



Statement of Accounts Year ending 31 March 2026



HAMPSHIRE & ISLE OF WIGHT



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Annual Report

The Statement of Accounts sets out the overall financial position of the Police and Crime Commissioner (PCC) for Hampshire and Isle of Wight, and the Group Accounts which include the Chief Constable for Hampshire and the Isle of Wight, for the year ending 31 March 2026. The accounts provide a wealth of information on the Commissioner's financial position and are a critical part of our stewardship of large sums of public money. They have been prepared using the International Financial Reporting Standards (IFRS), in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 and the narrative that follows here draws out key issues from these accounts to provide a clearer explanation of the financial performance and activities during the financial year.

The Police and Crime Plan, published in October 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. 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 the PCC (and the ‘PCC Group’ including Hampshire and Isle of Wight Constabulary)
- Have confidence that the PCC has spent public money wisely and has been accounted for in an appropriate manner
- Be assured that the financial position of the PCC (and Group) is sound and secure

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

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

Organisational overview

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 a statutory responsibility for the control, direction and delivery of operational policing services in the Hampshire Police area. On 7th April 2025, 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 August 2025.

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

The Chief Constable is charged with maintaining the King’s Peace and directs and controls the Force’s officers and staff. He is accountable to the Police and Crime Commissioner for Hampshire and Isle of Wight, and must have regard to the Police and Crime Plan.

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

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

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

The PCP's core functions include:

- Review the draft Police and Crime Plan
- Publicly scrutinise the Commissioner's Annual Report
- Review and scrutinise decisions and actions of the Commissioner
- Review and have the power to veto the Commissioner's proposed Council Tax precept levels
- Review the Commissioner's Conduct – the PCP can suspend the Commissioner if they are charged with a minimum of a 2-year imprisonable offence and report to the Independent Police Complaints Commission, however they cannot remove the Commissioner
- Confirm the Chief Constable's appointment
- Appoint an acting Commissioner, if required.

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

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

- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the Office of the PCC and 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

The local area

In policing terms, the Constabulary is the second largest non-metropolitan force in England and Wales and covers the counties of Hampshire and the Isle of Wight. The combined population of the Hampshire Constabulary area is approximately 2.03 million.

The PCC and Constabulary work in partnership with a whole range of organisations, including the 4 upper tier authorities (Hampshire County Council, and the unitary councils in the Isle of Wight, Southampton, and Portsmouth), and the 11 district councils.

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

- Counter Terrorism South East
- South East Regional Organised Crime Unit
- Shared IT, Information Management and a Joint Operations Unit (which includes strategic operations, roads policing, firearms and dog unit) with Thames Valley Constabulary

The PCC and Constabulary are also part of a Shared Services arrangement with Hampshire County Council for the provision of professional support services including finance, internal audit and pension services.

Further information on collaboration is set out later in the Annual Report in 'Review of the Year'.

Basis of preparation

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

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

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

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

The core accounting statements covering the Commissioner are the:

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

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

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

The following standard have been updated by the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom for 2025-26 and is applicable to these financial statements:

- **Property, Plant and Equipment (IAS 16)**
The Code includes adaptations and interpretations on how non-investment assets are valued. IAS 16 set out three revaluation processes for operational property, plant and equipment as well as requiring indexation of tangible non-investment assets. There will be no impact on the accounts for prior years, as these new accounting requirements will not be applied retrospectively. We have valued operational property, plant and equipment assets in 2025/26 in line with the requirements, however this is not a diversion from our existing approach to valuations.

There have been no further amendments to the CIPFA Code of Practice for 2025-26 which are deemed to impact these financial statements.

Changes in accounting policies

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

Going Concern

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



Police horses by Sophie Harcourt-Brown

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 bilateral partnership with the following:

- 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 Chief Constable also collaborates 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 2026.

Operational performance

In July 2025, 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: [PEEL 2023–2025: An inspection of Hampshire and Isle of Wight Constabulary - His Majesty’s Inspectorate of Constabulary and Fire & Rescue Services](#)

Outstanding	Good	Adequate	Requires improvement	Inadequate
	Protecting vulnerable people	Police powers and public treatment		
	Developing a positive workplace	Preventing crime		
		Responding to the public		
		Investigating crime		
		Managing offenders		
		Leadership and force management		

In January 2026, 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.justiceinspectorates.gov.uk/our-work/article/value-for-money-inspections/value-for-money-profiles/value-for-money-dashboards/>

The PCC has continued to fund additional police officer posts, so that the budget for FY26-27 which was approved in February 2026 included 36 more police officer posts. The number of funded police officer posts has increased by an additional 851 officers (+33%) since 2020.

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 2026 show another reduction in crime of 1.6% compared to 2024/25:

All Crime	
2025/26	152,006
2024/25	154,442
Reduction in crime	-2,436
Reduction %	-1.6%

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

Formal Action Taken (FAT)	
2025/26	26,117
2024/25	25,832
Increase in FAT	285
Increase %	1.1%

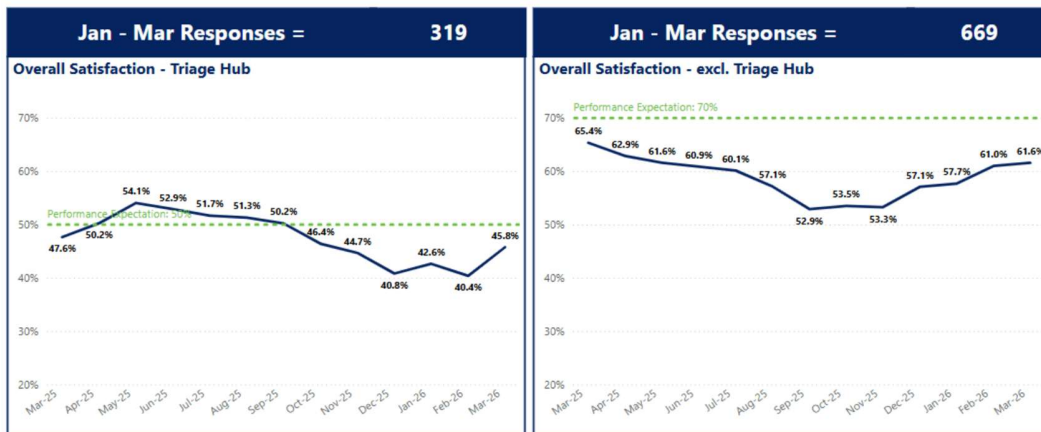
The performance for answering 999 calls in 2025/26 continued to be better than the SLA target for the entire year:



The speed to answer non-emergency 101 calls remained relatively good as an average of 2 minutes 43 seconds, despite a small increase in calls across the year:

	Ave. Speed to Answer (mm:ss)	Volumes	Abandoned	% Abandoned	% Abandoned > 3 Mins
2024/25	02:26	284,472	29,807	+10.5%	3.2%
2025/26	02:43	285,949	31,062	+10.9%	4.1%
Change	+00:17	+1,477	+1,255		
% Change		+0.5%	+4.2%	+0.4% pt	+0.8% pt

However, victim satisfaction is an area that still needs improvement, with overall victim satisfaction at 56.5%.





Guildhall Square by Jimi Noyce

Financial performance

The Net Revenue Budget for 2025/26 was £495m, of which £52m was directly controlled by the Commissioner. There was an overall underspend against this budget of £13.8m (3%) with a net expenditure of £471.2m on policing services for the people of Hampshire and Isle of Wight, for the costs of the Office of the Police and Crime Commissioner, and for commissioning services in accordance with the Police and Crime Plan objectives.

The primary driver of this continues to be a strong performance against budget of investment income due to high interest rates through the financial year. The remaining variance is driven by a range of factors including a number of officer vacancies across the organization as well as in-year savings including increased cost recoveries.

The table below shows net contributions to reserves of £10.1m, which is before adding the £13.8m underspend for the year.

Taking into account all reserve movements in the course of the year and at the year-end, including usable reserves (held by the Commissioner) which were used in the financing of the capital program, total usable reserves had increased by £18.3m at 31 March 2026.

£'000	Budget	Actual	Variance
Funding in FY 2025/26	(495,491)	(484,959)	10,532
<i>Expenditure owned by Commissioner</i>			
Executive	1,347	879	(468)
Commissioner's Business	1,619	1,701	82
Commissioning, CJ & partnerships	4,491	4,092	(399)
Estates	26,050	22,593	(3,457)
Capital Financing	4,641	4,064	(577)
Interest on investments	(2,000)	(8,840)	(6,840)
Contributions to reserves	15,551	10,088	(5,463)
Total expenditure owned by Commissioner	51,699	34,577	(17,122)
<i>Expenditure owned by Constabulary</i>			
Employees	380,380	378,851	(1,529)
Indirect employee costs	6,365	9,322	2,957
Premises	1,321	1,158	(163)
Transport	8,421	9,366	945
Supplies & services	21,974	24,332	2,358
Third party payments & Support services	78,853	94,493	15,640
Total expenditure owned by Constabulary	497,315	517,522	20,208
<i>Income earned by Constabulary</i>			
Fees & Charges	(11,552)	(4,180)	7,372
Grants & Contributions	(41,972)	(76,715)	(34,743)
Total income earned by Constabulary	(53,524)	(80,895)	(27,371)
Net expenditure owned by Constabulary	443,792	436,627	(7,163)
Total net expenditure in year by group	495,491	471,204	(24,285)
Outturn	0	(13,755)	(13,753)

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 Group 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 £76.5m on the provision of services for 2025/26 in the statutory financial statements compared to the £13.8m underspend position reported in the budget which 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
Expenditure owned by Commissioner				
Executive	879	0	0	879
Commissioner's Business	1,701	0	0	1,701
Commissioning, CJ & partnerships	4,092	0	0	4,092
Estates	22,593	7,250	(236)	29,607
Capital Financing	4,064	0	(4,064)	0
Interest on investments	(8,840)	0	8,840	0
Contributions to reserves	10,088	0	(10,088)	0
Total expenditure owned by Commissioner	34,577	7,250	(5,548)	36,280
Expenditure owned by Constabulary				
Employees	378,851	(35,685)	0	343,166
Indirect employee costs	9,322	0	0	9,322
Premises	1,158	0	0	1,158
Transport	9,366	0	0	9,366
Supplies & services	24,332	0	30,157	54,489
Third party payments & Support services	94,493	0	0	94,493
Total expenditure on Policing Services	517,522	(35,685)	30,157	511,994
Income earned by Constabulary				
Fees & Charges	(4,180)	0	0	(4,180)
Grants & Contributions	(76,715)	0	(30,475)	(107,190)
Total income on Policing Services	(80,895)	0	(30,475)	(111,370)
Other items not allocated to cost of services				
Past pension costs	0	(1,297)	0	(1,297)
Total other items not allocated to services	0	(1,297)	0	(1,297)
Net expenditure owned by Group	471,204	(29,732)	(5,866)	435,608
Other income & expenditure	0	129,518	(488,590)	(359,072)
(Surplus)/deficit on provision of services	471,204	99,786	(494,456)	76,536

Capital Expenditure

Capital expenditure is incurred on the acquisition and enhancement of the Commissioner's assets which have a life of more than one year.

The PCC approved a Capital Programme of £26m for 2025/26 and of this there was actual expenditure of £10.5m. The capital expenditure was funded by capital receipts and revenue contributions and no internal or external borrowing was required to fund the capital programme in 2025/26.

A summary of expenditure against the approved capital programme, and the financing thereof, is set out in the following table:

£'000	2025/26	2024/25
Expenditure:		
Land and buildings	5,123	2,573
Vehicles (including boats) and Plant	5,381	5,411
Total expenditure	10,504	7,983
Funded by:		
Capital Receipts	1,897	2,067
Revenue Contributions	8,607	5,917
Total Funding	10,504	7,983

Treasury Management

The Capital and Investment Strategy and Treasury Management Strategy are both approved annually by the Police and Crime Commissioner and published on the website. These documents contain a more detailed explanation of the economic outlook and the agreed prudential indicators. The authorised limit for external debt was £107.5m for 2025/26. There has been no further borrowing accumulated in the year end debt (£19m) and this did not exceed the Capital Financing Requirement related to loans of £46.9m at 31 March 2026.

In accordance with the borrowing strategy for 2025/26, the Commissioner financed capital expenditure incurred during the year through the use of capital receipts and earmarked reserves and did not take out any new long-term loans. At the year end the Commissioner had a total of £19m of outstanding PWLB loans at actual interest rates ranging between 3.85% and 6.0% and a weighted average overall rate of 4.30% (all debt outstanding is legacy debt which pre-dates the establishment of PCCs).

In addition, the PCC is internally borrowed in the sum of £27.7m.

The Commissioner has an investment portfolio consisting of reserves and short-term cash flows (including on-call cash investments). The PCC continues to invest according to a low risk, high quality lending list as outlined in the Investment Strategy for 2026/27.

Cash balances reached an average of £182.2m during the year, and interest and dividends of £7.6m was generated from treasury management activity, which was an increase compared with the £6.6m achieved in 2024/25, and the average yield decreased from 4.9% to 4.17%. At 31 March 2026 the investment holding stood at £88.6m.

The Bank of England's Monetary Policy Committee (MPC) cut the official Bank Rate to 3.75% at its December 2025 meeting and continuing disinflation, rising unemployment, softening wage growth and low confidence suggests that monetary policy will be eased to stimulate activity ahead of incoming fiscal tightening post-2028. Forecasts indicate that the Bank of England's MPC will continue reducing rates through 2026.

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 2026 was £7.1m (£6.1m as at 31 March 2025).

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 2026 was £7.1m (£6.1m at 31 March 2025) and the balance on the pensions reserve was £2.428m (£2,379m at 31 March 2025).

Usable reserves were £190.1m at 31 March 2026, split as follows:

£'000	2025/26	2024/25
General Fund	19,500	15,600
Earmarked reserves	157,900	146,600
Usable by Police and Crime Commissioner	177,400	162,200
ACRO reserves	12,700	9,700
Total usable reserves	190,100	171,900

It is important to note that of these usable reserves, £12.7m belongs to the ACRO Criminal Records Office and associated activities, partly as a surety (£3.3m) but mainly to support its on-going activity (£9.4m); these reserves are not available for use by the PCC.

Earmarked reserves are held in support of a range of specific issues, and further detail on each earmarked reserve and the sums held are set out in Note 20 to the accounts.

The medium-term financial strategy approved by the Commissioner as part of the 2026/27 budget setting process shows how reserves will be used to support investment over the medium-term.

