lack of available audit resources. There were no adverse findings from the work that the auditors undertook. The disclaimed opinion will necessarily result in further disclaimed opinions for subsequent years while assurance is rebuilt. This position has affected over 200 public sector bodies. The 2023/24 audit opinion was disclaimed but a full audit was undertaken and no adverse findings reported. The Constabulary will aim to continue to produce high quality accounts to work towards an unqualified opinion.

## **7. There is a robust mechanism to ensure that an appropriate action plan is agreed to address identified control weaknesses and is implemented and monitored**

In response to the Action Plan identified in the 2023/24 Annual Governance Statement:

Operation Elevate was introduced in 2024/25 to manage the recruitment of additional officers and the retention of existing officers within the Constabulary. The 2025/26 Budget, agreed in February 2025, added a further 90 officers to the establishment. Further work will need to be undertaken in 2025/26 to bring the Constabulary up to the new officer establishment.

The Vetting function has had more staff added in 2024/25 in order to reduce the waiting times for vetting which stood at circa 16 weeks at the end of 2024/25.

Procurement, Occupational Health and Wellbeing functions transferred back to the Constabulary from the Shared Services arrangement in February 2025.

The 2022/23 accounts received a disclaimed opinion due to a lack of available audit resources. There were no adverse findings from the work that the auditors undertook. The disclaimed opinion will necessarily result in further disclaimed opinions for subsequent years while assurance is rebuilt. This position has affected over 200 public sector bodies. The 2023/24 audit opinion was disclaimed but a full audit was undertaken and no adverse findings reported. The Constabulary will aim to continue to produce high quality accounts to work towards an unqualified opinion.

### Declaration

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Joint Audit Committee and that the arrangements continue to be regarded as fit for purpose in accordance with the governance framework. The areas already addressed and those to be specifically addressed with new actions planned are set out in this Statement.

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



Chief Constable  
23 February 2026



Chief Finance Officer  
23 February 2026

# Independent Auditors' Report

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## INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF HAMPSHIRE & ISLE OF WIGHT

### Qualified Opinion

We have audited the financial statements of the Chief Constable of Hampshire & Isle of Wight ('the Chief Constable') for the year ended 31 March 2025. The financial statements comprise the:

- Chief Constable of Hampshire & Isle of Wight Comprehensive Income and Expenditure Statement;
- Chief Constable of Hampshire & Isle of Wight Movement in Reserves Statement;
- Chief Constable of Hampshire & Isle of Wight Statement of Financial Position;
- Chief Constable of Hampshire & Isle of Wight Statement of Cash Flows;
- the related notes 1 to 16, including material accounting policy information;
- and include the Chief Constable of Hampshire & Isle of Wight Police Pension Fund financial statements comprising the Pension Fund Account, the Net Assets Statement, and the related notes.

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

In our opinion, except for the possible effects on the corresponding figures of the matter described in the Basis for qualified opinion section of our report, the financial statements:

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

### Basis for qualified opinion

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

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

evidence over the comparative values included in the Comprehensive Income and Expenditure Statement, Police Pension Fund financial statements, and Movement in Reserves Statement for the year ended 31 March 2024.

Our opinion on the current period's financial statements is also modified because of the possible effect of this matter on the comparability of the current period's figures and the corresponding figures.

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

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

The audits of the financial statements for the years ended 31 March 2023 and 31 March 2024 for the Chief Constable of Hampshire & Isle of Wight were not completed for the reasons set out in our disclaimers of opinion on those financial statements dated 9 December 2024 and 26 February 2025.

### **Conclusions relating to going concern**

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

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Chief Constable's ability to continue as a going concern for a period to 31 March 2027. Our responsibilities and the responsibilities of the Chief Finance Officer with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Chief Constable's ability to continue as a going concern.

### **Other information**

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

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

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

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

#### **Matters on which we report by exception**

We report to you if:

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

We have nothing to report in these respects.

#### **Responsibility of the Chief Finance Officer**

As explained more fully in the Statement of the Chief Finance Officer's Responsibilities set out on page 17, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the Chief Constable financial statements and the Police pension fund financial statements, in accordance with proper practices as

set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25, and for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Chief Constable's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Chief Constable either intends to cease operations, or has no realistic alternative but to do so. The Chief Constable is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when 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.

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

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

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Chief Constable and determined that the most significant are:

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

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

We understood how the Chief Constable of Hampshire & Isle of Wight is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of Management, Head of Internal Audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Chief Constable's committee minutes, through enquiry of employees to confirm Chief Constable policies, and through the inspection of other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations.

Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

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

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

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

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

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

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

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

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

**Delay in Certificate**

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of the Chief Constable of Hampshire & Isle of Wight.

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

### **Use of our report**

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

Andrew Brittain (Key Audit Partner)  
Ernst & Young LLP (Local Auditor)  
Reading  
Date

## Comprehensive Income & Expenditure Statement

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

£'000	Notes	YE 31 March 2025			YE 31 March 2024		
		Gross exp.	Income	Net exp.	Gross exp.	Income	Net exp.
<b>Cost of Services</b>							
Operational policing		475,794	(81,136)	394,657	410,277	(75,807)	334,470
Other items not allocated to services		26,559	(27,435)	(876)	41,193	(20,970)	20,223
<b>Cost of policing service</b>	5	<b>502,353</b>	<b>(108,572)</b>	<b>393,781</b>	<b>451,470</b>	<b>(96,777)</b>	<b>354,693</b>
<b>Other Income &amp; expenditure</b>							
Financing and investment income & expenditure	7	130,509	0	130,509	128,769	0	128,769
<b>Total other income &amp; expenditure</b>		<b>130,509</b>	<b>0</b>	<b>130,509</b>	<b>128,769</b>	<b>0</b>	<b>128,769</b>
Intra-group adjustment				(408,658)			(384,990)
<b>(Surplus)/deficit on provision of services</b>				<b>115,632</b>			<b>98,472</b>
<b>Other comprehensive income &amp; expenditure</b>							
Re-measurement of the defined benefit pension liability	11			(505,367)			(140,873)
<b>Total comprehensive income &amp; expenditure</b>				<b>(389,735)</b>			<b>(42,401)</b>

## Movement in Reserves Statement

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

The 'Total Comprehensive Income and Expenditure' line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different from the statutory amounts required to be charged to the General Fund Balance for council tax (precept) setting.

The Chief Constable does not hold any general fund reserves.

