Statement of Accounts

2024/25

The Chief Constable of Hertfordshire Constabulary

Contents

Narrative Report

Organisational Overview and External Environment

Hertfordshire police area covers 634 square miles, 70% of the county is designated as rural, whilst four centres of population, Dacorum, St Albans, Watford and Stevenage have resident populations of 157,827, 148,755, 104,195 and 90,146 respectively (based on ONS mid- 2023 estimates). The standard of living is mostly high, with low unemployment and residents are generally healthy, well-educated and well paid, however there are areas of relative deprivation and social exclusion. The current estimated population of 1,215,387 persons, continues to increase, rising by approximately 16,587 (1.38%) since the 2021 census. According to the last (2021) Census, some 28.2% of Hertfordshire residents are from ethnic minority groups.

The Constabulary maintains a strong local policing focus through ten Community Safety Partnerships (CSPs) aligned to local authority areas. Each has dedicated neighbourhood, local response and crime teams, supported by inter-agency partnerships and centralised specialist support. There is significant collaboration, chiefly through its strategic alliance with Bedfordshire and Cambridgeshire police forces, which provides protective services and a range of other operational and support functions that increase effectiveness and efficiency. The Chief Constable and the Police and Crime Commissioner are also working closely with local partner organisations – the Hertfordshire Community NHS Trust, the East of England Ambulance Service, and the Hertfordshire County Council and the Fire and Rescue Service – to achieve greater efficiencies.

Hertfordshire's 2024/25 Net Revenue budget was £267.377m. The budgeted workforce comprises 2,342 police officers, 160 police community support officers, 1,588 police staff.

Collaboration through working with Bedfordshire Police and Cambridgeshire Constabulary (BCH) continues to play an important part in the delivery of policing services and the generation of future savings. Full details of Hertfordshire's financial transactions with Bedfordshire Police and Cambridgeshire Constabulary are set out in note 19 below.

Governance

The current governance arrangements for policing were introduced by the Police Reform and Social Responsibility Act 2011. The act established two corporations sole, the Police and Crime Commissioner who replaced the police authority and the Chief Constable. The two corporations sole are both schedule 2 bodies under the Local Audit and Accountability Act 2014 and so are both required to publish accounts and are both subject to audit.

The relationship between the two corporations sole is reflected in accounting terms by the existence of a group relationship. Group relationships require the completion of a consolidated group Statement of Accounts in addition to those for the individual entities. This document is the Statement of Accounts for the Group as well as for the Police and Crime Commissioner for Hertfordshire (PCC). A statement of accounts for the Chief Constable of Hertfordshire is published as a separate document. Note 4 - Critical

Judgements in Applying Accounting Policies, sets-out the allocation of expenses, income and balances between the two corporations sole.

Further detail on governance arrangements will be contained within the Annual Governance Statement on page 66.

Operational Model

The Role of the PCC

The PCC has a statutory duty and electoral mandate to ensure an efficient and effective police service and to hold the Chief Constable to account on behalf of the public. The PCC is the recipient of funding relating to both policing and crime reduction, including government grant, council tax precept. How this money is allocated is a matter for the PCC in consultation with the Chief Constable, or when relevant in accordance with any grant terms.

The PCC is responsible for setting the Police and Crime Plan and budget, monitoring financial outcomes and the approval of medium-term financial plans in consultation with the Chief Constable. The PCC is responsible for approving the overall framework of accountability and control, and monitoring compliance which includes the Police and Crime Plan, the Medium-Term Financial Strategy, the Annual Revenue Budget, the Capital Programme, Financial Regulations, the Treasury Management Strategy, the Estate Strategy and Asset Management plans, the Risk Management Strategy and the Governance policies.

In 2025, following public consultation, the PCC published his new Police and Crime Plan entitled ‘Fighting Crime, Making Hertfordshire Safer’. The plan sets out five key priorities:

- Make Hertfordshire safer
- Strengthen local policing and build public confidence
- Tackle crime and anti-social behaviour
- Protect people from violence, abuse and exploitation
- Bring offenders to justice and support victims

The Role of the Chief Constable

The Chief Constable is responsible for maintaining the King’s Peace and has direction and control over the Constabulary’s officers and staff. The Chief Constable holds office under the Crown, but is appointed by the PCC. The Chief Constable is accountable to the law for the exercise of police powers and to the PCC for the delivery of efficient and effective policing, management of resources and expenditure by the Constabulary. At all times the Chief Constable, his constables and staff, remain operationally independent in the service of the public.