Pensions

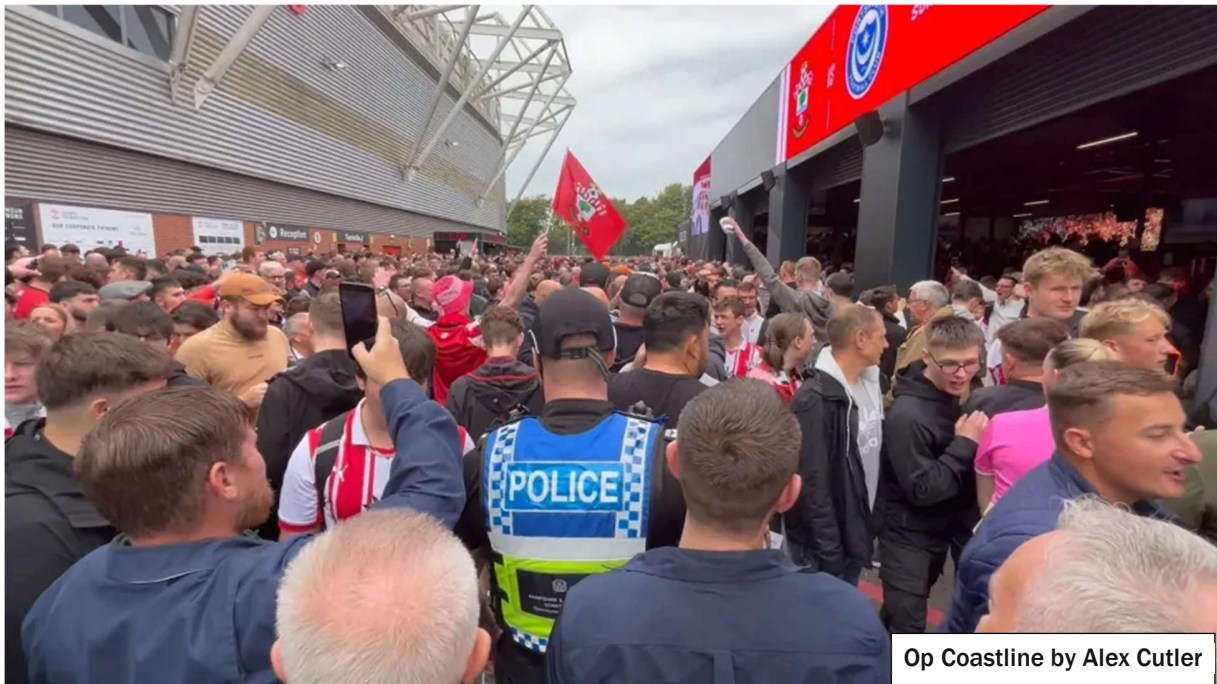
The Commissioner's net pension liability is included in the Statement of Financial Position in accordance with accounting standards including an estimate of the impact of the McCloud judgement that concluded the transitional provisions introduced to the reformed judges and firefighters pension schemes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

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

Overall, the net pension liability has increased by £49m from £2,379m at 31 March 2025 to £2,428m at 31 March 2026. The Local Government scheme returned a surplus position for the year of £102m which is subject to an asset ceiling cap leaving a deficit of £0.6m after taking into account the unfunded liabilities of the LGPS. The remaining liability of £2,428m 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 £28.6m while the assessed present value of the Commissioner's liabilities on all pension schemes increased by £67.4m.

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.



Op Coastline by Alex Cutler

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.

Future prospects

The revenue and capital budget for 2026/27 and Medium-Term Financial Strategy (MTFS) were approved by the Police and Crime Commissioner in February 2026 and published on the Commissioner's website.

The budget includes a precept rise of £15 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 £517m was set for 2026/27, 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 2026/27 includes £25.7m of planned expenditure - of this amount £20.7m relates to new estate and £5m relates to replacement vehicles. This is funded entirely from revenue contributions.

£'000	2026/27	2025/26
Funding:		
Government Grant	(301,800)	(292,880)
Council Tax Precept	(213,400)	(200,747)
Collection Fund Surplus	(1,500)	(1,864)
Total Funding	(516,700)	(495,491)
Expenditure:		
Police and Crime Commissioner controlled budget	46,800	51,699
Chief Constable budget	469,900	443,792
Net expenditure	516,700	495,491

The United Kingdom continues to experience slower interest rate cuts and high inflation with modestly weaker economic growth over the medium term. The future position is more difficult to predict due to potential changes that may be made to police governance and structures and together with the impact from President Trump's second term in office, there continues to be an internationally and domestic uncertain political climate. The wars 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 2026/27 budget and the MTFS through until 2029/30, 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 2026/27 Budget report available at www.hampshire-pcc.gov.uk).

The one year Police Spending Settlement announced in December 2025 only provided Police Grant, Uplift Grant, Pension Grant, Legacy Grant, National Insurance Grant, Neighbourhood Policing Grant and the Referendum level for precept for 2026/27. This is a key risk as the funding position beyond 2026/27 is not known, requiring a significant amount of estimation to be made as to the future funding position over the course of the MTFS period.

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 £177m, 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.



Portsdown Hill by Paul Weston

Statement of Responsibilities

The Police and Crime Commissioner's Responsibilities

The Police and Crime Commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. 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 Police and Crime Commissioner

In accordance with the Accounts and Audit Regulations 2015, I certify that the Statement of Accounts was approved by me on XX-XX-XXXX

NB: The Police and Crime Commissioner's Statement is not completed until the final accounts and this section is therefore unsigned in this draft document.

Date:

The Chief Finance Officer's Statement

I certify that the Statement of Accounts for 2025/26 give a true and fair view of the financial position of the Commissioner and the group at 31 March 2026 and its income and expenditure for the year then ended on 31 March 2026.

R. Banks

Date: 27 May 2026

Annual Governance Statement

1. Scope of Responsibility

The Police and Crime Commissioner is responsible for ensuring that:

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

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

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

There were no significant changes required from a governance perspective. The Joint Audit Committee is the only meeting in public convened by the PCC and these are conducted on-line and in person as part of a hybrid approach.

Video conferencing technology has now become integrated into business practice and this has been utilised to complement in person meetings where appropriate, and thus ensure formal decisions have continued to be made.

2. The Purpose of Corporate Governance

The governance framework comprises the systems, processes, cultures and values by which the Office of the Police and Crime Commissioner is directed and controlled, as well as its activities through which it accounts to, engages with and leads within the community. It enables the Police and Crime Commissioner to monitor the achievements of the Police and Crime Plan and to consider whether they 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 Police and Crime Commissioner's policies, aims and objectives, to evaluate the likelihood of those risks being realised, the impact should they be realised, and to manage them efficiently, effectively and economically.

Liaison has taken place with the Joint Audit Committee and Constabulary to identify, report and mitigate risks. Agendas and minutes of the Joint Audit Committee are published on the website of the PCC.

The governance framework has been in place for the year ending 31 March 2026 and up to the date of approval of the statement of accounts.

The Police and Crime Commissioner has approved and adopted a Scheme of Corporate Governance, which is consistent with the principles of the CIPFA/SOLACE Framework 'Delivering Good Governance in Local Government' updated in 2025.

The CIPFA/SOLACE framework identifies seven principles of good governance:

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

The first two principles underpin the whole 2016 framework and are implicit in the remaining five principles.

CIPFA and the International Federation of Accountants (IFAC) produced a 2026 Edition of the International Framework: Good Governance in the Public Sector which includes a set of questions for each of the seven principles set out in that document. Those principles and questions are taken into account when considering governance arrangements.

3. Core Principles of Good Governance

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

The Office of the Police and Crime Commissioner operates in an open and transparent way and the Police and Crime Commissioner sets the tone for the organisation by creating a climate and culture of openness, support, and respect. This is reinforced through the organisational values that have been developed through staff engagement sessions at all levels. The organisational values are being updated for 2026.

The Police and Crime Commissioner is committed to the highest ethical standards and has adopted a governance framework to reinforce this philosophy as well as procedures to investigate any issues should the need arise.

The framework, policies and procedures are set out in the Police and Crime Commissioner's Scheme of Corporate Governance. The Scheme of Corporate Governance demonstrates a comprehensive commitment on the part of the Police and Crime Commissioner to integrity, ethical values and the rule of law.

The key governance legal powers and responsibilities within the Office of the Police and Crime Commissioner are set out in legislation and statutory guidance, especially the Police Reform and Social Responsibility Act (PRSRA) 2011, Policing Protocol Order 2011, Revised Financial Management Code of Practice 2018 and Strategic Policing Requirement, the Scheme of Consent and Delegation, Financial Regulations and Contract Standing Orders. These are referenced in the Scheme of Corporate Governance and are reviewed to ensure they translate into delivery. The Scheme of Delegation and Consent was reviewed and updated in 2026.

The Chief Executive executes the responsibilities in the PRSRA. A Head of Governance, Risk and Compliance position supports them in their role as Monitoring Officer.

A new Deputy PCC, Alex Rennie, was appointed in September 2025.

3.2 Ensuring openness and comprehensive stakeholder engagement.

The Police and Crime Commissioner is required by law to produce a Police and Crime Plan. The Plan sets out the Police and Crime Commissioner's Vision, Priorities and Mission, the clear strategic aims of which are communicated on the Police and Crime Commissioner's website and through various communications. This provides an operating model for business planning. Following the re-election of the PCC in May 2024, a new Police and Crime Plan was published in October 2024. Updates on delivering the Plan are provided to the Police and Crime Panel.

An implementation plan has been established and is managed through programme and project management to ensure every element of the Police and Crime Plan is tracked, monitored and delivered.

Risks and issues are managed through project leads within the OPCC and escalated through Senior Responsible Owners (SRO's) to executive-level governance. This ensures programme and project risk factors are considered, recorded and, where required, addressed. Risks agreed at executive-level will be added to the OPCC risk register.

The implementation plan also captures and discharges the associated PCC's statutory responsibilities within the PRSRA (oversight & scrutiny – 'holding to account' arrangements). This enables delivery of the Police and Crime Plan and ensures alignment with the strategic direction of the OPCC.

The Police and Crime Commissioner has a clear governance framework for corporate decision making. The Police and Crime Commissioner's decisions have clear guidance and protocols on decision making and templates for decision reports. All decisions are published, albeit that consideration is given to redacting when required for commercial or legal purposes.

Public consultation is undertaken on an ongoing basis to ensure the views of people about matters concerning the policing of the area are captured and inform decisions. Targeted consultation takes place for specific decisions such as the public consultation on the council tax precept and police and crime plan priorities. The Police and Crime Commissioner attends both formal public meetings and community events to inform and consult the public.

The Police and Crime Commissioner is scrutinised by the Police and Crime Panel which consists of members from local authorities and independent members who also consult their local communities and offer feedback to the Police and Crime Commissioner. Other consultation is undertaken such as via the Joint Audit Committee and specific focus groups facilitated by the Police and Crime Commissioner's staff. This was demonstrated in the public survey and consultation for the precept and budget review. Public views and comments were captured for crimes and incidents that are of most concern to residents and businesses within Hampshire and the Isle of Wight. This is used as supporting evidence for the PCC's approach and decision making for future activity.

Openness is directly linked to accessibility and, in response to a Government Digital Service report, significant work was undertaken in improving access to public digital content and compliance with the Accessibility Regulations 2018. This is under constant review.

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

The strategic aims set out in the Police and Crime Plan underpin the Police and Crime Commissioner's overarching ambitions for delivering positive economic, social and environmental outcomes for Hampshire and the Isle of Wight. Delivery of the Plan is monitored internally within the Office of the Police and Crime Commissioner and also through the scrutinising function of the Police and Crime Panel. Ultimately, the Police and Crime Commissioner is held to account by the electorate.

The Police and Crime Commissioner has an Estates Strategy in place. Economic sustainability and social and environmental benefits are at the forefront of that work. The PCC chairs the Sustainability Board which oversees sustainability policies, plans and delivery.

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 the Monitoring Officer and the CFO ensures that decisions are made after relevant options have been weighed and associated risks assessed from a legal and financial perspective. Details of the guidance and protocols are set out in the Scheme of Corporate Governance.

The budget setting process is well established. The budget is set by the Police and Crime Commissioner after proposals on the council tax precept are developed with the Constabulary and consulted upon with the public and scrutinised by the Police and Crime Panel. The budget is set in the context of achieving the Police and Crime Plan. Consultation for the precept and budget review took place, and crimes and incidents that are of most

concern to residents and businesses within Hampshire and the Isle of Wight were captured and formed part of the Police and Crime Panel scrutiny.

The medium term financial strategy, capital programme and reserves strategy are updated each year together with relevant resource forecasts. This takes full account of the changing regulatory, environmental, demographic, economic and demand factors that impact on the financial environment in which the Police and Crime Commissioner operates.

Risks associated with the achievement of intended outcomes are detailed in risk registers held at strategic and project levels. These evaluate the effectiveness of existing control measures as well as identifying proposed mitigation.

Police and Crime Plan risks and issues are tracked, monitored and controlled through the project leads within the OPCC. Where appropriate, these are escalated through Senior Responsible Owners (SRO's) to executive-level governance. This ensures programme and project risk factors are considered, recorded and, where required, addressed.

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

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

The Chief Executive regularly reviews the structure of the workforce against the needs of the service in the context of its capacity and capability requirements. This 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.

As part of assessing overall capacity, and linked to ensuring clear accountabilities and managing strategic risk, the OPCC (working alongside the Constabulary) has reviewed the existing shared service arrangements in place with Hampshire County Council and Hampshire and Isle of Wight Fire and Rescue Service.

The review has concluded that there would be a benefit to bringing back in house some non-transactional elements whilst retaining the current transactional services within the partnership. Finance and Recruitment transferred in October 2023. Facilities Management and HR transferred on 2 April 2024. Procurement, Occupational Health and Wellbeing transferred back in February 2025. There are plans to transfer Recruitment Onboarding, which includes the recruitment system in June 2026. The transactional services relating to payroll, payments to suppliers and debtors remain within the Shared Services arrangement.

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

The Police and Crime Commissioner operates a robust Risk Management Strategy, with reports into the Joint Audit Committee.

The Joint Audit Committee has provided guidance and advice for the enhancement of the risk management arrangements which, as previously commented on, has led to a wider framework review. As previously mentioned this is being further strengthened through a dedicated operational post that will provide greater insight to support decision making.

Risks jointly held with TVP through collaborations are reviewed and monitored by the PCC and Chief Constable at the Joint Collaboration Governance Board, and are also reviewed at the Deputy Chief Constable Collaboration Board. The Chief Executive is also present at the Joint Collaboration Board.

The Internal Audit Plan provides the mechanism through which the Chief Executive, CFO and PCC agree, in consultation with the Chief Internal Auditor, the most appropriate use of internal audit resources.

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

The Audit Plan remains fluid to ensure Internal Audit's ability to react to the changing needs of the Police and Crime Commissioner.

The Internal Audit plan incorporates provision for both proactive and reactive counter fraud and corruption work, which is underpinned by an embedded Counter Fraud & Corruption Strategy and Policy and Anti Bribery Act Policy.