£'000	Notes	Usable reserves	Unusable reserves	Total reserves
<b>Balance at 01 April 2023</b>		<b>0</b>	<b>2,817,454</b>	<b>2,817,454</b>
<b>Movements during 2023/24</b>				
(Surplus)/deficit on provision of services	CIES	98,472	0	98,472
Other comprehensive income & expenditure	CIES	0	(140,873)	(140,873)
<b>Total comprehensive income &amp; expenditure</b>		<b>98,472</b>	<b>(140,873)</b>	<b>(42,401)</b>
Adjustments between accounting basis and funding basis under regulations	4	(98,472)	98,472	0
<b>Increase/decrease in year</b>		<b>0</b>	<b>(42,401)</b>	<b>(42,401)</b>
<b>Balance at 31 March 2024</b>		<b>0</b>	<b>2,775,053</b>	<b>2,775,053</b>
<b>Movements during 2024/25</b>				
(Surplus)/deficit on provision of services	CIES	115,632	0	115,632
Other comprehensive income & expenditure	CIES	0	(505,367)	(505,367)
<b>Total comprehensive income &amp; expenditure</b>		<b>115,632</b>	<b>(505,367)</b>	<b>(389,735)</b>
Adjustments between accounting basis and funding basis under regulations	4	(115,632)	115,632	0
<b>Increase/decrease in year</b>		<b>0</b>	<b>(389,735)</b>	<b>(389,735)</b>
<b>Balance at 31 March 2025</b>		<b>0</b>	<b>2,385,318</b>	<b>2,385,318</b>

## Statement of Financial Position

The Statement of Financial Position shows the value of assets and liabilities recognized by the Chief Constable at the end of the financial year.

The net assets (assets less liabilities) are matched by the reserves held. Reserves are reported in two categories:

Usable reserves – reserves that may be used to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use)

Unusable reserves – includes reserves that hold unrealised gains and losses where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Chief Constable only holds balances in respect of Employee benefits (defined pension scheme) and the rest are held by the Commissioner.

£'000	Notes	31 March 2025	31 March 2024
Net asset related to pension schemes	11	15,084	11,248
<b>Non-current Assets</b>		<b>15,084</b>	<b>11,248</b>
Accumulated absences		(6,123)	(5,564)
<b>Current Liabilities</b>		<b>(6,123)</b>	<b>(5,564)</b>
Net liability related to pension scheme	11	(2,394,279)	(2,780,737)
<b>Non-current Liabilities</b>		<b>(2,394,279)</b>	<b>(2,780,737)</b>
<b>Net Liabilities</b>		<b>(2,385,318)</b>	<b>(2,775,053)</b>
<b>Financed by:</b>			
Unusable reserves	12	2,385,318	2,775,053
<b>Total reserves</b>		<b>2,385,318</b>	<b>2,775,053</b>

The unaudited accounts were issued on 28 May 2025 and the audited accounts were authorized for issue on 23 February 2026.

*R. Boulton*

Chief Finance Officer

## Statement of Cash Flows

The Statement of Cash Flows shows non cash movements in pension interest costs and expected return on pension assets. Under the legislative framework, all cash transactions are held and managed by the Commissioner and are therefore accounted for within the Statement of Accounts for the Commissioner.

£'000	Notes	2024/25	2023/24
Net deficit on the provision of services	CIES	115,632	98,472
Adjustments to net deficit on the provision of services for non-cash movements	15	(115,632)	(98,472)
<b>Net cash flows from operating activities</b>		<b>0</b>	<b>0</b>
<b>Net movement in cash &amp; cash equivalents</b>		<b>0</b>	<b>0</b>
Cash & cash equivalents at the beginning of the reporting period		0	0
<b>Cash &amp; cash equivalents at the end of the reporting period</b>		<b>0</b>	<b>0</b>

# Notes to the Accounts

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## Note 1: Summary of material accounting policies

### ***General principles and basis of preparation***

These financial statements have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) 2024/25 and the Accounts and Audit [England] Regulations 2015.

The accounting policies apply EU adopted International Financial Reporting Standards (IFRS) as amended by International Public Sector Reporting Standards (IPSAS) for the public sector. The Accounts have been prepared on a going concern basis using an historic cost convention, modified to account for the revaluation of the long term asset and the pension liabilities.

### ***Going Concern***

Local authorities cannot be created or dissolved without statutory prescription, therefore within CIPFA's Accounting Code of Practice there is a presumption that the Chief Constable's accounts will be prepared on a going concern basis for as long as police services will continue to operate. Notwithstanding the statutory basis for going concern, the Chief Financial Officer has separately assessed the underlying financial sustainability of the organisation and this is outlined below.

The Authority regularly reviews and updates its Medium-Term Financial Strategy, incorporating known factors that will have a positive or negative impact upon its financial strategy and making realistic assumptions to allow for the inevitable risk and uncertainty that accompanies any financial forecast. This is underpinned by the Authority's well established reserves policy and approach to identifying and delivering required savings from the budget, with regular monitoring through monthly financial resilience reporting. The medium-term strategy and current assumptions on funding, priorities and pressures informs the annual budget setting process, with outcomes monitored throughout each financial year taking a risk based approach with the escalation of issues as appropriate.

Investment balances and cash flow are managed at a Group level through the Police and Crime Commissioner. Reserves balances ensure that Treasury Management activity can be conducted to make sure sufficient cash is available to meet operational obligations whilst also taking a longer-term view to investments where appropriate, enabling greater returns to be made in support of the revenue budget, whilst also adhering to the CIPFA Treasury Management Code in prioritising the security of investment balances.

The Authority's financial forecast for 2025/26 has been reviewed alongside assumptions for 2026/27 and a prudent profile of cashflows to support the Chief Financial Officer in assessing and confirming the Authority's financial sustainability to March 2027.

The reserves balance coupled with the anticipated timing of cash flows and the liquidity profile of its investments means that the Authority can meet its operational obligations over the period, with the option to sell longer-term investments and make use of its borrowing headroom as a short-term solution to any unforeseen liquidity pressures, although this would have an impact on the longer-term financial sustainability of the Authority.

### ***Income and expenditure recognition***

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

- Government grants and third party contributions are recognised as income at the date that the Chief Constable satisfies the conditions of entitlement to the grant or contribution. Grants and contributions which have outstanding conditions are carried in the Statement of Financial Position as creditors (receipts in advance). When conditions are satisfied, or where there are no conditions attached to the grant or contribution and there is reasonable assurance that the monies will be received and that the expenditure for which the grant has been given has been or will be incurred, the income is credited to the Comprehensive Income and Expenditure Statement.
- Revenue from the sale of goods is recognised when the significant risks and rewards of ownership is transferred to the purchaser and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.
- Revenue from the provision of services is recognised when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the Chief Constable.
- Supplies are recorded as expenditure when they are consumed.
- Expenses relating to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made.
- Short term compensated absences - these are periods during which an employee does not provide services to the employer, but employee benefits continue to be earned (such as periods of annual leave and rest days). Short term accumulated absences are recognised in the Comprehensive Income and Expenditure Statement in the period in which officers or police staff render the service which entitles them to the benefit, not necessarily when they enjoy the benefit.