The Chief Constable has day to day responsibility for financial management of the Constabulary within the framework of the agreed budget allocation and levels of authorisation issued by the PCC and must ensure that the financial management of the allocated budget remains consistent with the objectives and conditions set by the Commissioner.

In addition to meeting the Strategic Policing Requirement, prioritising resourcing and investment for the Constabulary, the Chief Constable is responsible for delivery the Police & Crime Plan, which includes the five priority areas stated above.

Strategic Performance Objectives:

- Improve crime recording
- Reduce crime and anti-social behaviour
- Solve more crime
- Keep people safe using protective powers

Funding
Net expenditure incurred by the Chief Constable is funded by the PCC via an intra-entity transfer for which details are set-out in note 11 below. Details of the PCC's sources of income are set-out in the PCC's Accounts.

Net Revenue Spending 2024/25

The table below shows revenue expenditure against budget for 2024/25.

	Budget	Outturn	Variance	
	£m	£m	£m	%
Operational Delivery	149.526	149.304	-0.222	-0.1%
Strategy & Prevention	29.851	30.310	0.459	1.5%
Herts Custody & Criminal Justice	8.558	8.643	0.085	1.0%
Resources	18.256	18.931	0.675	3.7%
DCC Budgets	4.189	4.184	-0.005	-0.1%
Corporate Budgets	-9.529	-7.573	1.956	-20.5%
Total Herts	**200.851**	**203.799**	**2.948**	**1.5%**
Collaborated Operational Support	17.349	17.280	-0.069	-0.4%
Collaborated Organisation Support	15.259	15.171	-0.088	-0.6%
Collaborated Protective Services	29.443	30.305	0.862	2.9%
Total Collaborated	**62.051**	**62.756**	**0.705**	**1.1%**
Transfer from Reserves	0.053	0.115	0.062	117.0%
Total Force	**262.955**	**266.670**	**3.715**	1.4%
OPCC	4.422	3.698	-0.724	-16.4%
Total Budget	**267.377**	**270.368**	**2.991**	**1.1%**

*Over / (Under) spend

The overall outturn position of a £3.0m (1.1%) overspend arose across a number of offsetting areas as follows:

- Police Officer Pay and Allowances overspent by £2.7m as-a-result of officer number being marginally above the budget throughout the year and as an increase in the average cost of officers following the 4.75% pay award.

- Police Staff Pay and Agency Staff Costs overspend by £0.9m – primarily driven by the need to maintain the level of Comms Operators within the Force Control Room.
- Police Office and Police Staff Overtime overspend of £1.6m occurred to cover vacancies and to maintain standards in line with national requirements, for example in the Force Communications Room, Armed Policing Unit, Roads Policing Unit and Custody.
- Constabulary Non-Pay Budgets underspent by -£1.5m with the most significant area of variance being increased investment income and a reduction in the Minimum Revenue Provision (MRP) following a review by the PCC's treasury management advisors.
- The Office of the Police and Crime Commissioner (OPCC) underspend of -£0.7m largely relates to higher levels on income received relating to a project aimed at rehabilitating the perpetrators of domestic abuse.

Capital Spending 2024/25

Capital spending is shown within the accounts of the PCC.

Performance

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS)

HMICFRS are commissioned by the Home Secretary to undertake inspections of police forces and fire and rescue services.

PEEL (Police Effectiveness, Efficiency and Legitimacy) is HMICFRS's annual assessment of police forces in England and Wales. Forces are assessed on their effectiveness, efficiency and legitimacy. Until 2018/19 each was inspected separately each year. HMICFRS has now adopted an integrated approach to inspections. Integrated PEEL Assessment (IPA) combines the forces into a single inspection on the areas of PEEL.

The latest PEEL inspection report was published in October 2024, with a 'good' assessment rating for preventing and deterring crime and antisocial behaviour. The report assessed four areas as 'requiring improvement'; these included: responding to the public, investigating crime, protecting vulnerable people, and leadership and force management. The Constabulary received an 'inadequate rating' for recording crime data; a Gold Group has been established, overseen by the Deputy Chief Constable, charged with addressing the areas of weakness highlighted in the PEEL report, with an emphasis on the recording of crime data.