The delivery of the Internal Audit plan enables the Chief Internal Auditor to provide an annual report providing an opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control which is reported to the Joint Audit Committee and Police and Crime Commissioner.

Specifically for IT and Information Management, which is provided in collaboration with and by Thames Valley Police (TVP), the Joint Audit Committee has access to and receives regular audit reports from the TVP Internal Audit team, as well as an annual internal audit opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control. The JAC is also sighted on the proposed annual IT audit plan.

The outcomes and assurance levels provided by TVP on individual audits, together with the annual opinion, are taken into account by the Chief Internal Auditor in providing the opinion on the overall adequacy and effectiveness of the framework of governance, risk management and control.

The Joint Audit Committee is well established and provides independent advice to the Police and Crime Commissioner and Chief Constable. Members of the Joint Audit Committee have no executive responsibility for the management of the organisation, thus ensuring that they are sufficiently independent to scrutinise and challenge matters brought to their attention. The Committee is provided with an allowance and training budget, enabling them to attend

internal meetings of both the Constabulary and the OPCC to observe decision making processes in action.

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

The Police and Crime Panel publicly hold the Commissioner to account for performance and formally provide a role in scrutinising and commenting upon the Commissioner's precept proposals, including a power to veto the proposed precept.

A key part of the Commissioner's role is to hold the Chief Constable to account for both operational performance and financial management; the Commissioner ensures that this was achieved both in public via the regular Commissioner's Oversight of Policing Services (COPS) meetings, a forum in which the Commissioner publicly holds the Chief Constable to account on particular issues raised by the public. In addition, the Commissioner meets formally bi-monthly with the Chief Constable at the Accountability Board and regularly in private with the Chief Constable to discuss performance.

Thematic scrutiny of the Force is undertaken by the OPCC on the Commissioner's behalf; this scrutiny identifies effective and efficient policing and highlights areas for improvement. This is monitored through dedicated reporting to the Commissioner.

An OPCC Oversight, Performance and Scrutiny (OPS) framework has been developed and built on existing arrangements for holding to account. This includes Policing Protocol 2011 legal responsibilities and is aligned to the Association of Police and Crime Commissioners (APCC) tool kit(s) and good practice.

The risk of cyber-attack continues to grow across the public sector and in UK Policing. This is not just from criminal organisations but also state actors. The OPCC IT platform is provided by and shared with the Constabulary in collaboration with TVP. A Cyber Threat & Response Management Board, chaired by the SIRO, is in place to provide a comprehensive bilateral response to cyber threat & response position ensuring agreed and appropriate solutions and remediation plans are in place and actively progressing, additionally informing the Force(s) and OPCC Executive 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.

The Police and Crime Commissioner has strong financial management arrangements at both the strategic and operational levels, and consistently obtains unqualified opinions for its annual accounts and value for money assessment.

The Section 151 Officer is a member of the OPCC Executive Leadership Team and all formal financial decision making has the benefit of the advice and review of the Chief Financial Officer or their representative. It should be noted that resource difficulties with delivering audits nationally is leading to a position whereby 2022/23 accounts did not receive a full audit, resulting in a disclaimed opinion from the auditor but with no issues of concern raised. A full audit was undertaken for the 2023/24 accounts, with no issues of concern raised again but owing to the disclaimed opinion in 2022/23 a disclaimed opinion has to be issued again while audit reassurance is rebuilt. The 2024/25 accounts have received a qualified audit opinion as assurance is built back on balances brought forward. An unqualified audit opinion for value for money has been reported to the Joint Audit Committee by the auditor for every financial year.

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 Police and Crime Commissioner focusses on activity and performance management alongside the budget management processes and the financial management framework is appropriately advised and supported by the Finance function.

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. This has been strengthened through the earlier referenced Accessibility Regulations work.

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

The 'Internal Audit Charter' is presented annually for approval 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 coupled with the inclusion of any overdue recommendations within the internal audit progress report.

The Internal Audit plan includes provision to review the Police and Crime Commissioner's approach to governance, risk and controls for partnership working. Such reviews are formally reported through the Joint Audit Committee with any significant issues highlighted accordingly.

Where appropriate, Internal Audit will gain assurances from third parties to contribute to their overall assurance opinion.

4. Obtain assurances on the effectiveness of key controls

Key controls relating to risks, internal control (including financial management), and governance processes have been identified for review and a new approach for reporting risk has been introduced to better show the progress being made to mitigate a risk and the target outcome.

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

External sources of assurance include the annual opinion and value for money conclusion by external auditors, any statutory inspections, and other external assessments, e.g. by the Information Commissioners Office. These reports are subject to consideration by senior management and appropriate responses are agreed to any recommendations for improvements. The reports are normally approved in public and published.

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

The CFO reviewed compliance with the CIPFA Financial Management Code, which was required to be adopted formally from 2021/22. The FM Code is a self-assessment of financial management within an organisation. The CFO documented compliance with the Code and self-assessed the OPCC as being fully compliant with its requirements. Compliance was subsequently reviewed, tested and confirmed through an Internal Audit review, with an audit assurance rating of 'Substantial'.

5. Evaluate assurances and identify gaps in control/assurance

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

The Police and Crime Commissioner included within the 2025/26 internal audit plan an audit to review the effectiveness of controls in place designed to mitigate risk(s) in the achievement of the key objectives. The scope of the audit is to focus on the governance in place for the identification of existing and emerging statutory and general responsibilities. This audit reported that controls are in place for providing oversight of the duties being carried out.

The Police and Crime Commissioner has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the officers within the Office of the Police and Crime Commissioner who have responsibility for the development and maintenance of the governance environment, the Chief Internal Auditor's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

In providing the annual report, the Chief Internal Auditor takes account of the reports from the internal and external assurance providers which have also been reported to the Joint Audit Committee. This Annual Governance Statement sets out the Police and Crime Commissioner's arrangements for receiving reports and identifying weaknesses in internal control.

In line with the Internal Audit Charter, the key elements of the corporate governance framework are risk assessed and reviewed periodically by Internal Audit.

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

The PCC was re-elected in May 2024. The new term of office means that a new Police and Crime Plan was published by the PCC. The achievement of the Plan will be monitored by the PCC and reported through the Police and Crime Panel.

The Scheme of Corporate Governance was reviewed in 2026. The review covered levels of delegation, consent and responsibilities set out in the Financial Regulations, Contract Standing Orders and Scheme of Delegation and Consent. This document is a statutory requirement under the PRSRA and the fundamental governing document for decision making within the OPCC.

The Estates Strategy will require effective planning and co-ordination that will incur significant capital outlay. The authorisation of contracts and expenditure will be managed and aligned with the capital programme and treasury management function to ensure that sufficient capital is available as required.

There is further potential for pressure on partnerships and commissioned services depending on the decisions taken by other local public authorities to withdraw funding to remain financially sound. The OPCC will liaise with other public authorities and the third sector to seek to identify potential pressures and opportunities for mitigation.

The OPCC, along with Hampshire & Isle of Wight Constabulary, has given formal notice to Hampshire County Council that it will depart Shared Services arrangements for the provision of non-transactional services relating to Recruitment Onboarding. Transactional services for Finance and HR will remain in place through the Shared Services Integrated Business Centre.

PCC elections will not take place in 2028 following the government announcement as a result the Office of the PCC (OPCC) will end in 2028 with the expectation being that responsibilities will be passed to a new mayoral authority. The OPCC are working with partners to plan for the transition. The PCC has undertaken further scrutiny of the ICT and digital strategy through a programme of work governed through the Collaboration Governance Board. This includes benchmarking of costs.

7. In response to the Action Plan identified in the 2024/25 Annual Governance Statement:

Police and Crime Plan – The Oversight, Performance and Scrutiny (OPS) framework reported to the Police and Crime Panel that the Police and Crime Plan was 100% delivered.

Shared Services – Recruitment Onboarding is on schedule to transfer back in June 2026.

Performance Development Reviews (PDRs) – PDRs are now in place to facilitate the development of staff to reduce the risk of any shortcomings and optimise the delivery from the OPCC through training and development needs.

Scheme of Corporate Governance - The Scheme of Delegation and Consent, Contract Standing Orders and Financial Regulations were updated to take account of the Procurement Act 2023 and new levels authorised by the PCC.

Declaration

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

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

Police and Crime Commissioner

Date:

Chief Finance Officer

Date:

Chief of Staff

Date:

Independent Auditors' Report

HOLD

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.

GROUP £'000	Notes	YE 31 March 2026			YE 31 March 2025		
		Gross exp.	Income	Net exp.	Gross exp.	Income	Net exp.
Cost of Services							
Operational policing		483,918	(81,900)	402,829	475,794	(81,136)	394,657
Commissioner – Executive		879	0	879	753	0	753
Commissioner – Business		1,773	(72)	1,701	1,468	(20)	1,447
Estates		29,833	(226)	29,607	50,319	(308)	50,011
Commissioning CJ & partnerships		11,731	(7,639)	4,092	12,197	(7,714)	4,483
Other items not allocated to services		26,780	(30,281)	(3,501)	26,559	(27,435)	(876)
Cost of policing service	5	554,915	(119,308)	435,607	567,090	(116,614)	450,476
Other income & expenditure							
Other operating income & expenditure	7	57,465	(57,465)	0	58,243	(58,243)	0
Financing and investment income & expenditure	7	132,183	(8,975)	123,208	132,973	(7,433)	125,540
Taxation and non-specific grants	6	0	(482,280)	(482,280)	0	(457,017)	(457,017)
Total other income & expenditure		189,648	(548,720)	(359,072)	191,216	(522,693)	(331,478)
(Surplus)/deficit on provision of services				76,536			118,999
Other comprehensive income & expenditure							
(Surplus)/deficit on revaluation of PPE				2,314			33,390
Income in relation to donated assets recognised on transition to IFRS 16				0			(1,492)
Re-measurement of the defined benefit pension liability				(44,884)			(505,367)
Total comprehensive (income) & expenditure				33,966			(354,470)

POLICE & CRIME COMMISSIONER £'000	Notes	YE 31 March 2026			YE 31 March 2025		
		Gross exp.	Income	Net exp.	Gross exp.	Income	Net exp.
Cost of Services							
Commissioner – Executive		879	0	879	753	0	753
Commissioner – Business		1,773	(72)	1,701	1,468	(20)	1,447
Estates		29,833	(226)	29,607	50,319	(308)	50,011
Commissioning CJ & partnerships		11,731	(7,639)	4,092	12,197	(7,714)	4,483
Cost of policing service	5	44,217	(7,937)	36,280	64,737	(8,042)	56,695
Other income & expenditure							
Other operating income & expenditure	7	57,465	(57,465)	0	58,243	(58,243)	0
Financing and investment income & expenditure	7	2,595	(8,975)	(6,380)	2,464	(7,433)	(4,969)
Taxation and non-specific grants		0	(482,280)	(482,280)	0	(457,017)	(457,017)
Total other income & expenditure		60,060	(548,720)	(488,660)	60,707	(522,693)	(461,987)
Intra-group funding				433,861			408,658
(Surplus)/deficit on provision of services				(18,519)			3,367
Other comprehensive income & expenditure							
(Surplus)/deficit on revaluation of PPE				2,314			33,390
Income in relation to donated assets recognised on transition to IFRS 16				0			(1,492)
Total comprehensive (Income) & expenditure				(16,205)			35,265

Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Commissioner and Group, 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 Policing 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.

GROUP £'000	Notes	Usable reserves	Unusable reserves	Total reserves
Balance at 01 April 2024		(154,900)	2,565,639	2,410,739
Opening balance adjustment on transition to IFRS 16		0	(1,492)	(1,492)
Movements during 2024/25				
(Surplus)/deficit on provision of services	CIES	118,999	0	118,999
Other comprehensive income & expenditure	CIES	0	(471,977)	(471,977)
Total comprehensive income & expenditure		118,999	(471,977)	(352,978)
Adjustments between accounting basis and funding basis under regulations	4	(135,683)	135,683	0
Transfer of reserves to/(from) other police authority		(277)	0	(277)
Increase in year		(16,962)	(336,294)	(353,255)
Balance at 31 March 2025		(171,862)	2,227,854	2,055,992
Movements during 2025/26				
(Surplus)/deficit on provision of services	CIES	76,536	0	76,536
Other comprehensive income & expenditure	CIES	0	(42,570)	(42,570)
Total comprehensive income & expenditure		76,536	(42,570)	33,966
Adjustments between accounting basis and funding basis under regulations	4	(94,607)	94,607	0
Transfer of reserves to/(from) other police authority		(208)	0	(208)
Increase in year		(18,280)	52,037	33,758
Balance at 31 March 2026	19/20	(190,142)	2,279,892	2,089,750

POLICE AND CRIME COMMISSIONER £'000	Notes	Usable reserves	Unusable reserves	Total reserves
Balance at 01 April 2024		(154,900)	(209,414)	(364,314)
Opening balance adjustment on transition to IFRS 16		0	(1,492)	(1,492)
Movements during 2024/25				
(Surplus)/deficit on provision of services	CIES	3,367	0	3,367
Other comprehensive income & expenditure	CIES	0	33,390	33,390
Total comprehensive income & expenditure		3,367	33,390	36,757
Adjustments between accounting basis and funding basis under regulations	4	(20,051)	20,051	0
Transfer of reserves to/(from) other police authority		(277)	0	(277)
(Increase)/decrease in year		(16,962)	53,441	36,480
Balance at 31 March 2025		(171,862)	(157,464)	(329,325)
Movements during 2025/26				
(Surplus)/deficit on provision of services	CIES	(18,519)	0	(18,519)
Other comprehensive income & expenditure	CIES	0	2,314	2,314
Total comprehensive income & expenditure		(18,519)	2,314	(16,205)
Adjustments between accounting basis and funding basis under regulations	4	447	(447)	0
Transfer of reserves to/(from) other police authority		(208)	0	(208)
(Increase)/decrease in year		(18,280)	1,867	(16,413)
Balance at 31 March 2026	19	(190,142)	(155,596)	(345,738)

Statement of Financial Position

The Statement of Financial Position shows the value of assets and liabilities recognised by the Commissioner and Group at the end of the financial year.

Reserves are reported in two categories: Usable reserves are reserves used to provide services, subject to maintaining a prudent level of reserves and any statutory limitations on their use and Unusable reserves includes reserves that hold unrealised gains and losses where amounts would only become available 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'.