### ***Employee benefits***

Termination benefits are amounts payable as a result of a decision to terminate a member of staff's employment before their normal retirement date or their decision to accept voluntary redundancy. These are recognised in the Comprehensive Income & Expenditure Statement at the earlier of when the organisation can no longer withdraw the offer of those benefits or when the organisation recognises the costs for a restructuring. A small number of staff work directly for the Commissioner on delivering their activities, however on the grounds that any proportionate share of the pension income, expenditure and assets/liabilities would not be material to the accounts, all of the annual adjustments are contained in the Chief Constable's accounts.

The Chief Constable participates in three post-employment schemes:

- **The Local Government Pension Scheme (LGPS) for Police staff**, administered by Hampshire County Council. This is a funded defined benefit final salary scheme, meaning that the Chief Constable and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets. The liability or asset recognised in the Statement of Financial Position in respect of the plan is the present value of the defined benefit obligation at the reporting date, less the fair value of plan assets at the reporting date out of which obligations are to be settled. The carrying value of any resulting pension scheme asset is restricted to the extent that the authority is able to recover the surplus through reduced contributions in future;
- **Arrangements for the award of discretionary post retirement benefits upon early retirement in respect of members of the LGPS.** Liabilities are recognised when an award is made and the Chief Constable recognises gains and losses in full, immediately through Other Comprehensive Income and Expenditure. Note that the employer's liabilities under these arrangements are not material and the relevant transactions and liabilities are included with the overall LGPS funded scheme;
- **The Police Pension Schemes for police officers.** These are unfunded defined benefit final salary schemes, 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. Under the Police Pension Fund Regulations 2007, if the amount receivable by the pensions fund for the year is less than amount paid out, the Commissioner must annually transfer an amount required to meet the deficit to the pension fund. Subject to parliamentary approval, up to 100% of this cost is met by a central government pension top-up grant. 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 to then be paid over to central government.

### ***Value Added Tax (VAT)***

The Chief Constable does not submit a VAT return and the Commissioner submits a single VAT return on behalf of the Group. Expenditure in the Chief Constable's Comprehensive Income & Expenditure Statement excludes any amounts relating to VAT as all VAT is remitted to/from the HM Revenue & Customs.

### ***Provisions and contingencies***

The Chief Constable recognises material contingent liabilities as either:

- Possible obligations that arise 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 organisation, or
- Present obligations that arise from past events but are not recognised because;
  - a) it is not probable that outflows of resources embodying economic benefits or service potential will be required to settle the obligations, or
  - b) the amount of the obligations cannot be measured with sufficient reliability.

A material contingent liability is not recognised within the accounts as an item of expenditure. It is, however, disclosed in a note unless the possibility of a transfer of economic benefits or service potential in settlement is remote (in which case no action is needed). The Chief Constable may also recognise contingent assets as ‘a possible asset 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 organisation’.

### ***Events after the reporting period***

When an event occurs after the reporting date which provides evidence of conditions that existed at the reporting date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event.

Where an event occurs after the reporting date that is indicative of conditions that arose after the date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed as a separate note to the Accounts.

Events after the reporting date are reflected up to the date when the Statement of Accounts is authorised for issue.

### ***Prior period adjustments, changes in accounting policies, estimates and errors***

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Chief Constable’s financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

### **Note 2: Accounting standards that have been issued, but not yet adopted**

There are accounting standards which have not yet been adopted to the Code which will apply to the Constabulary in 2024/25

### **Note 3: Critical accounting judgements and estimation uncertainty**

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

### ***Critical Judgements in applying accounting policies***

The preparation of the financial statements requires the Chief Constable to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the values of expenditure amounts that are not readily apparent from other sources. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

### ***Key estimates and assumptions***

Material estimates and assumptions are made in the following cases:

Estimation of net liability to pay pensions depends upon a number of complex judgements in relation to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Chief Constable receives annual forecasts and regular reviews of all of its assets and liabilities from an independent actuary to ensure that the accounts contain realistic estimates of the overall impact of these pensions' liabilities.

The LGPS scheme was last valued in 2023 and the Police Scheme was valued in March 2024.



#### Note 4: Expenditure & Funding Analysis

The Expenditure and Funding Analysis (EFA) shows how annual expenditure is used and funded from resources (principally government grants and council tax precept) by the Chief Constable in comparison with those resources consumed or earned in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the authority's services. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

£'000	YE 31 March 2025			YE 31 March 2024		
	Net exp. charged to Funds	Adjustment between accounting & funding basis	Net exp. in CIES	Net exp. charged to Funds	Adjustment between accounting & funding basis	Net exp. in CIES
<b>Cost of Services</b>						
Operational policing	411,783	(17,126)	394,657	378,941	(44,470)	334,470
Other items not allocated to services	(3,125)	2,249	(876)	6,050	14,173	20,223
<b>Cost of policing service</b>	<b>408,658</b>	<b>(14,877)</b>	<b>393,781</b>	<b>384,990</b>	<b>(30,297)</b>	<b>354,693</b>
<b>Other income &amp; expenditure</b>						
Financing and investment income & expenditure	0	130,509	130,509	0	128,769	128,769
<b>Total other income &amp; expenditure</b>	<b>0</b>	<b>130,509</b>	<b>130,509</b>	<b>0</b>	<b>128,769</b>	<b>128,769</b>
Intra-group adjustment	(408,658)	0	(408,658)	(384,990)	0	(384,990)
<b>(Surplus)/deficit on provision of services</b>	<b>0</b>	<b>115,632</b>	<b>115,632</b>	<b>0</b>	<b>98,472</b>	<b>98,472</b>
Opening balance on General Fund at 01 April	0			0		
<b>Closing balance on General Fund at 31 March</b>	<b>0</b>			<b>0</b>		

The following tables show detailed analysis of the adjustments made between the amounts charged to the General Fund (funding basis) and the amounts reported in the Statement of Comprehensive Income (accounting basis).