Victim Satisfaction

Since November 2020 the Constabulary has used echo as a way of gaining victim satisfaction. The current feedback provided below, which was obtained between April 2024 to March 2025, relates to Victims of Crime. We received results from 3,123 victims who scored the Constabulary as follows:

Q1 / Were they kept informed? 3.6 out of 5
Q2 / Did we meet their need? 3.4 out of 5
Q3 / Overall satisfaction? 3.5 out of 5

Recorded Crime

Within the constabulary's Most Similar Group (MSG) of eight forces [1], Leicestershire, Essex, TVP, Hampshire, Staffordshire, Sussex and Avon & Somerset, the level of recorded crime in Hertfordshire puts us in 2nd position. (MSG data 12 months to March 25).
For 2024/25 (compared to 2023/24):

- All recorded crime increased by **10.5%,** an increase of **7,858** crimes compared to the same period in the previous year. The total number of crimes being **82,508** as opposed to **74,650** the previous year.
- Residential Burglary-Home offences had decreased by **4.2%** to **1,846** offences (80 less than recorded in the previous year), the constabulary was 5th position in the MSG.
- Robbery had an increase of **35.6%** to **1,174** offences (**308** more crimes than recorded in the previous year), the constabulary was 7th position in its MSG.
- Vehicle Offences decreased by **6.4%** to **6,471** offences (**441** less offences than recorded in the previous year), the constabulary was 7th position in its MSG.
- Violence Against the Person offences increased by **19.8%** to **30,0964** offences (**5,113** more offences than recorded in the previous year), the constabulary was 2nd in its MSG.
- Criminal Damage decreased by **2.6%** to **6,638** offences (**180** less offences than recorded in the previous year), the constabulary was 2nd position in its MSG.
- Thefts from Shops increased by **12.4%** to **9,913** (**1,092** more offences than recorded in the previous year), the constabulary was 6th in its MSG.
- Theft from Person increased by **3.5%** to **1,014** (**34** more offences than recorded in the previous year), the constabulary was 7th in its MSG.
- Possession of drugs was up **5.8%** (**104** more crimes) Trafficking was down **4.9%** (**18** less crimes). The Constabulary was 2nd in its MSG for Drug Offences (3rd for Possession, 1st for Trafficking) though in this case, 'worse' figures are more likely an indication of greater proactivity.
- Domestic Abuse offences had increased by **12.9%** to **12,916** (**1,477** more offences than recorded in the previous year).
- All Recorded Rape increased by **11.1%** over the same period in the previous year; 1st position within our MSG.
- Reported anti-social behaviour had decreased by **13.7%** (**3,473** less reports). ASB is broken down into three recorded types: Environmental, Nuisance and Personal. The decreases were noted across all 3 strands. There is no MSG position available.

The constabulary's all crime outcome rate concluded at **12.2%.** This represented a decrease of **0.5%** points against the previous year.

[1] Most Similar Group forces are; Hertfordshire, Hampshire, Essex, Leicestershire, Sussex, Avon & Somerset, Staffordshire and Thames Valley.

Outlook

In March 2025 the Net Revenue Budget for 2025/26 was set at £279.856m compared to £267.377m for 2024/25. This increase supports a rise in Standstill Costs of £16.0m, investment of £3.7m, offset by -£7.2m of savings. The increase in budget has been funded by a £14 rise in the Band D council tax and an additional £5.2m of core Home Office grant.

The table below sets-out the projected changes in available funding and resultant savings to close the budget gap over the next four years. The following assumptions have been used: A 3.5% increase in grant funding in 2025/26, then 1.7% to 2.0% per annum following this, £14 increase to council tax in 25/26, followed by £13 per annum increase following this, 2.5% p.a. increase in pay costs and non-pay inflation of 1.6% (25/26), 1.7% (26/27), 2.0% (27/28) and 2.0% (28/29).

MTFP	2025/26 £m	2026/27 £m	2027/28 £m	2028/29 £m	Total £m
Standstill costs	15.992	8.007	12.190	8.974	45.163
Core Grant	-5.173	-2.639	-3.158	-3.221	-14.191
Taxbase & Collection Fund	-0.737	-0.796	-0.969	-1.018	-3.520
Precept increase	-6.570	-6.137	-6.180	-6.223	-25.110
Investment	3.681	2.479	2.266	1.350	9.776
Contribution to Reserves	-	-	-	2.300	2.300
Budget Gap	**7.193**	**0.914**	**4.149**	**2.162**	**14.418**

The table above shows the medium-term financial strategy based upon high level spending and income assumptions. This position will be reviewed in light of the upcoming government spending review announcement. The plan sets out a budget gap of £7.2m in 2025/26 and £14.4m in total by 2028/29.

As at 31st March 2025, the PCC has usable revenue reserves of £16.0m.

Basis of Preparation

The Chief Constable has a statutory duty to approve and publish a Statement of Accounts covering a 12-month reporting position. These accounts cover the period 1st April 2024 to 31st March 2025 and have been compiled in accordance with recommended practice from the Chartered Institute of Public Finance and Accountancy (CIPFA). The format is largely prescribed in the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The financial statements have been prepared on a going concern basis, meaning the accounts assume that the organisation’s operations will continue for the foreseeable future. Even when services are transferred due to combinations of public sector bodies, such as local government reorganisations, the going concern assumption still applies.