GROUP £'000	Notes	31 March 2026	31 March 2025
Property, Plant and equipment	11	235,0801	234,754
Investment property		77	75
Non-current investments	14	35,376	9,725
Non-current debtors		83	103
Net asset related to pension schemes	18	0	15,084
Non-current Assets		270,617	259,741
Current investments	14	53,201	85,964
Assets held for sale		0	912
Inventories		1,412	1,412
Current debtors	15	38,154	55,060
Cash and cash equivalents	17	70,866	33,315
Current Assets		163,633	176,663
Current borrowing	14	(77)	(77)
Other current liabilities	13	(1,850)	(1,775)
Provisions		(334)	(334)
Current creditors	16	(43,539)	(46,208)
Current Liabilities		(45,800)	(48,394)
Non-current borrowing	14	(19,000)	(19,000)
Other non-current liabilities	13	(30,770)	(30,725)
Net liability related to pension schemes	18	(2,428,430)	(2,394,279)
Non-current Liabilities		(2,478,200)	(2,444,004)
Net Liabilities		(2,089,750)	(2,055,992)
Financed by:			
Usable reserves	20	(190,142)	(171,862)
Unusable reserves	19	2,279,892	2,227,854
Total reserves		2,089,750	2,055,992

POLICE AND CRIME COMMISSIONER £'000	Notes	31 March 2026	31 March 2025
Property, Plant and equipment	11	235,0801	234,754
Investment property		77	75
Non-current investments	14	35,376	9,725
Non-current debtors		83	103
Non-current Assets		270,617	244,657
Current investments	14	53,201	85,964
Assets held for sale		0	912
Inventories		1,412	1,412
Current debtors	15	38,154	55,060
Cash and cash equivalents	17	70,866	33,315
Current Assets		163,633	176,663
Current borrowing	14	(77)	(77)
Other current liabilities	16	(1,850)	(1,775)
Provisions		(334)	(334)
Current creditors	16	(43,539)	(40,085)
Current Liabilities		(45,800)	(42,271)
Non-current borrowing	14	(19,000)	(19,000)
Other non-current liabilities	16	(30,770)	(30,725)
Non-current Liabilities		(49,770)	(49,725)
Net Assets		345,738	329,326
Financed by:			
Usable reserves	20	(190,142)	(171,862)
Unusable reserves	19	(155,596)	(157,464)
Total reserves		(345,738)	(329,326)

Statement of Cash Flows

The Statement of Cash Flows shows non cash movements in pension interest costs and expected return on pension assets. The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

GROUP £'000	Notes	2025/26	2024/25
Net deficit on the provision of services	CIES	76,536	118,999
Adjustments to net deficit on the provision of services for non-cash movements	23	(122,279)	(195,129)
Adjustments to net deficit on the provision of services for investing or financing activities	23	3,604	37,765
Net cash flows from operating activities		(42,139)	(38,365)
Net cash flows from investing activities	23	965	31,355
Net cash flows from financing activities	23	3,623	3,846
Net movement in cash & cash equivalents		(37,551)	(3,164)
Cash & cash equivalents at the beginning of the reporting period		(33,315)	(30,151)
Cash & cash equivalents at the end of the reporting period	17	(70,866)	(33,315)

POLICE AND CRIME COMMISSIONER £'000	Notes	2025/26	2024/25
Net surplus on the provision of services	CIES	(18,519)	3,367
Adjustments to net surplus on the provision of services for non-cash movements	23	(27,224)	(79,497)
Adjustments to net surplus on the provision of services for investing or financing activities	23	3,604	37,765
Net cash flows from operating activities		(42,139)	(38,365)
Net cash flows from investing activities	23	965	31,355
Net cash flows from financing activities	23	3,623	3,846
Net movement in cash & cash equivalents		(37,551)	(3,164)
Cash & cash equivalents at the beginning of the reporting period		(33,315)	(30,151)
Cash & cash equivalents at the end of the reporting period	17	(70,866)	(33,315)

Notes to the Accounts

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) 2025/26 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 Commissioner'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 2026/27 has been reviewed alongside assumptions for 2027/278 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.

Basis of consolidation

The group consolidated financial statements include the financial statements of the Commissioner and the Chief Constable made up to 31 March. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

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 Commissioner 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 Commissioner.
- 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 Commissioner.
- 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.
- Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.
- 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 Group 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.

- Debtors and creditors are recorded in the Balance Sheet at their fair value, which in both categories of financial instrument is the actual invoiced amount. No estimation techniques are used. Where a debtor or creditor (and its corresponding income or expenditure) is over £10,000 and is received or paid after the year end but relates to the financial period being reported, it will be accrued. Items below £10,000 are not material in the scale of the overall income and expenditure and may be excluded, although where there are specific terms and conditions (such as relating to a grant) they may still be accrued.

Property, Plant and Equipment

Property, plant and equipment assets are initially stated at cost (or deemed cost) less accumulated depreciation and accumulated impairment losses. Cost includes the original purchase price, costs directly attributable to bringing the asset to its working condition for its intended use, dismantling and restoration costs. They are subsequently carried on the following basis:

Operational Land and Buildings – current value, determined as the amount that would be paid for the asset in its existing use. Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value.

Surplus Land and Buildings – at fair value in highest and best use, the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date

Vehicles, Plant and Equipment – measured at depreciated historical cost (as this is not materially different from the current value).

Assets under construction – historic cost (not subject to depreciation until operational);

Right of Use assets - measured at cost, determined by the present value of the lease payments made before or at commencement, plus any direct costs relating to setting up the lease, less any incentive payments received by the organisation.

From 1 April 2025, the Code of Practice on Local Authority Accounting in the United Kingdom requirements changed in respect of revaluations of property, plant and equipment and authorities must either apply a rolling programme of revaluations or revalue their assets every five years, with annual indexation applied to assets during the four intervening years. Where indices cannot be obtained without undue cost or effort, assets are revalued using a quinquennial revaluation with a desktop revaluation in year three.

In accordance with our existing accounting policies, assets included at fair value or current value (i.e. land and buildings) are re-valued where there have been material changes in the value, or a change in use, and as a minimum every five years with indexation applied in the intervening years in accordance with the RICS Red Book requirements.

For the year ended 31 March 2025, all of the freehold and leasehold properties of the Commissioner's property portfolio were valued by qualified Surveyors from Wilkes Head Eve. The valuations were carried out in accordance with the methodologies and bases of estimation set out in the professional standards of the Royal Institute of Chartered Surveyors. For the year ended 31 March 2026, the change in value has been estimated using Building Cost Information Services (BCIS) indices.

Surplus properties have been valued within level 2 of the fair value hierarchy. The fair value for the properties within level 2 is based on the market approach using current market conditions and recent sales prices and other relevant information for similar assets in the local authority area.

Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant. Increases in valuations are matched by credits to the Asset Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the relevant service area within the Comprehensive Income and Expenditure Statement where they arise from the reversal of an impairment loss previously charged to the service area.

The Asset Revaluation Reserve only contains revaluation gains recognised since 1 April 2007, the date of its formal implementation. Gains arising before that date form part of the Capital Adjustment Account.

Depreciation - defined as the measure of the wearing out, consumption, or other reduction in the useful economic life of a fixed asset. Depreciation is charged on all assets, with the exception of land where no depreciation is charged. Depreciation is charged to the relevant revenue service area within the Comprehensive Income and Expenditure Statement. However, depreciation charges are not permitted by statutory arrangements to have an impact on the General Fund Balance and therefore all depreciation charges are reversed out of the General Fund Balance (in the Movement in Reserves Statement) and are transferred to the Capital Adjustment Account.

Where is it charged, depreciation is calculated on the following basis:-

- Property, plant and equipment assets (PP&E), with the exception of vehicles, are depreciated on a straight line basis over the useful life of the property. The useful lives of land and buildings are advised by a qualified valuer on an asset by asset basis. New buildings are valued at the point of completion and the asset life for accounting purposes assessed at that time. Buildings have a half year depreciation in the year of acquisition and sale.
- Vehicles are depreciated on a straight line basis over the useful life of the asset less an estimated residual value which is excluded from this calculation. Useful lives of vehicles are advised by the Force's Transport Department for each individual vehicle. Vehicles are typically given an asset life of between 3 and 5 years, although this represents the extent of their useful life for operational purposes and the residual value represents an estimate of their economic value at the anticipated point of disposal. Where a vehicle has reached the end of its expected life but the vehicle is retained, the residual value is revised and this forms the depreciation charge for the year. Vehicles have a full year of depreciation in the year of purchase but are not depreciated in the year of sale.

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

Impairment – a decrease in value (due to either physical impairment or market prices) is either charged to the Asset Revaluation Reserve (to the extent that it has any balance relating to the specific asset) or to the relevant service area within the Comprehensive Income and Expenditure Statement.

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

However, revaluation losses and subsequent reversals are not permitted by statutory arrangements to impact on the General Fund Balance and therefore any gains or losses are reversed out of the General Fund Balance (in the Movement in Reserves Statement) and are transferred to the Capital Adjustment Account.

Subsequent additions and major components

If an item of Property, Plant and Equipment (PP&E) comprises two or more significant components with substantially different useful lives, then each component is treated separately for depreciation purposes – i.e. as if each component were a separate in its own right and depreciated over its individual useful life.

In accordance with the Code, the carrying amount of a replaced or restored component is de-recognised with the carrying amount of the new component being recognised. This accounting treatment applies regardless of whether the replaced part had been depreciated separately. Where it is not possible to determine the carrying amount of the replaced part, the cost of the new part is used as an indication of the cost of the replaced part at the time it was acquired or constructed.

For the purposes of componentisation, the Commissioner has applied a de minimis limit for each individual component of £500,000 and 20% of the overall asset cost. Thus, component assets that are part of a larger asset which has a value of at least £2.5m and the estimated cost of the component is at least £500,000 and 20% of the cost of the larger asset will be recorded and depreciated separately if that component has a materially different useful life and/or method of depreciation to the main asset. Items below these limits are not considered to be material.

Repairs and maintenance

Costs are expensed as they are incurred.

Assets in the course of construction

Assets in the course of construction are stated at cost. These assets are not depreciated until they are available for use and are reviewed for impairment at each reporting date.

Derecognition

When a material PPE asset is to be disposed of, and meets all of the criteria of an asset held for sale, it is reclassified as Assets Held for Sale. If the carrying amount at the time of reclassification is higher than the fair value less costs to sell the asset, then the asset held for sale will be impaired. This impairment is charged to other costs in the Comprehensive Income and Expenditure Statement. Assets that are being abandoned or scrapped are written out without being reclassified.

When the asset is disposed of, or decommissioned, the carrying value of the asset is written out to the Other Operating Income and Expenditure line within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing.

Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement. Any revaluation gains accumulated for the asset in the Asset Revaluation Reserve are written out to the Capital Adjustment Account by way of a transfer between the accounts.

Amounts received in excess of £10,000 are categorised as capital receipts and are credited to the other operating expenditure line within the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. They are then appropriated to the Capital Receipts Reserve from the General Fund Balance within the Movement in Reserves Statement and then can only be used for new capital investment or set aside to reduce the County Council's underlying need to borrow (the capital financing requirement).

Leased Assets

Leased assets are classified as right-of-use assets and held as Property, Plant and Equipment, where the terms of the lease transfer substantially all the risks and rewards incidental to ownership from the lessor to the lessee and the Police and Crime Commissioner has the right to direct the use of the asset throughout the period of use.

The right-of-use asset is recognised on the Statement of Financial Position, at the commencement of the lease, at the initial measurement of the lease liability and includes any initial direct costs incurred, net of any incentives received.

The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between:

- charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

At the lease commencement date, the lease liability is measured as the present value of the lease payments unpaid at that date, discounted using the Police and Crime Commissioner's incremental borrowing rates.

Where a right-of-use asset is acquired at a peppercorn or for nominal lease payments or for nil consideration, its cost is measured using its current value at the date of transition or commencement date, whichever is later. The gain is recognised in the Comprehensive Income and Expenditure Statement and in accordance with statutory provisions, is transferred to the Capital Adjustment Account.

Subsequently, the liability is remeasured to reflect any reassessment or modifications, such as changes in fixed payments. Where the lease liability is remeasured, this will also be reflected in the right-of-use asset.

Right-of-use assets recognised under IFRS 16 are accounted for using the Property, Plant and Equipment policies described above and subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life.

The Police and Crime Commissioner has elected to account for short-term leases and leases of low-value assets using the practical expedients, and as such these are recognised as an expense in the Comprehensive Income and Expenditure Statement on a straight-line basis over the lease term, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

On the Statement of Financial Position, right-of-use assets have been included in Property, Plant and Equipment and lease liabilities have been included in other current liabilities and other non-current liabilities.

Inventories

Stock accounts are maintained for uniforms, vehicle spares, fuel, computer consumables and computer equipment and these are valued at latest buying price. This is a departure from IAS 2, but these inventory items are, on the whole, fast moving and interchangeable; any differences between cost, net realisable value or latest buying price are not material to the accounts.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid instruments (maturities of three months or less) and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

Trading Account

The Commissioner has one trading account in respect of venue hire for functions at the Training and Support Headquarters. The income and expenditure is included within the net cost of services and any net surplus or deficit is credited or debited to an earmarked reserve at the year end. Turnover in the year ended 31 March 2026 was nil and no separate disclosure is made.

Financial Instruments

Financial assets

Basic financial assets, including trade and other receivables, cash and bank balances and investments in commercial paper, are initially recognised at transaction price, unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Such assets are subsequently carried at amortised cost. At each reporting date, using reasonable and supportable forward looking information that is available without undue cost or effort, an authority shall assess whether the risk of default occurring over the life of the financial instrument has increased significantly since it was initially recognised.

The basis of this assessment determines the expected credit loss (ECL) that is then charged to the 'Financing and investment income & expenditure' section of the Comprehensive Income and Expenditure Statement.

Other financial assets, including investments in equity instruments are initially measured at fair value, which is normally the transaction price. Such assets are subsequently carried at fair value and the changes in fair value are recognised in Comprehensive Income and Expenditure Statement.

Financial assets are derecognised when (a) the contractual rights to the cash flows from the asset expire or are settled, or (b) substantially all the risks and rewards of the ownership of the asset are transferred to another party.

Financial liabilities

All financial liabilities are classified as subsequently measured at amortised cost. This means they are initially measured at fair value before subsequently being measured at amortised cost. The amount presented in the Statement of Financial Position is therefore the outstanding principal repayable (plus accrued interest);

Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective interest rate for the instrument. The amount payable each year therefore matches to the loan agreement.

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 four 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 pension 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.
- The Commissioner is also liable for payment of initial and ongoing costs in respect of officers who receive injury pension. Injury awards are funded by the employer in their entirety and are not part of the pension fund account.

Value Added Tax (VAT)

The Commissioner submits a single VAT return on behalf of the Group. The Comprehensive Income & Expenditure Statement excludes any amounts relating to VAT as all VAT is remitted to/from the HM Revenue & Customs.

Provisions and contingencies

Provisions

Provisions are recognised when the Commissioner has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount of the obligation can be estimated reliably. They are measured at the present value of the expenditure expected to be required to settle the obligation.