£'000	YE 31 March 2025		
	Pension adj. (a)	Other adj. (b)	Total adj.
<b>Cost of Services</b>			
Operational policing	(17,685)	559	(17,126)
Other items not allocated to services	2,249	0	2,249
<b>Cost of policing service</b>	<b>(15,436)</b>	<b>559</b>	<b>(14,877)</b>
<b>Other income &amp; expenditure</b>			
Financing and investment income & expenditure	130,509	0	130,509
<b>Difference between surplus/deficit on funding or accounting basis</b>	<b>115,073</b>	<b>559</b>	<b>115,632</b>

£'000	YE 31 March 2024		
	Pension adj. (a)	Other adj. (b)	Total adj.
<b>Cost of Services</b>			
Operational policing	(44,895)	425	(44,470)
Other items not allocated to services	14,173	0	14,173
<b>Cost of policing service</b>	<b>(30,722)</b>	<b>425</b>	<b>(30,297)</b>
<b>Other income &amp; expenditure</b>			
Financing and investment income & expenditure	128,769	0	128,769
<b>Difference between surplus/deficit on funding or accounting basis</b>	<b>98,047</b>	<b>425</b>	<b>98,472</b>

## a) Net change for the pensions adjustments:

This is the net change for the removal of pension contributions made by the Chief Constable and the replacement with accounting entries in accordance with IAS 19.

£'000	31 March 2025	31 March 2024
Current service cost	39,686	42,923
Past service cost	2,249	14,173
Interest of net pension liability	130,509	128,769
Total transferred to pension reserve	172,444	185,865
Employers contributions payable to pension fund transferred from pension reserve	(57,371)	(87,818)
<b>Total adjustment</b>	<b>115,073</b>	<b>98,047</b>

## b) Other adjustments:

This adds back the estimate for untaken annual leave at the end of the financial year in line with generally accepted accounting practices.

**Note 5: Analysis of surplus or deficit on the provision of service**

The Cost of Services includes the following items of income and expenditure:

£'000	Notes	2024/25	2023/24
Employee benefit expenses	a)	360,301	311,666
Other service expenses	b)	142,053	139,804
<b>Total expenditure</b>		<b>502,353</b>	<b>451,470</b>
Grants, contributions and reimbursements	d)	(73,144)	(68,685)
Fees, charges and other service income	c)	(35,428)	(28,092)
<b>Total income</b>		<b>(108,572)</b>	<b>(96,777)</b>
<b>Net cost of services</b>		<b>393,781</b>	<b>354,693</b>

- a) Employee benefit expenses include pay, employer national insurance contributions, employer pension contributions and other employee benefits. Accounting adjustments are then made under IAS19 so that the expenditure in the CIES reflects the current service cost of the benefit granted in the period, rather than the payments made.
- b) Other service expenses include costs relating to premises, transport, supplies and services. An accounting adjustment is made so that the charge to the CIES also includes revenue expenditure charged to capital under statute (REFCUS).
- c) Income received by the Chief Constable includes fees and charges, contributions, specific grants and other service income. Income received also includes miscellaneous items such as loans of equipment to other forces, rents receivable and prosecution costs recovered by way of illustration.
- d) Includes, grants received from Central Government as well as contributions from other local authorities and other recovered costs and charges. Grants are received for specific operational activities and a breakdown is shown in note 6.

## Note 6: Grants and contributions

£'000	2024/25	2023/24
<b>Grants credited to services</b>		
Counter-Terrorism Policing	(2,126)	(2,143)
Operation Magenta	(3,391)	(4,404)
National Maritime Assessment Centre	(260)	(218)
Drug Testing on Arrest	(25)	(185)
County Lines Social Media	(85)	(85)
Police Surge Funding	(1,454)	(567)
Uplift Funding	(11,024)	(11,162)
ICT Software	0	(519)
National Wildlife Crime Unit (ACRO)	(992)	(920)
Sexual Exploitation in the Aid Sector (ACRO)	0	(76)
NPFDU NPCC (ACRO)	(604)	0
Pakistan Project (ACRO)	0	(164)
Historic DAF (ACRO)	(2,500)	(428)
Miscellaneous	(22)	(23)
<b>Total grant income credited to services</b>	<b>(22,484)</b>	<b>(20,894)</b>

**Note 7: Other income & expenditure**

£'000	Notes	2024/25	2023/24
<b><i>Other expenditure not credited to cost of services</i></b>			
Pension interest cost & expected return on plan assets	11	130,509	128,769
<b>Total other income &amp; expenditure reported in the CIES</b>		<b>130,509</b>	<b>128,769</b>

**Note 8: External audit fees**

£'000	2024/25	2023/24
Fees payable to appointed auditor for external audit services carried out in year	60	53
Scale fee variations for prior year's external audit services paid in year	0	0
<b>Total fees paid to appointed auditor for external audit services</b>	<b>60</b>	<b>53</b>

## Note 9: Remuneration

Employee costs - i.e. total remuneration - include salary and taxable allowances paid to officers and staff. It does not include employer pension contributions, nor does it show remuneration net of employees' pension contributions. Where appropriate, compensation for loss of employment is also included. The numbers also include people who are seconded to national roles but whose costs are reimbursed.

The numbers of police officers and staff (not including senior employees who are stated separately) whose taxable remuneration, excluding pension contributions, was £50,000 or more are:

Number of employees	2024/25		2023/24	
	Excl. exit packages	Incl. exit packages	Excl. exit packages	Incl. exit packages
£50,000 - £54,999	545	545	606	607
£55,000 - £59,999	538	538	409	409
£60,000 - £64,999	331	331	277	277
£65,000 - £69,999	240	240	142	142
£70,000 - £74,999	108	108	40	40
£75,000 - £79,999	37	37	28	28
£80,000 - £84,999	19	19	14	14
£85,000 - £89,999	13	13	7	7
£90,000 - £94,999	8	8	7	7
£95,000 - £99,999	13	13	5	5
£100,000 - £104,999	3	3	8	8
£105,000 - £109,999	1	1	2	2
£110,000 - £114,999	7	7	0	0
£115,000 - £119,999	0	0	1	1
£125,000 - £129,999	1	1	0	0
£145,000 - £149,999	1	1	0	0
<b>Total employees over £50,000</b>	<b>1,865</b>	<b>1,865</b>	<b>1,546</b>	<b>1,547</b>

The Accounts and Audit Regulations 2015 consolidated regulations for the disclosure of the total remuneration package of those charged with the stewardship of the organisation, being senior employees or relevant police officers of the Chief Constable. In Hampshire, the relevant police officer is the Chief Constable, who should be identified by name as well as post, regardless of their salary. However, the definition of senior employees for non-police officers is wider and covers those responsible for the strategic management of the organisation. Given the nature of the services provided by the Chief Constable and the make-up of the strategic leadership team, the following disclosure includes all chief officers. Where there have been changes in personnel during the current and prior year the part year remuneration is shown on an individual basis over more than one line. This will mean that certain posts are not comparable. The Chief Finance Officer for Hampshire and Isle of Wight Constabulary was employed by Hampshire County Council as part of the Shared Services Agreement until 30/09/2023. A recharge of £65,687 was made to the Constabulary in 2023/24 from the County Council in respect of this, and included all employer on-costs.