These accounting standards set out the format of the Accounts and the concepts and principles that should be used in deciding on the appropriate treatment of transactions and balances within the Accounts. The financial relationship between the Chief Constable and the PCC is determined by the key elements of the legislative framework as well as local arrangements set-out in the Scheme of Governance and the Financial Regulations.

The Scheme of Governance and the Financial Regulations set-out that strategic control; ultimately the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for the delivery of an efficient and effective police force and the responsibility for the appointment and dismissal of the Chief Constable, is exercised by the PCC.

There is an overall Group Account that consists of the Police and Crime Commissioner for Hertfordshire and the Chief Constable of Hertfordshire Constabulary.

The Chief Constable has daily direction and control over all police officers and a great majority of police staff and so his Accounts contain the direct cost of employment and other related costs and balances associated with these officers and staff.

The Accounts of the PCC contain the direct costs of his Office, capital accounting transactions and balances associated with his control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

Further details of this approach are set out below in Note 4 – 'Critical Judgements in Applying Accounting Policies'.

Together this Statement of Accounts and those of the PCC form the Group Accounts which are published alongside the PCC Statement of Accounts as a separate document.

These accounts include an analysis of the Chief Constable's financial affairs and the financial position at 31 March 2025. The accounts comprise of:

a) The **Statement of Responsibilities** for the Statement of Accounts, which sets out the responsibilities of both the Chief Constable and the responsible Chief Finance Officer for the preparation of the Accounts.
b) The **Comprehensive Income & Expenditure Statemen**t, is a summary of the income and expenditure received and used to provide services during the year and shows how the PCC has funded the cost of net expenditure incurred at the request of the Chief Constable by an intra-entity transfer.
c) The **Movement in Reserves Statement** shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the Comprehensive Income & Expenditure Statement.
d) The **Balance Sheet**, which shows the value as at the balance sheet date of the assets and liabilities recognised by the Chief Constable.
e) The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes.
f) **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements. These also set out the accounting policies adopted by the Chief Constable, which explain the basis on which the financial transactions are presented.

g) The **Annual Governance Statement** – The statement sets out the results of the annual review of governance and internal controls within the Office of the Chief Constable. The statement reports on any significant weaknesses and the actions undertaken to rectify these.

h) **Police Officer Pension Fund Account** - This identifies the payments in and out of the Police Officers Pension Fund Account

Values in these accounts are rounded to the nearest thousand. Totals in supporting tables and notes may not exactly match due to rounding differences.

Investments

Investments are shown within the accounts of the PCC.

Borrowing

Borrowing is shown within the accounts of the PCC.

Disclosed Pensions Assets or Liabilities

The Chief Constable's and the PCC's police staff employees are able to join the Local Government Pension Scheme (LGPS) administered by Hertfordshire County Council. The pension fund pays the pensions of member employees upon retirement and receives contributions from employees together with an employer's contribution from the Chief Constable and PCC. Every three years the fund's appointed actuary assesses how much money is in the fund and whether this is sufficient to meet the potential call from staff as they retire at a future date.

Police Officers are eligible to join the national Police Pension Schemes which is an unfunded defined benefit final salary scheme administrated by the Chief Constable. Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

The net amount charged to the Police Fund is that payable for the year in question in accordance with the statutory requirements governing the pension fund. Where this amount does not match the amount charged to the Comprehensive Income and Expenditure Statement any difference is transferred to the pension reserve on the balance sheet via the Movement in Reserves Statement in order that there is no impact on the Group's revenue expenditure funded from taxation. The Group's liability during 2024/25 was limited to employer contributions equivalent to 35.3% of police officer pensionable pay with the Home Office paying the balance of any deficit on the Police Pension fund. Further details are shown in the accounts of the Police Pension Fund on page 58.

There are many factors, including external economic factors that can affect the financial position of the fund. As a result, the Chief Constable's share of the Hertfordshire Local Government Pension Scheme Fund and Police Pension funds, shows a net liability of £1.416bn as at 31st March 2025 (£1.568bn as at 31st March 2024). The liability is a notional amount as it would only fall due if all circumstances remained as they are now until the current contributors retire and the Chief Constable did not seek to address the matter. The liability on the balance sheet is matched with an equivalent pension reserve. Note 21 gives further details.