Contingencies

The Commissioner 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 Commissioner's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

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

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

There are no accounting standards which have not yet been adopted to the Code which will apply to the Commissioner in 2026/27.

Note 3: Critical accounting judgements and estimation uncertainty

The preparation of the financial statements requires the Commissioner to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure.

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. 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.

Critical Judgements in applying accounting policies

In these accounts, we continue to take note that the Commissioner, and the Constabulary, are classed as a local authority, allowing them to benefit from the statutory overrides contained in the Accounts and Audit Regulations 2015;

Surplus Properties

All surplus properties have been reviewed and revalued in accordance with the IFRS 13 *Fair Value Measurement*. None of these properties have been determined as being held for investment purposes;

Extension options for leases

When the entity has the option to extend a lease, management uses its judgement to determine whether or not an option would be reasonably certain to be exercised. Management considers all facts and circumstances including their past practice and any cost that will be incurred to change the asset if an option to extend is not taken, to help them determine the lease term. In the year ended 31 March 2026, there are no such potential lease payments excluded from the lease liabilities.

Commissioner's Interests

An assessment of the Commissioner's interests in companies and other entities has been carried out in accordance with the Code of Practice to determine whether any group accounting relationships exist. This review sought to determine whether there was any control over another entity as possibly demonstrated through ownership, such as shareholding in an entity or representation on an entity's board of directors.

The Commissioner is involved in joint working relationships with a number of other police forces, Hampshire County Council and the Hampshire Fire and Rescue Service in the provision of operational police activity or, with the latter two bodies, support services. None of these working arrangements and collaborations are deemed to require the inclusion of such in the group accounts.

Rather, the relevant transactions equating to the Commissioner's own expenditure in the partnership were included as appropriate. Further information is disclosed in note 21.

Key estimates and assumptions

Material estimates and assumptions are made in the following cases:

- The Commissioner requests valuations of owned property on a 5 year rolling programme, unless events indicate that a valuation is required ahead of the next planned valuation. For assets not included in the current year's valuation programme, the change in value is estimated using Building Cost Information Services (BCIS) indices.
- As a full programme of valuations were undertaken in FY 2024/25 by qualified valuers from Wilkes Head and Eve LLP in accordance with the Royal Institute of Chartered Surveyors (RICS) professional standards using recognised measurement techniques, in 2025/26, management has applied indices to all owned property.
- However, because valuations cannot be determined with complete certainty, actual results could be different from the assumptions and estimates. A 1% change in the value of property would result in an increase/decrease of £1.8m. This does not impact the usable reserves available to the Authority.
- Property assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.
- Vehicle and plant assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The nature of the authority is that for example some equipment, e.g. vehicles can be driven in extreme conditions, which could result in increased impairments or reduced useful economic lives, however, historically this has not been the case. If the useful life of assets is reduced, depreciation increases and the carrying amount of the asset falls.
- Contingent liabilities e.g. the settlement of insurance and other claims against the Constabulary are assessed by the Force Solicitor based on the number of known claims. 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. 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.
- 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 2025 and the Police Scheme was valued in 2023.
- The Commissioner uses the incremental borrowing rates as published by Public Works Loan Board as the discount rate to calculate the present value of the lease payments due to the lessor which represents the liability on the Statement of Financial Position. The rates used correspond to the lease term, as at the date of transition, 1 April 2024 or at the lease commencement date if subsequent to transition as this is the rate that the Commissioner would to pay for a loan of a similar term to obtain an asset of similar value to the right-of-use asset.



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 Commissioner and Group 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.

GROUP	YE 31 March 2026			YE 31 March 2025		
	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
£'000						
Cost of Services						
Operational policing	438,659	(35,831)	402,829	411,783	(17,126)	394,657
Commissioner – Executive	879	0	879	753	0	753
Commissioner – Business	1,701	0	1,701	1,447	0	1,447
Estates	20,723	8,884	29,607	20,201	29,810	50,011
Commissioning CJ & Partnerships	4,092	0	4,092	4,483	0	4,483
Other items not allocated to services	(4,798)	1,297	(3,501)	(3,125)	2,249	(876)
Cost of policing service	461,257	(25,650)	435,607	435,544	14,933	450,476
Total other income & expenditure	(479,329)	120,257	(359,072)	(452,228)	120,751	(331,478)
(Surplus)/deficit on provision of services	(18,072)	94,607	76,536	(16,685)	135,683	118,999
Transfer of reserves to/(from) other police authority	(208)			(277)		
Opening balance on General Fund at 01 April	(171,862)			(154,900)		
Closing balance on General Fund at 31 March	(190,141)			(171,862)		

POLICE AND CRIME COMMISSIONER	YE 31 March 2026			YE 31 March 2025		
	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
£'000						
Cost of Services						
Commissioner – Executive	879	0	879	753	0	753
Commissioner – Business	1,701	0	1,701	1,447	0	1,447
Estates	20,723	8,884	29,607	20,201	29,810	50,011
Commissioning CJ & Partnerships	4,092	0	4,092	4,483	0	4,483
Cost of policing service	27,396	8,884	36,280	26,885	29,810	56,695
Total other income & expenditure	(479,329)	(8,884)	(488,660)	(452,228)	(9,758)	(461,987)
(Surplus)/deficit on provision of services before funding	(451,933)	(447)	(452,380)	(425,343)	20,051	(405,292)
Intra-group funding	433,861	0	433,861	408,658		
(Surplus)/deficit on provision of services	(18,072)	(447)	(18,519)	(16,685)		
Transfer of reserves to/(from) other police authority	(208)	0	(208)	(277)		
Opening balance on General Fund at 01 April	(171,862)			(154,900)		
Closing balance on General Fund at 31 March	(190,142)			(171,862)		

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).

GROUP £'000	YE 31 March 2026			
	Pension adj. (a)	Capital adj. (b)	Other adj. (c)	Total adj.
Cost of Services				
Operational policing	(36,766)	0	935	(35,831)
Estates	0	8,884	0	7,250
Other items not allocated to services	1,297	0	0	1,297
Cost of policing service	(35,469)	8,884	935	(27,284)
Other income & expenditure	129,588	(11,940)	2,609	121,891
Difference between surplus/deficit on funding or accounting basis	94,119	(3,056)	3,544	94,607

GROUP £'000	YE 31 March 2025			
	Pension adj. (a)	Capital adj. (b)	Other adj. (c)	Total adj.
Cost of Services				
Operational policing	(17,685)	0	559	(17,126)
Estates	0	29,810	0	29,810
Other items not allocated to services	2,249	0	0	2,249
Cost of policing service	(15,436)	29,810	559	14,933
Other income & expenditure	130,509	(10,119)	361	120,751
Difference between surplus/deficit on funding or accounting basis	115,073	19,690	920	135,683

a) Net change for the pensions adjustments:

GROUP £'000	31 March 2026	31 March 2025
Current service cost	23,611	39,686
Past service cost	1,297	2,249
Interest of net pension liability	129,588	130,509
Total transferred to pension reserve	154,496	172,444
Employers contributions payable to pension fund transferred from pension reserve	(60,377)	(57,371)
Total adjustment	94,119	115,073

b) Adjustments for capital purposes

GROUP £'000	31 March 2026	31 March 2025
Charges to services for depreciation and impairment	7,208	9,034
Revaluation losses on property	0	21,353
Current value of assets disposed	1,803	1,243
Statutory minimum revenue provision for capital financing	(3,259)	(3,378)
Movement in value of Right of Use assets	1,676	(577)
Revenue contributions to capital	(8,607)	(5,917)
Total transferred to capital adjustment account	(1,179)	21,757
Transfer asset sale proceeds to capital receipts reserve	(1,877)	(2,067)
Total adjustment	(3,056)	19,690

c) Other adjustments

GROUP £'000	31 March 2026	31 March 2025
Difference in accrued holiday benefits and those taken, transferred to accumulated absences reserve	935	559
Movement in fair value of financial instruments, take to Financial Instruments adjustment account	(70)	(131)
Difference in accrued council tax income and that by statute to be paid over by billing authorities, transferred to Collection Fund adjustment account	2,679	492
Total adjustment	3,544	920

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

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

GROUP £'000	Notes	2025/26	2024/25
Employee benefit expenses	a)	375,947	365,298
Other service expenses	b)	170,127	171,982
Depreciation and impairment	c)	8,841	29,810
Total expenditure		554,915	567,090
Grants, contributions and reimbursements	e)	(78,990)	(80,926)
Fees, charges and other service income	d)	(40,318)	(35,687)
Total income		(119,308)	(116,614)
Net cost of services		435,607	450,476

POLICE AND CRIME COMMISSIONER £'000	Notes	2025/26	2024/25
Employee benefit expenses	a)	5,497	4,998
Other service expenses	b)	29,879	29,930
Depreciation and impairment	c)	8,841	29,810
Total expenditure		44,217	64,737
Grants, contributions and reimbursements	e)	(7,744)	(7,783)
Fees, charges and other service income	d)	(193)	(260)
Total income		(7,937)	(8,042)
Net cost of services		36,280	56,695

- 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) Depreciation and impairment charges are made to the CIES to reflect the use of fixed assets during the period. These are not chargeable to the general fund.

d)

GROUP £'000	2025/26	2024/25
Operational policing services	(15,335)	(12,906)
Police and Crime Commissioner - Estates	(193)	(260)
Other items not allocated to services	(24,789)	(22,522)
Total income from fees, charges and other service income	(40,318)	(35,687)

- e) Includes Grants which are received for specific operational activities (of which a breakdown is shown in note 6), contributions from other local authorities and other recovered costs and charges.

Note 6: Grants and contributions

£'000	2025/26	2024/25
Constabulary grants credited to services		
Counter-Terrorism Policing	(2,290)	(2,126)
Operation Magenta	(3,866)	(3,391)
National Maritime Assessment Centre	(344)	(260)
Drug Testing on Arrest	0	(25)
County Lines Social Media	(85)	(85)
Police Surge Funding	(1,424)	(1,454)
Uplift Funding	(9,079)	(11,024)
XL Bully Dog Kenneling	(392)	0
Neighbourhood Policing	(5,188)	0
National Wildlife Crime Unit (ACRO)	(1,140)	(992)
Historic DAF (ACRO)	(2,695)	(2,500)
NPFDU NPCC (ACRO)	(589)	(604)
Miscellaneous	(345)	(22)
Total Constabulary grants credited to services	(27,426)	(22,484)
Commissioner grants credited to services		
Restorative Justice/Victims Support	(5,032)	(5,017)
Violence Reduction Units	(1,247)	(1,047)
Safer Streets Fund	0	(337)
Serious Violence Youth Intervention Programme	(251)	(251)
Domestic Abuse Perpetrator Programme	(487)	(455)
Pathfinder Pilot IDV	(117)	0
Miscellaneous	(68)	(16)
Total Commissioner grants credited to services	(7,203)	(7,123)
Total grant income credited to services	(34,629)	(29,607)
Commissioner grants credited to Taxation and non-specific grants		
Council Tax Precept	(199,932)	(189,155)
Police Grant	(249,063)	(242,030)
Police Pensions	(9,085)	(9,768)
Revenue Support	(12,944)	(12,944)
National Insurance Grant	(5,838)	
Additional Recruitment Grant	(5,418)	(3,120)
Total income credited to Taxation and non-specific grants	(482,280)	(457,017)

Note 7: Other income & expenditure

GROUP £'000	Notes	2025/26	2024/25
Other expenditure not credited to cost of services			
Recognised (gain)/loss on financial instruments		(70)	(131)
Interest payable		2,665	2,595
Pension interest cost & expected return on plan assets	18	129,588	130,509
Financing and investment income		132,183	132,973
Transfer of Home Office top-up grant to Police Pension Fund		57,465	58,243
Total other expenditure not credited to cost of services		189,648	191,216
Other income not credited to cost of services			
Interest receivable		(8,975)	(7,433)
Taxation and non-specific grant income	6	(482,280)	(457,017)
Home Office Police Pension Fund top-up grant		(57,465)	(58,243)
Total other income not credited to cost of services		(548,720)	(522,693)
Total other income & expenditure reported in the CIES		(359,072)	(331,478)

POLICE AND CRIME COMMISSIONER £'000	Notes	2025/26	2024/25
Other expenditure not credited to cost of services			
Recognised (gain)/loss on financial instruments		(70)	(131)
Interest payable		2,665	2,595
Financing and investment income		2,595	2,464
Transfer of Home Office top-up grant to Police Pension Fund		57,465	58,243
Total other expenditure not credited to cost of services		60,060	60,707
Other income not credited to cost of services			
Interest receivable		(8,975)	(7,433)
Taxation and non-specific grant income	6	(482,280)	(457,017)
Home Office Police Pension Fund top-up grant		(57,465)	(58,243)
Total other income not credited to cost of services		(548,720)	(522,693)
Total other income & expenditure reported in the CIES		(488,660)	(461,987)

Note 8: External audit fees

£'000	2025/26	2024/25
Police and Crime Commissioner		
Fees payable to appointed auditor for external audit services carried out in year	124	124
Scale fee variations for prior year's external audit services paid in year	0	0
Chief Constable		
Fees payable to appointed auditor for external audit services carried out in year	60	60
Scale fee variations for prior year's external audit services paid in year	0	0
Total fees paid to appointed auditor for external audit services	184	184

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. 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 the senior employees stated separately) whose taxable remuneration, excluding pension contributions, was £50,000 or more are:

GROUP	2025/26		2024/25	
	Excl. exit packages	Incl. exit packages	Excl. exit packages	Incl. exit packages
Number of employees				
£50,000 - £54,999	538	538	551	551
£55,000 - £59,999	580	580	542	542
£60,000 - £64,999	384	384	331	331
£65,000 - £69,999	276	276	247	247
£70,000 - £74,999	186	186	109	109
£75,000 - £79,999	76	76	37	37
£80,000 - £84,999	31	31	20	20
£85,000 - £89,999	20	20	13	13
£90,000 - £94,999	10	10	9	9
£95,000 - £99,999	10	10	13	13
£100,000 - £104,999	10	10	3	3
£105,000 - £109,999	6	6	1	1
£110,000 - £114,999	1	1	7	7
£115,000 - £119,999	6	6	0	0
£120,000 - £124,999	2	2	0	0
£125,000 - £129,999	0	0	1	1
£135,000 - £134,999	2	2	0	0
£145,000 - £149,999	0	0	1	1
Total employees over £50,000	2,138	2,138	1,885	1,885

POLICE & CRIME COMMISSIONER	2025/26		2024/25	
	Excl. exit packages	Incl. exit packages	Excl. exit packages	Incl. exit packages
Number of employees				
£50,000 - £54,999	6	6	6	6
£55,000 - £59,999	7	7	4	4
£60,000 - £64,999	3	3	0	0
£65,000 - £69,999	1	1	7	7
£70,000 - £74,999	4	4	1	1
£75,000 - £79,999	1	1	0	0
£80,000 - £84,999	0	0	1	1
£90,000 - £95,999	1	1	1	1
Total employees over £50,000	23	23	20	20

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 Commissioner and Group. 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 Commissioner and Group, 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.