<b>2024/25</b>			
£	Salary incl. fees, allowances	Employer pension contribution	Total remuneration incl. pension contribution
Chief Constable – Scott Chilton	217,389	0	217,389
Deputy Chief Constable – Sam de Reya	164,726	56,773	221,498
Assistant Chief Constable (01/04/2024 – 07/07/2024)	35,376	12,298	47,674
Assistant Chief Constable	145,474	47,016	192,490
Assistant Chief Constable	135,191	47,016	182,207
Assistant Chief Constable (From 03/06/2024)	131,709	37,232	168,942
Assistant Chief Constable (From 04/11/2024)	46,340	14,426	60,765
Assistant Chief Constable (01/04/2024 – 01/04/2024)	12,796	127	12,923
Assistant Chief Officer	133,350	19,780	153,129

<b>2023/24</b>			
£	Salary incl. fees, allowances	Employer pension contribution	Total remuneration incl. pension contribution
Chief Constable – Scott Chilton	193,693	0	193,693
Deputy Chief Constable (From 07/08/2023)	150,928	31,124	182,052
Deputy Chief Constable (01/04/2023 – 05/04/2023)	18,446	625	19,071
Deputy Chief Constable (01/04/2023 – 06/08/2023 & 12/10/2023 – 11/11/2023)	63,444	16,398	79,842
Assistant Chief Constable (07/08/2023 – 11/10/2023 & From 11/11/2023)	75,633	22,683	98,316
Assistant Chief Constable (01/04/2023 – 10/04/2023)	2,903	886	3,789
Assistant Chief Constable	131,189	39,081	170,270
Assistant Chief Constable	121,176	36,991	158,167
Assistant Chief Constable (01/04/2023 – 06/08/2023 & From 11/10/2023)	94,774	28,612	123,386
Assistant Chief Officer (From 01/10/2023)	65,039	9,623	74,662

**Note 10: Termination benefits**

The exit package cost includes compulsory and voluntary redundancy costs, pension contributions in respect of added years, ex-gratia payments and other departure costs. All individual packages were below £60,000, see table below for associated exit costs incurred in year:

Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages in year		Total cost of exit packages (£'000)	
2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
0	4	6	2	6	6	64	303

**Note 11: Employee benefits – Defined Benefit Scheme**

2024/25		Unfunded Police Schemes	Injury Pensions	Total
£	LGPS			
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<i>Cost of Services:</i>				
Current Service Cost	14,899	22,927	1,860	39,686
Past Service Cost	189	2,060	0	2,249
<i>Financing &amp; Investment Income &amp; Expenditure</i>				
Net interest expenses	(243)	125,442	5,310	130,509
<b>Total Charge to the surplus/deficit on Provision of Services</b>	<b>14,845</b>	<b>150,429</b>	<b>7,170</b>	<b>172,444</b>
<b>Other post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>				
<i>Re-measurement of the net defined benefit liability::</i>				
Return on plan assets (excluding amount included in net interest expense)	3,561	0	0	3,561
Actuarial gains arising from changes in financial assumptions	(91,376)	(399,230)	(16,539)	(507,145)
Actuarial gains arising from changes in demographic assumptions	(839)	(17,131)	(721)	(18,691)
Actuarial losses arising from changes in actuarial experience	(4,794)	3,926	157	(711)
Effect of the asset ceiling on net asset	77,231	0	0	77,231
Government contributions to Police Officer Schemes	0	(59,567)	0	(59,567)
<b>Total post-employment benefit charged to the CIES</b>	<b>(1,372)</b>	<b>(321,573)</b>	<b>(9,933)</b>	<b>(332,878)</b>
<b>Movement in Reserves Statement</b>				
<i>Reverse charge to Provision of Services</i>				
<b>Actual amount charged against General Fund for pensions in the year:</b>	<b>(14,845)</b>	<b>(150,429)</b>	<b>(7,170)</b>	<b>(172,444)</b>
Employers' contributions payable to scheme	2,419	50,397	0	52,816
Retirement benefits payable to pensioners	0	0	4,555	4,555

2023/24		Unfunded Police Schemes	Injury Pensions	Total
£	LGPS			
<b>Comprehensive Income &amp; Expenditure Statement</b>				
<i>Cost of Services:</i>				
Current Service Cost	15,164	25,827	1,932	42,923
Past Service Cost	194	13,979	0	14,173
<i>Financing &amp; Investment Income &amp; Expenditure</i>				
Net interest expenses	482	124,755	3,532	128,769
<b>Total Charge to the surplus/deficit on Provision of Services</b>	<b>15,840</b>	<b>164,561</b>	<b>5,464</b>	<b>185,865</b>
<b>Other post-employment benefit charged to the Comprehensive Income &amp; Expenditure Statement</b>				
<i>Re-measurement of the net defined benefit liability::</i>				
Return on plan assets (excluding amount included in net interest expense)	(19,916)	0	0	(19,916)
Actuarial gains arising from changes in financial assumptions	(10,490)	(85,987)	(2,349)	(98,826)
Actuarial gains arising from changes in demographic assumptions	(9,237)	(48,269)	(2,583)	(60,089)
Actuarial losses arising from changes in actuarial experience	8,189	32,720	39,262	80,171
Effect of the asset ceiling on net asset	13,952	0	0	13,952
Government contributions to Police Officer Schemes	0	(56,165)	0	(56,165)
<b>Total post-employment benefit charged to the CIES</b>	<b>(1,662)</b>	<b>6,860</b>	<b>39,794</b>	<b>44,992</b>
<b>Movement in Reserves Statement</b>				
Reverse charge to Provision of Services	(15,840)	(164,561)	(5,464)	(185,865)
<i>Actual amount charged against General Fund for pensions in the year:</i>				
Employers' contributions payable to scheme	41,961	41,763	0	83,724
Retirement benefits payable to pensioners	0	0	4,094	4,094

### ***Pension assets and liabilities recognized in the Statement of Financial Position***

The amount included in the Balance Sheet arising from the Chief Constable's obligation in respect of the defined benefit plans are:

£'000	Notes	YE 31 March 2025				
		LGPS	Total surplus	Police Pension Scheme	Injury Pensions	Total liability
Present value of defined benefit obligation	a)	418,839		2,295,884	98,395	
Fair value of plan assets	b)	(525,783)		0	0	
<b>(Surplus)/liability arising from defined benefit obligation</b>			<b>(106,944)</b>			<b>2,394,279</b>
Effect of the asset ceiling on net asset			91,860			0
<b>Net (Surplus)/liability arising from defined benefit obligation</b>			<b>(15,084)</b>			<b>2,394,279</b>

£'000	Notes	YE 31 March 2024				
		LGPS	Total surplus	Police Pension Scheme	Injury Pensions	Total liability
Present value of defined benefit obligation	a)	482,748		2,667,854	112,883	2,780,737
Fair value of plan assets	b)	(507,948)		0	0	0
<b>(Surplus)/liability arising from defined benefit obligation</b>			<b>(25,200)</b>			<b>2,780,737</b>
Effect of the asset ceiling on net asset			13,952			0
<b>Net (Surplus)/liability arising from defined benefit obligation</b>			<b>(11,248)</b>			<b>2,780,737</b>

**a) Reconciliation of the present value of scheme liabilities**

£'000	YE 31 March 2025			
	LGPS	Police Pension Scheme	Injury Pensions	Total
Opening balance at 01 April	(482,748)	(2,667,854)	(112,883)	<b>(3,263,485)</b>
Current Service cost	(14,899)	(22,927)	(1,860)	<b>(39,686)</b>
Interest cost	(23,623)	(125,442)	(5,310)	<b>(154,375)</b>
Contributions form scheme participants	(6,098)	(17,502)	0	<b>(23,600)</b>
Actuarial gains from changes in actuarial experience	4,794	(3,926)	(157)	<b>711</b>
Actuarial gains from changes in demographic assumptions	839	17,131	721	<b>18,691</b>
Actuarial losses from changes in financial assumptions	91,376	399,230	16,539	<b>507,145</b>
Benefits paid	11,709	127,466	4,555	<b>143,730</b>
Past Service costs	(189)	(2,060)	0	<b>(2,249)</b>
<b>Closing balance at 31 March</b>	<b>(418,839)</b>	<b>(2,295,884)</b>	<b>(98,395)</b>	<b>(2,813,118)</b>

£'000	YE 31 March 2024			
	LGPS	Police Pension Scheme	Injury Pensions	Total
Opening balance at 01 April	(462,981)	(2,702,757)	(77,183)	<b>(3,242,921)</b>
Current Service cost	(15,164)	(25,827)	(1,932)	<b>(42,923)</b>
Interest cost	(21,126)	(124,755)	(3,532)	<b>(149,413)</b>
Contributions form scheme participants	(5,798)	(17,176)	0	<b>(22,974)</b>
Actuarial gains from changes in actuarial experience	(8,189)	(32,720)	(39,262)	<b>(80,171)</b>
Actuarial gains from changes in demographic assumptions	9,237	48,269	2,583	<b>60,089</b>
Actuarial losses from changes in financial assumptions	10,490	85,987	2,349	<b>98,826</b>
Benefits paid	10,977	115,104	4,094	<b>130,175</b>
Past Service costs	(194)	(13,979)	0	<b>(14,173)</b>
<b>Closing balance at 31 March</b>	<b>(482,748)</b>	<b>(2,667,854)</b>	<b>(112,883)</b>	<b>(3,263,485)</b>

**b) Reconciliation of the fair value of scheme (plan) assets**

£'000	LGPS	
	2024/25	2023/24
Opening value at 01 April	507,948	430,606
Interest income	24,543	20,644
Return on plan assets (excluding amount included in net interest expense)	(3,561)	41,961
Employer contributions	2,419	41,961
Contributions by scheme participants	6,098	5,798
Benefits paid	(11,664)	(10,977)
<b>Closing value at 31 March</b>	<b>525,783</b>	<b>507,948</b>

In the year 2023/24, the Return on plan assets was £19,916k and not £41,961k as stated in the table above. This has not been restated because the correct figure was used in the reconciliation and the closing value at 31 March 2024, and therefore the opening value for 2024/25 is correct.

LGPS assets comprise:

%	YE 31 March 2025			YE 31 March 2024		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equities	33	9	42	38	8	46
Government bonds	15	0	15	15	0	15
Property	0	9	9	0	7	7
Cash	2	0	2	1	0	1
Other	14	18	32	10	21	31

**Basis for estimating assets and liabilities**

The defined benefit obligation is calculated using the projected unit credit method (an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.) and the present value is determined by discounting the estimated future payments using market yields on high quality corporate bonds. The fair value of plan assets is measured in accordance with IAS-19 and IFRS-13, this includes the use of appropriate valuation techniques. An asset ceiling calculation has been carried out in accordance with IAS-19 IFRIC-14, and analyses the minimum funding requirements that must be made to the plan and therefore limits the ability to reduce future contributions. The economic benefit available as a reduction in future contributions to the Local Government Pension Scheme is less than the net asset position and the net asset position has therefore been restricted.

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments for contracted-out defined benefit schemes were invalid if they were not accompanied by the correct actuarial confirmation. The judgment has now been upheld by the Court of Appeal. The Local Government Pension Scheme is a contracted out defined benefit scheme and amendments have been made during the period 1996 to 2016 which could impact member benefits.

Work is being performed by the Government Actuary's Department as the Local Government Pension Scheme actuary to assess whether section 37 certificates are in place for all amendments and some of these have been confirmed however, at the date of these financial statements, the full assessment is not complete. Until this analysis is complete, we are unable to conclude whether there is any impact to the liabilities or if it can be reliably estimated. As a result, the Chief Constable does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

The Police Pension Scheme liabilities have been assessed by Aon Hewitt Ltd. A full valuation of the scheme is carried out every four years, and estimates have been made based on the latest full valuation of the scheme as at 31 March 2023.

The Local Government Pension Scheme liabilities have been assessed by Hymans Robertson. A full valuation of the scheme is carried out every three years and estimates have been made based on the latest full valuation of the scheme as at 31 March 2022.

The significant assumptions used by the actuaries have been:

	2024/25		2023/24	
	LGPS	Police Pension Scheme	LGPS	Police Pension Scheme
<b><i>Inflation assumptions</i></b>				
Rate of inflation	2.8%	2.5%	2.8%	2.6%
Rate of increase in salaries	3.8%	3.5%	3.8%	3.6%
Rate of increase in pensions	2.8%	2.5%	2.8%	2.6%
Rate for discounting scheme liabilities	5.8%	5.8%	4.9%	4.8%
<b><i>Mortality assumptions</i></b>				
Longevity at 65 for current pensioners:				
- Men	22	21.6	22.1	21.7
- Women	24.7	23.6	24.7	23.7
Longevity at 65 for future pensioners:				
- Men	22.5	22.8	22.6	23.3
- Women	25.6	25	25.7	25.3

### Sensitivity of assumptions

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions shown above. The following sensitivity analyses have 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. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated.