2025/26				
£	Salary incl. fees, allowances	Compensation for loss of employment	Employer pension contribution	Total remuneration incl. pension contribution
Police and Crime Commissioner				
Police and Crime Commissioner for Hampshire & Isle of Wight	92,011	0	14,998	107,009
Chief of Staff	148,563	0	22,260	170,823
Constabulary				
Chief Constable – Scott Chilton (01/04/2025 – 07/04/2025)	13,276	55,154	0	68,430
Acting Chief Constable – Sam de Reya (08/04/2025 – 03/08/2025)	65,265	0	22,809	88,074
Chief Constable – Alexis Boon (from 04/08/2025)	138,032	0	48,260	186,292
Deputy Chief Constable – Sam de Reya (01/04/2025 – 07/04/2025 and from 04/08/2025)	117,131	0	40,871	158,002
Acting Deputy Chief Constable – Rob France (08/04/2025 – 03/08/2025 and from 12/01/2026)	80,483	0	28,014	108,497
Assistant Chief Constable (04/08/2025 – 11/01/2026)	77,652	0	20,998	98,650
Assistant Chief Constable	154,238	0	49,012	203,250
Assistant Chief Constable	147,594	0	49,012	196,606
Assistant Chief Constable	140,467	0	44,643	185,110
Acting Assistant Chief Constable (08/04/2025 – 03/08/2025 and from 12/01/2026)	64,801	0	22,236	87,037
Assistant Chief Officer	138,718	0	20,655	159,373

2024/25			
£	Salary incl. fees, allowances	Employer pension contribution	Total remuneration incl. pension contribution
<i>Police and Crime Commissioner</i>			
Police and Crime Commissioner for Hampshire & Isle of Wight	88,600	14,442	103,042
Chief of Staff	115,286	18,303	133,589
<i>Constabulary</i>			
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

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.

See table below for associated exit costs incurred in year arranged into exit package bands:

GROUP	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages in year		Total cost of exit packages (£'000)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Up to £60,000	2	0	7	6	9	6	169	64
£60,001 - £150,000	1	0	2	0	3	0	208	0
	3	0	9	6	12	6	377	64

PCC	Number of compulsory redundancies		Number of other departures agreed		Total number of exit packages in year		Total cost of exit packages (£'000)	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Up to £60,000	0	0	1	0	1	0	28	0
£60,001 - £150,000	0	0	0	0	0	0	0	0
	0	0	1	0	1	0	28	0

Note 11: Property, Plant and Equipment

This statement summarises capital expenditure incurred on property, plant and equipment assets which will be of use to the Group in future financial years. There is no separate statement for the Commissioner as all assets held by the group are held by the Commissioner, the Chief Constable does not hold any assets.

2025/26	Land & Buildings	Vehicles & Plant	Furniture & Equipment	Assets under construction	Surplus assets	Right of Use assets	Total
£'000							
Cost or valuation							
Opening balance at 01 April	188,289	27,288	375	2,970	577	38,219	257,718
Additions in year	887	4,773	0	4,843	0	1,504	12,007
Revaluation increase/(decrease) through Revaluation Reserve	1,854	0	0	0	(4,298)	0	(2,444)
Revaluation increase/(decrease) through Cost of Services	0	0	0	0	0	0	0
Disposals	0	(3,653)	0	0	0	(267)	(3,920)
Reclassified to Held for Sale	0	0	0	0	0	0	0
Other movements	(2,100)	1,636	0	(4,297)	4,761	0	0
Closing balance at 31 March	188,930	30,044	375	3,516	1,040	39,456	263,361
Accumulated depreciation & impairment							
Opening balance at 01 April	(3,132)	(14,221)	(357)	0	(60)	(5,194)	(22,964)
Depreciation in year	(3,128)	(3,267)	(18)	0	0	(1,932)	(8,346)
Depreciation written out through Revaluation Reserve	0	0	0	0	128	0	128
Depreciation written out through Cost of Services	0	0	0	0	0	0	0
Disposals	128	2,762	0	0	(128)	140	2,902
Closing balance at 31 March	(6,132)	(14,726)	(375)	0	(60)	(6,986)	(28,280)
Net book value at 01 April	185,157	13,067	18	2,970	517	33,025	234,754
Net book value at 31 March	182,798	15,318	0	3,516	980	32,470	235,081

Included in the right-of-use assets are the following:

	£'000
Land & Buildings	32,275
Vehicles & Plant	196
Net book value at 31 March 2026	32,470

2024/25	Land & Buildings	Vehicles & Plant	Furniture & Equipment	Assets under construction	Surplus assets	Right of Use assets	Total
£'000							
Cost or valuation							
Opening balance at 01 April	247,717	25,753	375	6,314	7,312	3,523	290,994
Adjustment on transition to IFRS 16	0	0	0	0	0	34,274	34,274
Additions in year	533	3,456	0	3,945	0	999	8,933
Revaluation increase/(decrease) through Revaluation Reserve	(47,439)	0	0	0	(78)	0	(47,517)
Revaluation increase/(decrease) through Cost of Services	(22,419)	0	0	0	(1,472)	0	(23,891)
Disposals	0	(3,073)	0	0	(175)	0	(3,248)
Reclassified to Held for Sale	0	0	0	0	(1,250)	0	(1,250)
Other movements	9,897	1,152	0	(7,289)	(3,760)	(577)	(577)
Closing balance at 31 March	188,289	27,288	375	2,970	577	38,219	257,718
Accumulated depreciation & impairment							
Opening balance at 01 April	(16,881)	(14,123)	(319)	0	(122)	(2,489)	(33,934)
Depreciation in year	(3,221)	(2,555)	(38)	0	0	(2,705)	(8,519)
Depreciation written out through Revaluation Reserve	13,921	0	0	0	0	0	13,921
Depreciation written out through Cost of Services	3,049	0	0	0	62	0	3,111
Disposals	0	2,457	0	0	0	0	2,457
Closing balance at 31 March	(3,132)	(14,221)	(357)	0	(60)	(5,194)	(22,964)
Net book value at 01 April	230,836	11,630	56	6,314	7,190	1,034	257,060
Adjustment on transition to IFRS 16	0	0	0	0	0	34,274	34,274
Net book value at 31 March	185,157	13,067	18	2,970	517	33,025	234,754

Capital Commitments

As at 31 March 2026 the Commissioner had committed capital expenditure of £3.62m (31 March 2025: £4.31m).

- £3.21m (31 March 2024: £3.24m) is committed for vehicle purchases
- £0.41m (31 March 2024: £1.17m) is in relation to ongoing works for the Estates Change Programme.

Capital Revaluations

Full revaluations were carried out in the financial year ending 31 March 2025, and indexation to reflect the market based movements has been applied in the year ending 31 March 2026. Although the valuation approaches differ, both are treated equally for accounting purposes under the revaluation model.

Index	Average change (%)	Valuation change (£'000)
Specialised buildings	2.24	3,126
Specialised land	(2.95)	(1,087)
Industrial	(2.99)	(20)
Offices	(2.55)	(163)
Total indexation applied in year		1,855

£'000	Land & Buildings	Vehicles & Plant	Furniture & Equipment	Assets under construction	Surplus assets	Right of Use assets	Total
Carried at historical cost	0	15,318	0	3,516	0	32,470	51,303
<i>Valued at current value in:</i>							
2024/2025	176,651	0	0	0	516	0	177,167
2025/2026	4,292	0	0	0	464	0	4,756
Indexation applied to valuations above	1,855	0	0	0	0	0	1,855
Closing balance at 31 March 2026	182,798	15,318	0	3,516	980	32,470	235,081

Note 12: Capital Financing Requirement

The Commissioner's borrowing for capital purposes is controlled under the CIPFA Prudential Code for Capital Finance in Local Authorities. The total borrowing is expressed as the Capital Financing Requirement (CFR).

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note and this is calculated in a manner consistent with Paragraph 90 of the Prudential Code (2021)

£'000	Notes	2025/26	2024/25
Opening Capital Financing Requirement		82,330	51,063
Opening balance adjustment on transition to IFRS 16		0	34,274
Capital Investment			
Operational assets		5,660	3,989
Right of use finance lease asset		1,504	422
Non-operational assets		4,843	3,945
Sources of finance			
Capital receipts		(1,897)	(2,067)
Revenue contributions to capital		(8,607)	(5,917)
Minimum revenue provision	a)	(3,259)	(3,378)
Closing Capital Financing Requirement		80,574	82,330
Increase/(Decrease) in Capital Financing Requirement		(1,756)	31,268

a) Minimum Revenue Provision for the repayment of debt

The Commissioner is required by law to make a 'minimum revenue provision' (MRP) for the repayment of debt. The Commissioner calculates the minimum revenue provision for the repayment of debt - which is a statutory charge to the Comprehensive Income and Expenditure Account - on the basis of 4% of the capital financing requirement less the 'relevant amount' in respect of capital expenditure supported by Government grant. The MRP for all unsupported borrowing will be based on the asset life.

Note 13: Leases

The Commissioner has leases for land and buildings, vehicles, and equipment which meet the criteria of IFRS 16 *Leases*. With the exception of short-term leases and lease of low-value underlying assets, each lease is reflected on the Statement of Financial Position as a right-of-use asset and a lease liability. The Commissioner classifies the right-of-use assets in a consistent manner to the property, plant and equipment (see Note 11).

- Leases of vehicles and IT equipment are generally limited to a lease term of 10 years.
- Leases of property generally have a lease term ranging from 1 to 45 years
- Lease payments are generally fixed, however the Commissioner has a limited number of property leases where rentals are linked to annual changes in an index (either RPI or CPI).
- The right-of-use asset can only be used by the Commissioner and the leases are either non-cancellable or may only be cancelled after incurring a termination fee.

Right-of-use assets

Additional information on the right-of-use assets by class of assets is as follows:

£'000	Net book value at 01 April 2025	Net book value at 31 March 2026	Re-measurement of ROU	Additions/(disposals) in year	Depreciation in year
Land and buildings	32,690	32,275	1,504	(267)	(1,644)
Vehicles and Plant	253	196	0	0	(57)
Network	83	0	0	0	(83)
Total	33,025	32,470	1,504	(267)	(1,784)

The right-of-use assets are included in the same line item as where the corresponding underlying assets would be presented if they were owned.

Lease liabilities

Lease liabilities are presented in the statement of financial position as follows:

£'000	31 March 2026	31 March 2025
Current	1,850	1,775
Non-current	30,770	30,725
	32,620	32,499

The undiscounted maturity analysis of lease liabilities at 31 March 2026 is as follows:

£'000	Principal lease payment	Finance interest charge	Total
Within one year	1,850	1,742	3,592
1 - 2 years	1,365	1,658	3,044
2 - 5 years	3,515	4,564	8,088
5 - 10 years	4,696	6,548	11,248
10 - 20 years	5,669	9,927	15,641
20 - 40 years	12,841	11,705	24,546
Over 40 years	2,684	270	2,992
Total	32,620	36,413	69,033

The movements in the year are:

£'000	2025/26	2024/25
Opening balance at 01 April	32,499	1,022
Adjustments for liability on transition to IFRS 16	0	32,782
Net additions to ROU assets	142	999
Increase/(decrease) related to lease liability re-measurement	1,774	(577)
Payments made in year	(1,796)	(1,725)
Closing balance at 31 March	32,620	32,499

£1.8m is recognised as a finance interest charge in the Comprehensive Income and Expenditure Statement.

Lease payments not recognised as a liability

The commissioner has elected not to recognize a lease liability for short-term leases (12 months or less) or leases of low value assets. Payments made under such leases are expensed on a straight-line basis. The expense incurred in the year relating to payments not included in the measurement of the lease liability is as follows:

£'000	Total
Short-term leases	17
Leases of low value assets	174
Total	191

Note 14: Financial Instruments

Categories

The following categories of financial instrument are carried in the Statement of Financial Position:

£'000	Non-current		Current	
	2025/26	2024/25	2025/26	2024/25
Financial assets				
Investments				
At amortised cost:				
- Principal	30,625	5,043	52,402	84,979
- Accrued interest	0	0	799	985
At fair value through profit and loss				
- Fair value	4,751	4,681	0	0
Total investments	35,376	9,725	53,201	85,964
Cash and cash equivalents				
- Cash (including bank accounts)			(2,837)	(4,100)
- At amortised costs			7,803	5,095
- At fair value through profit and loss			65,900	32,320
Total cash and cash equivalents			70,866	33,315
Loans and receivables				
- Debtors	83	103	10,212	19,489
Total loans and receivables	83	103	10,212	19,489
Total financial assets	35,459	9,828	134,279	138,768

£'000	Non-current		Current	
	2025/26	2024/25	2025/26	2024/25
Financial liabilities				
Borrowing				
At amortised cost:				
- Principal	(19,000)	(19,000)	0	0
- Accrued interest	0	0	(77)	(77)
Total borrowing	(19,000)	(19,000)	(77)	(77)
Other liabilities				
- Finance leases	(30,770)	(30,725)	(1,850)	(1,775)
- Creditors	0	0	(28,052)	(24,971)
Total other liabilities	(30,770)	(30,725)	(29,902)	(26,746)
Total financial liabilities	(49,770)	(49,725)	(29,979)	(26,823)

Fair value hierarchy

Fair values are shown in the following table below, split by their level in the fair value hierarchy:

Level 1 - fair value is only derived from quoted prices in active markets for identical assets or liabilities, e.g. bond prices;

Level 2 - fair value is calculated from inputs other than quoted prices that are observable for the asset or liability, e.g. interest rates or yields for similar instruments;

£'000	Fair value level	Statement of Financial Position		Fair Value	
		2025/26	2024/25	2025/26	2024/25
Financial liabilities					
- Loans from PWLB	2	(19,077)	(19,077)	(17,859)	(17,800)
Total fair value liabilities		(19,077)	(19,077)	(17,859)	(17,800)
Liabilities for which fair value is not disclosed		(60,672)	(57,470)	0	0
Total financial liabilities		(79,749)	(76,547)	(17,859)	(17,800)
Recorded in Statement of Financial Position as:					
- Non-current borrowing		(19,000)	(19,000)		
- Other non-current liabilities		(30,770)	(30,725)		
- Current borrowing		(77)	(77)		
- Current creditors		(28,052)	(24,971)		
- Other current liabilities		(1,850)	(1,775)		
Total financial liabilities		(79,749)	(76,547)		
Financial assets					
<i>At amortised cost:</i>					
Corporate and government bonds	1	30,625	5,043	30,402	5,127
<i>At fair value:</i>					
Money market funds	1	65,900	32,320	65,900	32,320
Equity, bonds and multi-asset funds	1	1,002	932	1,002	932
Property funds	2	3,749	3,749	3,749	3,749
Total fair value assets		70,651	37,001	70,651	37,001
Assets for which fair value is not disclosed		68,462	106,552	0	0
Total financial assets		169,738	148,596	101,053	42,129
Recorded in Statement of Financial Position as:					
- Non-current investments		35,376	9,725		
- Non-current debtors		83	103		
- Current investments		53,201	85,964		
- Current debtors		10,212	19,489		
- Cash and cash equivalents		70,866	33,315		
Total financial assets		167,738	148,596		

Risks

The Commissioner has adopted CIPFA's Code of Practice on Treasury Management (and subsequent amendments) and complies with The Prudential Code for Capital Finance in Local Authorities (both revised in 2017). As part of the adoption of the Treasury Management Code, the Commissioner approves a Treasury Management Strategy before the commencement of each financial year. The Strategy sets out the parameters for the management of risks associated with Financial Instruments. The Commissioner also produces Treasury Management Practices specifying the practical arrangements to be followed to manage these risks.