	LGPS (p.a.)			Police Pension Scheme (p.a.)		
	+0.1%	Base line	-0.1%	+0.1%	Base line	-0.1%
<b>Adjustment to discount rate</b>						
Present value of total obligations (£m)	410.230	418.840	427.450	2,263.240	2,295.880	2,327.730
% change in present value of total obligations	(2)%		2%	(1)%		1%
<b>Rate of general increase in salaries</b>						
Present value of total obligations (£m)	419.040	418.840	418.640	2,299.170	2,295.880	2,292.700
% change in present value of total obligations	0%		0%	0%		0%
<b>Rate of increase to pensions in payment and deferred pensions</b>						
Present value of total obligations (£m)	427.490	418.840	410.190	2,325.450	2,295.880	2,266.420
% change in present value of total obligations	2%		(2)%	1%		(1)%
<b>Adjustment to mortality age rating assumption</b>						
Present value of total obligations (£m)	402.090	418.840	435.590	2,346.390	2,295.880	2,243.080
% change in present value of total obligations	4%		(4)%	2%		(2)%

Note that, whilst not being part of the Police Pension Schemes, injury pensions have been shown for the purposes of completeness. Injury pensions are funded directly by the Chief Constable.

There is a large deficit on the police pension schemes, however, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains healthy:

- Finance is only required to be raised to cover discretionary benefits when the pensions are actually paid;
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. At present, 100% of the difference between what is paid out to retired members and the sum of contributions from current members and the Chief Constable is met by additional grant from the Home Office.

The regular contributions expected to be made to the Local Government Pension Scheme by the Chief Constable in the year to 31 March 2026 are £16.1m. In addition, Strain on Fund Contributions may be required.

Total expected contributions for the Police Pension Schemes are £112.5m. This figure includes both the Chief Constable's contribution and the Top-Up Grant from the Home Office. In addition, the Chief Constable expects to pay £4.6m directly to beneficiaries of injury pensions.

## Note 12: Reserves

£'000	Notes	2024/25	2023/24
Pensions Reserve	a)	2,379,195	2,769,489
Accumulated absence Reserve	b)	6,123	5,564
<b>Unusable Reserves</b>		<b>2,385,318</b>	<b>2,775,053</b>

### a) Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employee benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investments returns on any resources set aside to meet the costs. However, statutory arrangements require benefits to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

£'000	2024/25	2023/24
Balance at 01 April:	2,769,489	2,812,315
Actuarial (gains)/losses on pension assets and liabilities	(526,547)	(78,744)
Government contributions to Police Officer Schemes	(59,567)	(56,165)
Return on plan assets	9,509	(19,916)
Reversal of items relating to retirement benefits included in the surplus or deficit on Provision of Services in the CIES	172,444	185,865
Employer's contributions and direct payments to pensioners payable in year	(57,371)	(87,818)
Other adjustments for unfunded LGSP benefits paid	(45)	0
Effect of the asset ceiling on net asset	71,283	13,952
<b>Balance at 31 March:</b>	<b>2,379,195</b>	<b>2,769,489</b>

### **b) Accumulated absences Reserve**

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

£'000	2024/25	2023/24
Balance at 01 April:	5,564	5,139
Settlement of cancellation of accrual made at the end of the preceding year	(5,564)	(5,139)
Amounts accrued at the end of the current year	6,123	5,564
<b>Balance at 31 March:</b>	<b>6,123</b>	<b>5,564</b>

### **Note 13: Related parties**

The Chief Constable is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows readers of the accounts to assess the extent to which the Chief Constable might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Chief Constable.

The UK Government exerts significant influence through legislation and grant funding. The value of grants received is shown in the Income and Expenditure Account and further details of specific additional grants received are given in note 6.

The Chief Constable makes contributions to pension schemes for both uniformed officers and non-uniformed staff.

- The Police Pension Schemes are administered by the Chief Constable and the Chief Constable paid £50.5m to the Police Pension Fund as contributions in respect of existing officers and those retiring due to ill-health in the year (£41.6m in 2023/24).
- The Local Government Pension Scheme is administered by Hampshire County Council and the Chief Constable made employer's contributions of £16.4m in the year (£14.3m in 2023/24).

The Chief Finance Officer (CFO) to the Chief Constable was employed by Hampshire County Council until 01 October 2023, at which point they also become Chief Finance Officer to the Office of the Police and Crime Commissioner. The governance arrangements and the independence and professional status of the CFO, ensure that this relationship is not compromised.

The Code also requires Chief Officers in the Constabulary and certain other senior officers to declare if there were any related party (e.g. close family or business associates) transactions due to their ability to influence spending decisions. There were no related party transaction disclosures in 2024/25 (nil in 2023/24).

The Chief Constable is party to a number of joint working arrangements, providing a wide range of operational policing and business support services both within Hampshire and throughout the South East Region. The key collaborations are as follows:-

Activity	Partners	Lead/Host	Share of Costs (£m)
Joint working for support services	Hampshire County Council (HCC) Hampshire & IOW Fire & Rescue Services (HIWFRS)	HCC	9.0
Joint ICT/Information Management Department	Thames Valley Police (TVP)	TVP	28.3
South East Organised Regional Crime Unit (SEROCU)	Thames Valley Police (TVP) Surrey Police Sussex Police	TVP	8.5
Joint Operations Unit	Thames Valley Police (TVP)	Hampshire & IOW Constabulary	35.0

In all of these, Governance arrangements are in place which means that each party can influence the work and priorities of each activity and will have a role in budget setting and overall strategic direction. Where there is a host organisation, they will have day to day operational responsibility and may recruit key post holders. They may also employ the staff working across the partnership area. Where key decisions are made, however, this is generally by a simple majority and no force, authority or combination of such would have de facto control or joint control of the partnership. All of these partnerships have been reviewed in terms of whether they should be part of the accounts and it has been concluded that they do not. Consequently, the income and expenditure is reported in the single entity accounts of the Chief Constable as appropriate.

#### **Note 14: Contingent liabilities**

At the balance sheet date there were a number of potential liabilities in respect of events which are alleged to have happened in the past and where claims have been received from various third parties for damages and costs. Some of these relate to operational matters where liability has been alleged to have occurred in the past. These claims take some time to be settled but if they were to be settled all in the same year, insurance cover is in place to meet the costs of aggregate claims over a certain level; below this level existing budgets or, exceptionally, the insurance reserve will cover the shortfall. However, it is considered extremely unlikely that all outstanding claims will be found against the Chief Constable and would, additionally, be settled in the same year.

#### **Legal and Insurance Claims**

There are some claims which have been received for which the Chief Constable, through the Commissioner, is not insured but that the earmarked insurance reserve or existing budgets would cover for any awards of costs and damages. It is not certain that these or related events which might arise in the future would lead to rulings against the Commissioner or will lead to claims which are substantial.

### **Pensions**

In respect of the McCloud Pension Case, claimants have lodged claims for compensation under two active sets of litigation:

#### **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.

#### **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.

### **Pension 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.

### **Note 15: Notes to the Statement of Cash Flows**

#### **Adjustments to the net surplus or deficit on the provision of services for non-cash movements**

£'000	2024/25	2023/24
Reverse charge to the CIES and General Fund for post-employment benefits	(115,073)	(98,047)
(Increase)/decrease in creditors	(559)	(425)
<b>Adjustments to net surplus or deficit on the provision of services for non-cash movements</b>	<b>(115,632)</b>	<b>(98,472)</b>

### **Note 16: Events after the Reporting Period**

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 23 February 2026. 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 and notes have been adjusted in all material respects to reflect the impact of this information.

## Pension Fund Account

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The Scheme Manager of the Police Pension Fund is the Chief Constable. The administration of the fund is carried out by the County Council as part of the joint working arrangements. The administrator makes all payments to existing and new pensioners and maintains the necessary records of entitlement. The Commissioner provides the funds to make payments to pensioners and for transfers out of the scheme. The Commissioner's budget and current serving officers make contributions into the fund and at present 100% of any shortfall between this income and the payments made is met by a grant from the Home Office.

A Police Pensions Board was introduced in April 2015 in accordance with the Public Services Pensions Act 2013. The Board is chaired by the Chief Constable's Chief Finance Officer and has equal membership from the employer and employee side.

The Police Pension Fund makes payments to officers who retire from the scheme whilst in the employment of the Chief Constable or who have previously worked for the Chief Constable and who have a deferred pension. This is based on the length of service and pensionable pay at the point of retirement. Officers may choose to commute part of their benefit into a lump sum and to receive a reduced on-going pension. Benefits are also paid to dependents when an officer dies in service or after retirement.

Employees make the following contributions:-  
2015 Scheme 12.44%-13.78%

The Chief Constable made an employers' contribution of 35.3% of pensionable salary and benefits in 2024/25 and received a £9.77m grant to towards the increase in the contribution rate. The employee's contribution is set nationally by the Home Office and is subject to a triennial revaluation by the Government Actuary's Department (GAD).

The Police Pension Fund Account has been prepared in accordance with the extant Police Pensions Regulations and the accounting policies set out in in Note 1.

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

Most payments and employer contributions in respect of the police pension schemes are reported in the Police Pension Fund Account. Other pension costs are charged to the Comprehensive Income and Expenditure Statement. This includes the on-going costs and commuted lump sums in respect of officers who are awarded injury pensions, which totaled £4.6m in 2024/25. For officers who retire on the grounds of ill-health, the employer makes a contribution from the Comprehensive Income and Expenditure Account to the Police Pension Fund Account. This charge is the equivalent to two years' pensionable pay and is a one off credit to the account. All on-going payments are met by the Police Pension Fund.

Debtors and creditors of the Police Pension Fund Account are included within the main financial statements of the Commissioner as a result of the reimbursement of the top up grant and the cash being transferred between the Commissioner and Pension Fund bank accounts on a regular basis.

£'000	2024/25	2023/24
<b>Contributions receivable</b>		
From employer – normal contributions	(48,446)	(40,148)
From employer – ill-health capital equivalent charges	(2,020)	(1,481)
From members	(18,758)	(17,336)
<b>Transfers in</b>		
Individual transfers in from other schemes	(1,325)	(569)
<b>Benefits payable</b>		
Pensions	108,068	100,369
Commutations and lump sum retirement benefits	19,394	14,477
Lump sum death benefits	484	25
<b>Payments to and on account of leavers</b>		
Refund of contributions	361	205
Individual transfers out to other schemes	85	41
<b>Net amount payable for year</b>	<b>58,243</b>	<b>55,584</b>

£'000	2024/25	2023/24
Current assets – pensions paid in advance	0	9,133
<b>Net assets</b>	<b>0</b>	<b>9,133</b>

# Glossary

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**Agency Services**

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

**Amortisation**

The process of writing down the cost of an asset or liability through depreciation or repayment of principle over a suitable period of time.

**Capital Expenditure**

Expenditure on the provision and improvement of assets such as property, plant and equipment and vehicles and major items of equipment providing benefit over a life of more than one year.

**Capital Receipts**

Money obtained on the sale of a capital asset. Capital receipts can be used to finance new capital expenditure or to repay loan debt within rules set down by the government, but they cannot be used to finance revenue expenditure.

**Chief Financial Officer (CFO)**

The Commissioner and the Chief Constable both have a legal obligation under the Local Government Finance Act 1988 to appoint a person to be responsible for the proper administration of their financial affairs. This person is the Chief Financial Officer (CFO).

**Credit Arrangements**

An arrangement other than borrowing where the use of a capital asset is obtained and paid for over a period of more than one year. The main types of credit arrangements are leases of property, plant and equipment.

**Creditors**

Individuals or organisations to whom the Chief Constable owes money at the end of the financial year for work done, goods received or services rendered but for which payment has not been made at 31 March.

**Current service costs**

The increase in the present value of pension liabilities expected to arise from employee service in the current period.

**Debtors**

Individuals or organisations who owe the Chief Constable money.

**Depreciation**

Depreciation represents the consumption of an asset due to deterioration. The value is included within the income and expenditure account as a cost of providing services but as there is no cashflow impact on the general reserve, it is taken out in the movement in reserves statement.

**Fair value**

The amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's-length transaction.

**Financial Year**

The annual period of accounting – i.e. 1 April to 31 March.

**Government Grants**

Part of the cost of the service is paid for by central government. General grants can be spent at the discretion of the Commissioner. Specific grants (included within additional grants) are also paid to the Commissioner, but are ring-fenced for spending in specific areas.

**Past service cost**

The increase in the present value of pension liabilities related to employee service from prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

**Precept**

The levying of a council tax rate by one authority which is collected by another. The Commissioner precepts upon the district/unitary councils' collection funds for its council tax income.

**Revenue Expenditure**

Expenditure to meet the day to day running costs of services including wages and salaries, purchase of materials and services and capital financing charges. This is shown in the Income and Expenditure account.

**Reserves**

Accumulated sums which are maintained either to be earmarked for specific liabilities (e.g. pensions, insurance) or generally held to meet unforeseen or emergency expenditure (e.g. General Reserve).