The Treasury Management Strategy includes an Annual Investment Strategy in compliance with the guidance provided by the CLG for local authorities. This guidance emphasises that priority is to be given to security and liquidity, rather than yield. The Commissioner's Treasury Strategy, together with her Treasury Management Practices seeks to achieve a suitable balance between risk and return or cost.

The Commissioner is exposed to several risks arising from the use of financial instruments:

- Credit risk – the possibility that other parties might fail to pay amounts due to the Commissioner;
- Liquidity risk – the possibility that the Commissioner might not have funds available to meet its commitments to make payments;
- Market risk – the possibility that financial loss might arise as a result of changes in such measures as interest rates or stock market movements.

Credit risk

Credit risk is the possibility that banks and financial institutions will fail to meet their contractual obligations, causing a loss to the Commissioner. The Commissioner manages credit risk by ensuring that treasury investments are only placed with organisations of high credit quality as set out in the Treasury Management Strategy. These include commercial entities with a minimum long-term credit rating of A-, the UK government, other local authorities, and organisations without credit ratings upon which the Commissioner has received independent investment advice. Recognising that credit ratings are imperfect predictors of default, the Commissioner has regard to other measures including credit default swap and equity prices when selecting commercial entities for investment.

A limit of £16m of the total portfolio is placed on the amount of money that can be invested with a single counterparty (other than the UK government). For unsecured investments in banks, building societies and companies, a smaller limit of £8m applies. The Commissioner also sets limits on investments in certain sectors. No more than £40m in total can be invested for a period longer than one year.

The credit quality of £5m of the Commissioner's investments is enhanced by collateral held in the form of covered bonds collateralised by residential mortgages. The collateral significantly reduces the likelihood of the Commissioner suffering a credit loss on these investments.

The following table below summarises the credit risk exposures of the Commissioner's investment portfolio at 31 March 2026 by type of investment counterparty:

Credit rating	Non-current		Current	
	2025/26	2024/25	2025/26	2024/25
AAA	25,499	5,043	4,882	25,018
AA+	5,176	0	0	4,941
AA-	0	0	5,125	3,071
A+	0	0	2,688	2,033
A	0	0	10	10
AAA money market funds	0	0	65,900	32,320
Unrated local authorities	0	0	48,299	55,985
Unrated pooled funds	4,751	4,681	0	0
Total investments	35,376	9,725	126,904	123,379

Liquidity risk

Liquidity risk is the possibility that the Commissioner will be unable to raise funds to meet its payment commitments as they fall due. As the Commissioner has ready access to borrowing through the Public Works Loan Board and commercial banks, there is no perceived risk that the Commissioner will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Commissioner will be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This risk is managed by maintaining a spread of fixed rate loans, limiting the amount of the Commissioner's borrowing that matures in any one financial year.

The maturity analysis of the principal sums borrowed is as follows:

Discounted maturity at 31 March 2026								
£'000	<1 yr.	1-2 yrs.	2-5 yrs.	5-10 yrs.	10-20 yrs.	20-40 yrs.	>40 yrs.	Total
Borrowing	(78)	0	0	(19,000)	0	0	0	(19,078)
Trade payables	(28,052)	0	0	0	0	0	0	(28,052)
Lease payables	(3,592)	(3,023)	(8,079)	(11,244)	(15,596)	(24,546)	(2,954)	(69,033)
Financial liabilities	(31,722)	(3,023)	(8,079)	(30,244)	(15,596)	(24,546)	(2,954)	(116,162)
Liquid financial assets	73,680	73,680	73,680	73,680	73,680	73,680	73,680	73,680
Net liquidity risk	41,958	70,657	65,601	43,436	58,084	49,134	70,726	(42,482)

Discounted maturity at 31 March 2025								
£'000	<1 yr.	1-2 yrs.	2-5 yrs.	5-10 yrs.	10-20 yrs.	20-40 yrs.	>40 yrs.	Total
Borrowing	(78)	0	0	(18,000)	(1,000)	0	0	(19,078)
Trade payables	(24,971)	0	0	0	0	0	0	(24,971)
Lease payables	(3,501)	(3,124)	(8,072)	(10,979)	(15,694)	(24,177)	(2,975)	(68,520)
Financial liabilities	(28,550)	(3,124)	(8,072)	(28,979)	(16,694)	(24,177)	(2,975)	(112,568)
Liquid financial assets	37,390	37,390	37,390	37,390	37,390	37,390	37,390	37,390
Net liquidity risk	8,840	34,266	29,318	8,411	20,696	13,213	34,415	(75,178)

Undiscounted maturity at 31 March 2026								
£'000	<1 yr.	1-2 yrs.	2-5 yrs.	5-10 yrs.	10-20 yrs.	20-40 yrs.	>40 yrs.	Total
Borrowing	(810)	(810)	(2,430)	(21,085)	0	0	0	(25,135)
Trade payables	(28,052)	0	0	0	0	0	0	(28,052)
Lease payables	(3,592)	(3,023)	(8,079)	(11,244)	(15,596)	(24,546)	(2,954)	(69,033)
Financial liabilities	(32,454)	(3,833)	(10,509)	(32,329)	(15,596)	(24,546)	(2,954)	(122,220)
Liquid financial assets	73,680	73,680	73,680	73,680	73,680	73,680	73,680	73,680
Net liquidity risk	41,226	69,847	63,171	41,351	58,084	49,134	70,726	(48,540)

Undiscounted maturity at 31 March 2025								
£'000	<1 yr.	1-2 yrs.	2-5 yrs.	5-10 yrs.	10-20 yrs.	20-40 yrs.	>40 yrs.	Total
Borrowing	(810)	(810)	(2,430)	(20,874)	(1,021)	0	0	(25,945)
Trade payables	(24,971)	0	0	0	0	0	0	(24,971)
Lease payables	(3,501)	(3,124)	(8,072)	(10,979)	(15,694)	(24,177)	(2,975)	(68,520)
Financial liabilities	(29,282)	(3,934)	(10,502)	(31,853)	(16,715)	(24,177)	(2,975)	(119,436)
Liquid financial assets	37,390	37,390	37,390	37,390	37,390	37,390	37,390	37,390
Net liquidity risk	8,108	33,456	26,888	5,537	20,675	13,213	34,415	(82,046)

Market risk

The market prices of the Commissioner's fixed rate bond investments are governed by prevailing interest rates and the market risk associated with these instruments is managed alongside interest rate risk.

The commissioner's investment in a pooled property fund is subject to the risk of falling commercial property prices and their investment in pooled equity funds are subject to the risk of falling share prices. This risk is limited by the Commissioner's investment strategy. A fall in commercial property or share prices would result in a charge to the surplus or deficit on the Provision of Services which is then transferred to the Financial Instrument Adjustment Account – this would have no impact on the General Fund until the investment was sold.

Interest rate risk

The Commissioner is exposed to risks arising from movements in interest rates. The Treasury Management Strategy aims to mitigate these risks through the interest rate risk indicator.

At 31 March 2026, all of the £19m of principal borrowed was at fixed rates. £126m of the Commissioner's investment balance at 31 March 2026 was exposed to variable interest rates. The investments in diversified income pooled funds (£5m at 31 March 2026) also have some exposure to interest rate risk.

Investments measured at amortised cost and loans borrowed are not carried at fair value, so changes in their fair value will have no impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Surplus or Deficit on the Provision of Services.

Movements in the fair value of fixed rate investments measured at fair value will be reflected in Other Comprehensive Income or the Surplus or Deficit on the Provision of Services as appropriate.

If all interest rates had been 1% higher (with all other variables held constant) the financial effect would be:

£'000	2025/26	2024/25
Increase in interest payable on borrowing	0	0
Increase in interest receivable on investments	(992)	(880)
Decrease in fair value of investments held at FVPL	81	40
Impact on Comprehensive Income & expenditure	(911)	(840)

The approximate impact of a 1% fall in interest rates would be as above but with the movement reversed.

Note 15: Debtors

£'000	2025/26	2024/25
Financial instrument debtors	10,212	19,489
Non-financial instrument debtors	27,940	35,571
Total current debtors and prepayments	38,152	55,060

The Commissioner reviews the exposure to debtors failing to pay amounts due to the on an annual basis and assesses the likelihood a proportion of debts will be unrecoverable. The sum assessed as an expected loss allowance for receivables is £325,000 as at 31 March 2026 (31 March 2025: £325,000).

Note 16: Creditors

£'000	2025/26	2024/25
Commissioner - Financial instrument creditors	(28,052)	(24,971)
Commissioner – non-financial instrument creditors	(8,429)	(15,114)
Chief Constable – non-financial instrument creditors	(7,058)	(6,123)
Total non-financial instrument creditors	(15,487)	(21,237)
Commissioner current creditors and accruals	(36,481)	(40,085)
Group total current creditors and accruals	(43,539)	(46,208)

Note 17: Cash and Cash Equivalents

£'000	2025/26	2024/25
Cash in hand	(2,837)	(4,100)
Cash equivalents measured at amortised cost	7,803	5,095
Cash equivalents measured at fair value through profit and loss	65,900	32,320
Total cash and cash equivalents	70,866	33,315

Note 18: Employee benefits – Defined Benefit Scheme

2025/26		Unfunded Police Schemes	Injury Pensions	Total
£	LGPS			
Comprehensive Income & Expenditure Statement				
<i>Cost of Services:</i>				
Current Service Cost	11,025	10,891	1,695	23,611
Past Service Cost	30	1,267	0	1,297
<i>Financing & Investment Income & Expenditure</i>				
Net interest expenses	(5,979)	129,986	5,581	129,588
Total Charge to the surplus/deficit on Provision of Services	5,076	142,144	7,276	154,496
Other post-employment benefit charged to the Comprehensive Income & Expenditure Statement				
<i>Re-measurement of the net defined benefit liability::</i>				
Return on plan assets (excluding amount included in net interest expense)	(505)	0	0	(505)
Actuarial gains arising from changes in financial assumptions	(20,772)	(28,772)	(1,185)	(50,729)
Actuarial gains arising from changes in demographic assumptions	(15,781)	19,323	857	4,399
Actuarial losses arising from changes in actuarial experience	39,885	9,306	367	49,558
Effect of the asset ceiling on net asset	5,145	0	0	5,145
Government contributions to Police Officer Schemes	0	(58,210)	0	(58,210)
Total post-employment benefit charged to the CIES	13,048	83,791	7,315	104,154
Movement in Reserves Statement				
Reverse charge to Provision of Services	(5,076)	(142,144)	(7,276)	(154,496)
<i>Actual amount charged against General Fund for pensions in the year:</i>				
Employers' contributions payable to scheme	3,219	52,603	0	55,822
Retirement benefits payable to pensioners	0	0	4,555	4,555

2024/25		Unfunded Police Schemes	Injury Pensions	Total
£	LGPS			
Comprehensive Income & Expenditure Statement				
<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 & Investment Income & Expenditure</i>				
Net interest expenses	(243)	125,442	5,310	130,509
Total Charge to the surplus/deficit on Provision of Services	14,845	150,429	7,170	172,444
Other post-employment benefit charged to the Comprehensive Income & Expenditure Statement				
<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)
Total post-employment benefit charged to the CIES	(1,372)	(321,573)	(9,933)	(332,878)
Movement In Reserves Statement				
Reverse charge to Provision of Services				
<i>Actual amount charged against General Fund for pensions in the year:</i>	(14,845)	(150,429)	(7,170)	(172,444)
Employers' contributions payable to scheme	2,419	50,397	0	52,816
Retirement benefits payable to pensioners	0	0	4,555	4,555

Pension assets and liabilities recognised in the Statement of Financial Position

The amount included in the Statement of Financial Position arising from the Chief Constable's obligation in respect of the defined benefit plans are:

£'000	Notes	YE 31 March 2026			
		LGPS	Police Pension Scheme	Injury Pensions	Total liability
Present value of defined benefit obligation	a)	(452,124)	(2,327,072)	(101,301)	(2,880,497)
Fair value of plan assets	b)	554,396	0	0	554,396
(Surplus)/liability arising from defined benefit obligation		102,272	(2,327,072)	(101,301)	(2,326,101)
Effect of the asset ceiling on net asset		(102,329)	0	0	(102,329)
Net (Surplus)/liability arising from defined benefit obligation		(57)	(2,327,072)	(101,301)	(2,428,430)

£'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	
(Surplus)/liability arising from defined benefit obligation			(106,944)			2,394,279
Effect of the asset ceiling on net asset			91,860			0
Net (Surplus)/liability arising from defined benefit obligation			(15,084)			2,394,279

a) Reconciliation of the present value of scheme liabilities

£'000	YE 31 March 2026			
	LGPS	Police Pension Scheme	Injury Pensions	Total
Opening balance at 01 April	(418,839)	2,295,884	(98,395)	(2,813,118)
Current Service cost	(11,025)	(10,891)	(1,695)	(23,611)
Interest cost	(24,450)	(129,986)	(5,581)	(160,017)
Contributions form scheme participants	(6,497)	(19,454)	0	(25,951)
Actuarial gains from changes in actuarial experience	(39,885)	(9,306)	(367)	(49,558)
Actuarial gains from changes in demographic assumptions	15,781	(19,323)	(857)	(4,399)
Actuarial losses from changes in financial assumptions	20,772	28,772	1,185	50,729
Benefits paid	12,049	130,267	4,409	146,725
Past Service costs	30	(1,267)	0	(1,297)
Closing balance at 31 March	(452,124)	(2,327,072)	(101,301)	(2,880,497)

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

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

£'000	LGPS	
	2025/26	2024/25
Opening value at 01 April	525,783	507,948
Interest income	30,429	24,543
Return on plan assets (excluding amount included in net interest expense)	505	(3,561)
Employer contributions	3,219	2,419
Contributions by scheme participants	6,509	6,098
Benefits paid	(12,049)	(11,664)
Closing value at 31 March	554,396	525,783

LGPS assets comprise:

%	YE 31 March 2026			YE 31 March 2025		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total
Equities	33	0	33	33	9	42
Government bonds	15	0	15	15	0	15
Property	0	9	9	0	9	9
Cash	2	0	2	2	0	2
Other	14	27	41	14	18	32

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 2025.

The significant assumptions used by the actuaries have been:

	2025/26		2024/25	
	LGPS	Police Pension Scheme	LGPS	Police Pension Scheme
<i>Inflation assumptions</i>				
Rate of inflation	3.0%	2.8%	2.8%	2.5%
Rate of increase in salaries	4.0%	3.8%	3.8%	3.5%
Rate of increase in pensions	3.0%	2.8%	2.8%	2.5%
Rate for discounting scheme liabilities	6.3%	6.2%	5.8%	5.8%
<i>Mortality assumptions</i>				
Longevity at 65 for current pensioners:				
• Men	22.1	22.1	22	21.6
• Women	24.7	23.9	24.7	23.6
Longevity at 65 for future pensioners:				
• Men	22.8	23.3	22.5	22.8
• Women	25.9	25.2	25.6	25

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%
Adjustment to discount rate						
Present value of total obligations (£m)	443.532	452.124	457.716	2,293.811	2,327.070	2,360,549
% change in present value of total obligations	(2%)		2%	(1%)		1%
Rate of general increase in salaries						
Present value of total obligations (£m)	452.475	452.124	451.773	2,330.414	2,327.070	2,323.829
% change in present value of total obligations	0%		0%	0%		0%
Rate of increase to pensions in payment and deferred pensions						
Present value of total obligations (£m)	460.365	452.124	443.883	2,357.205	2,327.070	2,297.052
% change in present value of total obligations	2%		(2%)	1%		(1%)
Adjustment to mortality age rating assumption						
Present value of total obligations (£m)	470.209	452.124	434.039	2,378.265	2,327.070	2,273.547
% 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 £17.4m. In addition, Strain on Fund Contributions may be required.

Total expected contributions for the Police Pension Schemes are £151.4m. 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 £7.9m directly to beneficiaries of injury pensions.

Note 19: Unusable Reserves

£'000	Notes	2025/26	2024/25
Revaluation Reserve	a)	(62,280)	(65,517)
Collection Fund Adjustment Account	b)	0	(2,679)
Financial Instrument Adjustment Account	c)	157	227
Capital Adjustment Account	d)	(93,473)	(89,495)
Commissioner's Unusable Reserves		(155,596)	(157,464)
Pension Reserve	e)	2,428,430	2,379,195
Accumulated absences Reserve	f)	7,058	6,123
Group Unusable Reserves		2,279,892	2,227,854

a) Revaluation Reserve

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

- Revalued downwards or impaired and the gains are lost;
- Used in the provision of services and the gains are consumed through depreciation, or
- Disposed of and the gains are realised

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

£'000	2025/26	2024/25
Balance at 01 April:	(65,517)	(100,193)
Revaluations during year	2,314	33,390
Disposal of revalued assets	0	260
Depreciation of revaluations	923	1,026
Balance at 31 March:	(62,280)	(65,517)

b) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of precept income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Billing Authorities' Collection Funds.

£'000	2025/26	2024/25
Balance at 01 April:	(2,679)	(3,171)
Accrued income in Comprehensive Income & Expenditure	2,679	3,171
Amount calculated in accordance with statutory requirements	0	(2,679)
Balance at 31 March:	0	(2,679)

c) Financial Instrument Adjustment Account

The change in fair value of strategic pooled investment funds debited or credited to the provision of services are reversed out of the General Fund balance to this adjustment account in the Movement in Reserves Statement.

£'000	2025/26	2024/25
Balance at 01 April:	227	358
(Gain)/Loss on fair value in year	(70)	(131)
Balance at 31 March:	157	227

d) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangement for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions.

The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling posts from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Commissioner as finance for the costs of acquisition, construction and enhancement.

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

£'000	2025/26	2024/25
Balance at 01 April:	(89,495)	(106,407)
Opening balance adjustment on IFRS 16 transition for donated assets	0	(1,492)
<i>Reversal of items relating to capital expenditure included in comprehensive Income & expenditure</i>		
Charges for depreciation and impairment	7,208	9,034
Revaluation losses	0	21,353
Adjusting amount written out to Revaluation Reserve	712	(1,286)
Net (Increase)/Decrease in value of right of use assets	42	(577)
Amount written off on disposal or sale as part of gain on disposal	1,803	1,243
Total	9,765	29,767
<i>Capital financing applied in year</i>		
Use of capital receipts reserve	(1,897)	(2,067)
Use of Capital Reserve (Revenue Contributions)	(8,607)	(5,917)
Statutory Minimum Revenue Provision (MRP)	(3,259)	(3,378)
Total	(13,763)	(11,362)
Write down of capital debtors	20	0
Balance at 31 March	(93,473)	(89,495)

e) 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	2025/26	2024/25
Balance at 01 April:	2,379,195	2,769,489
Actuarial (gains)/losses on pension assets and liabilities	3,228	(526,547)
Government contributions to Police Officer Schemes	(58,210)	(59,567)
Return on plan assets	(505)	3,561
Reversal of items relating to retirement benefits included in the surplus or deficit on Provision of Services in the CIES	154,496	172,444
Employer's contributions and direct payments to pensioners payable in year	(60,377)	(57,371)
Other adjustments for unfunded LGSP benefits paid	0	(45)
Effect of the asset ceiling on net asset	10,603	77,231
Balance at 31 March:	2,428,430	2,379,195

f) 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	2025/26	2024/25
Balance at 01 April:	6,123	5,564
Settlement of cancellation of accrual made at the end of the preceding year	(6,123)	(5,564)
Amounts accrued at the end of the current year	7,058	6,123
Balance at 31 March:	7,058	6,123

Note 20: Usable Reserves

Earmarked revenue reserves are summarised in the following table:

£'000	Note	Balance 01/04/24	In year movement 2024/25	Balance 31/03/25	In year movement 2025/26	Balance 31/03/26
General fund	a	(8,554)	8,671	(15,578)	(3,939)	(19,518)
Carry forward reserves	b	(93,507)	(27,831)	(116,802)	(11,963)	(128,765)
Trading reserves	c	(2,882)	629	(2,747)	(963)	(3,711)
Risk reserves	d	(24,736)	4,925	(18,055)	3,371	(14,684)
Corporate reserves	e	(3,492)	(694)	(8,954)	(1,773)	(10,726)
Other reserves	f	(13,120)	(2,662)	(9,726)	(3,013)	(12,740)
Total		(146,291)	(16,962)	(171,862)	(18,281)	(190,143)

- a) **General Fund** – main reserve to manage unidentified and unforeseen risk
- b) **Carry Forward Reserve** – amounts that are fully committed to existing spend programmes, but that costs have not yet been incurred for, such as vehicle replacement, IT services, estates etc.
- c) **Trading Reserves** – surpluses generated from confiscated money, safer roads initiatives, and the use of the estate for events such as weddings.
- d) **Risk Reserves** – holds ring-fenced funds for low risk items not covered by insurance and other legal judgements which impact on the Constabulary such as the McCloud/Sargeant pension remedy an Operation Magenta, as well as the future uncertainty related to the level of policing grants received.
- e) **Corporate Reserves** – held to support the Commissioner’s priorities and deliver the Crime Plan, including any transformational changes required such as technology and digital initiatives.
- f) **Other Reserves** – amounts held on behalf of the Criminal Records Office (ACRO) and the National Vehicle Crime Intelligence Service (NaVCIS) to meet their liabilities.

Note 21: Related parties

The Commissioner, the Chief Constable and the Group are 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 £57.3m to the Police Pension Fund as contributions in respect of existing officers and those retiring due to ill-health in the year (£50.5m in 2024/25).
- The Local Government Pension Scheme is administered by Hampshire County Council and the Chief Constable made employer's contributions of £17.6m in the year (£16.4m in 2024/25).

The Code requires members of the Office of the Police and Crime Commissioner, 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 2025/26 (nil in 2024/25).

The Commissioner and Chief Constable are 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	5.5
Joint ICT/Information Management Department	Thames Valley Police (TVP)	TVP	33.6
South East Organised Regional Crime Unit (SEROCU)	Thames Valley Police (TVP) Surrey Police Sussex Police	TVP	8.1
Joint Operations Unit	Thames Valley Police (TVP)	Hampshire & IOW Constabulary	28.6

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 group accounts and it has been concluded that they do not. Consequently, the income and expenditure is reported in the single entity accounts of the Commissioner and Chief Constable as appropriate.

Note 22: 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.

Motorway Speed Enforcement (Op Cabin)

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

ICT contractor payroll costs

Following a review by our ICT host, a potential additional liability for contractor payroll costs has been identified. At the date of approval of these financial statements the full scope of any liability has yet to be identified and there is uncertainty around any obligation for Hampshire & Isle of Wight Constabulary. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

Note 23: Notes to the Statement of Cash Flows**Net cash flows from operating activities**

£'000 GROUP	2025/26	2024/25
Adjustments to net deficit on provision of services for non-cash movements		
- Pensions	(94,119)	(115,073)
- Depreciation and impairment	(7,208)	(9,034)
- Revaluation adjustments	0	(21,353)
- Increase in inventories	0	720
- Increase/(Decrease) in debtors	(16,926)	(22,551)
- Increase in creditors	(1,118)	(26,726)
- Carrying amount of PPE held for sale, sold or disposed	(1,803)	(1,243)
- Movement in fair value of financial instruments	70	131
- Amounts posted relating to donated assets	(1,175)	0
Total adjustments for non-cash movements	(122,279)	(195,129)

£'000	2025/26	2024/25
Adjustments to net deficit on provision of services for investing & financing activities		
- Proceeds from sale of PPE	1,897	2,067
- Repayments relating to lease liabilities	3,623	3,493
- Increase in value of ROU asset	(1,916)	(577)
- Adjustments on the transition to IFRS 16	0	32,782
Total adjustments for investing and financing activities	3,604	37,765

£'000 POLICE AND CRIME COMMISSIONER	2025/26	2024/25
Adjustments to net surplus on provision of services for non-cash movements		
- Depreciation and impairment	(7,208)	(9,034)
- Revaluation adjustments	0	(21,353)
- Increase in inventories	0	720
- Increase/(Decrease) in debtors	(16,926)	(22,551)
- Increase in creditors	(182)	(26,167)
- Carrying amount of PPE held for sale, sold or disposed	(1,803)	(1,243)
- Movement in fair value of financial instruments	70	131
- Amounts posted relating to donated assets	(1,175)	0
Total adjustments for non-cash movements	(27,224)	(79,497)
£'000	2025/26	2024/25
Adjustments to net surplus on provision of services for investing & financing activities		
- Proceeds from sale of PPE	1,897	2,067
- Repayments relating to lease liabilities	3,623	3,493
- Revaluation adjustments relating to Right of Use assets	(1,916)	(577)
- Adjustments on the transition to IFRS 16	0	32,782
Total adjustments for investing and financing activities	3,604	37,765

Net cash flows from investing activities

£'000 GROUP & POLICE AND CRIME COMMISSIONER	2025/26	2024/25
Cash outflows		
Purchase of property, plant and equipment	12,007	7,934
Purchase of current investments	186,435	155,345
Other outflows	0	41
Cash inflows		
Proceeds from sale of property, plant and equipment	(1,897)	(2,067)
Proceeds from current and non-current investments	(194,211)	(129,898)
Other receipts	(1,369)	0
Net cash inflow from investing activities	965	31,355

Net cash flows from financing activities

£'000 GROUP & POLICE AND CRIME COMMISSIONER	2025/26	2024/25
Cash payments for decrease in liability relating to finance lease	1,796	1,725
Interest paid on lease liabilities	0	1,768
Repayments for short and long term borrowing	1,827	352
Net cash outflow from financing activities	3,623	3,846

Note 24: Events after the Reporting Period

The Statement of Accounts was authorised for issue by the Chief Finance Officer on 27 May 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 2026, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.



Lakeside by Lenny Rolfe

Pension Fund Account

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 2025/26 and received a £9.09m grant to towards the employer 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 2025/26. 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	2025/26	2024/25
Contributions receivable		
From employer – normal contributions	(51,494)	(48,446)
From employer – ill-health capital equivalent charges	(1,283)	(2,020)
From members	(19,793)	(18,758)
Transfers in		
Individual transfers in from other schemes	(396)	(1,325)
Benefits payable		
Pensions	110,744	108,068
Commutations and lump sum retirement benefits	18,940	19,394
Lump sum death benefits	286	484
Other	123	400
Payments to and on account of leavers		
Refund of contributions	289	361
Individual transfers out to other schemes	49	85
Net amount payable for year	57,465	58,243

Glossary

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 Adjustment Account

A reserve which reflects the net surplus of resources set aside to finance capital expenditure and the depreciation, impairment and write-off of the historical cost of property, plant and equipment assets.

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).

Collection Fund Adjustment Account

A reserve which records the difference between the income included in the Income and Expenditure Account and the amount required by regulation to be credited to the General Fund. The Commissioner includes a proportionate share of Council Tax debtors and creditors due to the billing authority, which is deemed to be acting as an agent of the major preceptors, including the Police and Crime Commissioner.

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 Commissioner 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 Commissioner 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.

Expected credit loss

An estimate of the losses an authority expects it will incur from financial instruments.

Expected loss allowance

Some debts are unlikely to be recovered because something has happened since the debt was raised. An assessment of the reduction in recoverable debt is made both individually (for individually significant debts) and collectively.

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 Instruments Adjustment Account

A reserve which records the adjustments made to the value of assets and liabilities as a result of showing these at fair value or amortised cost on initial recognition and the subsequent accounting entries required to write the value of these assets and liabilities back up to the actual sum due or payable at the end of its expected life.

Financial Year

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

Non-current assets

Assets of significant value that yield benefits to the Commissioner for a period of more than one year.

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.

Minimum Revenue Provision (MRP)

An amount required by statute to be charged to the movement in reserves. It ensures that authorities put aside funds for the repayment of loans.

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.

Revaluation Reserve

A reserve which records the accumulated gains on assets held by the Commissioner arising from increases in value, netted off for disposals and certain depreciation adjustments.

Revenue Contributions to Capital Outlay (RCCO)

Amounts paid from revenue funds (charged to the Income and Expenditure Account) to purchase capital assets.

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).