Balance Sheet

The balance sheet shows the net worth of the Chief Constable as at 31st March 2025 is -£1.425bn consisting of Pension Reserves of -£1.416bn and Accumulated Absences Reserves -£8.820m.

Further information on the financial statements presented in this document can be obtained from the Director of Finance at the Constabulary (email mike.jarvis@herts.police.uk).

James Cook CPFA - Chief Finance Officer to the Chief Constable of Hertfordshire
February 2026

Statement of Responsibilities for the Statement of Accounts

The Chief Constable of Hertfordshire's Responsibilities

The Chief Constable is required to:

- Make arrangements for the proper administration of the Office of the Chief Constable's financial affairs and to secure that one of its officers (the Chief Finance Officer) has responsibility for the administration of those affairs.
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- approve the Statement of Accounts.

I confirm that I approve these accounts following completion of the audit.

Signed: Andy Prophet **Date:** 27.02.2026

Andy Prophet - Chief Constable of Hertfordshire Constabulary

The Chief Constable of Hertfordshire Constabulary Chief Finance Officer's Responsibilities

The Chief Finance Officer is responsible for the preparation of the Office 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 2024/25 (the Code)

In preparing this Statement of Accounts, the Chief Finance Officer has:

- selected suitable accounting policies and applied them consistently.
- made judgements and estimates that were reasonable and prudent.
- complied with the local authority Code.

The Chief Finance Officer has also:

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

I confirm this Statement of Accounts gives a true and fair view of the financial position of the Chief Constable as at the accounting date and its income and expenditure for the year ended 31st March 2025.

Signed: * James Cook **Date:** 27.02.2026

James Cook CPFA – Chief Finance Officer

INDEPENDENT AUDITOR'S REPORT TO THE CHIEF CONSTABLE OF HERTFORDSHIRE CONSTABULARY

REPORT ON THE AUDIT OF THE CHIEF CONSTABLE'S FINANCIAL STATEMENTS

Disclaimer of opinion

We were engaged to audit the financial statements of the Chief Constable of Hertfordshire Constabulary ("the Constabulary") for the year ended 31 March 2025 on pages 19 to 88 which comprise the Comprehensive Income and Expenditure Statement, the Movement in Reserves Statement, the Balance Sheet, the Cash Flow Statement and the related notes, including the Expenditure and Funding Analysis, Police Pension Scheme Fund Accounts and the accounting policies in notes 1 to 28.

We do not express an opinion on the financial statements. Due to the significance of the matters described in the Basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (the "Amendment Regulations") require the Constabulary to publish its financial statements and our opinion thereon for the year ended 31 March 2025 by 27 February 2026 (the "Backstop Date").

We have been unable to obtain sufficient appropriate audit evidence over a number of areas of the financial statements as we have been unable to perform the procedures that we consider necessary to form our opinion on the financial statements ahead of the Backstop Date.

These areas were for the Constabulary

- the Police Pension Scheme Fund Accounts and the disclosures of Senior Officers' Remuneration, Officers Emoluments, Exit Packages, and the balance of, and movements in, usable and unusable reserves for the years ended 31 March 2024 and 31 March 2025.
- the employee benefit expenses, which are spread across a number of lines in the Comprehensive Income and Expenditure Statement for the year ended 31 March 2025.
- the disclosed comparative figure for Provisions for Accumulated Absences for the year ended 31 March 2024.
- the net assets as at 1 April 2023, and therefore whether there were any consequential effects on the disclosed comparative income and expenditure for the year ended 31 March 2024.

Any adjustments from the above matters would have a consequential effect on the Constabulary's net assets and the split between usable reserves and unusable reserves as at 31 March 2025 and 31 March 2024, and on its income and expenditure and cash flows for the years then ended.

Fraud and breaches of laws and regulations – ability to detect

As stated in the Disclaimer of opinion section of our report, we do not express an opinion on the financial statements due to the reasons described in the Basis for disclaimer of opinion section of our report.

Other information

The Chief Finance Officer (the "Section 151 Officer") is responsible for the other information, which comprises the information included in the Statement of Accounts, other than the financial statements and our auditor's report thereon. Any opinion on the financial statements would not cover the other information and we do not express an opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge.

Due to the significance of the matters described in the *Basis for disclaimer of opinion* section of our report, and the possible consequential effect on the related disclosures in the other information, whilst in our opinion the other information included in the Statement of Accounts for the financial year is consistent with the financial statements, we are unable to determine whether there are material misstatements in the other information.

Chief Finance Officer's and Joint Audit Committee's responsibilities

As explained more fully in the statement set out on page 13 the Chief Finance Officer is responsible for the preparation of financial statements in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 and that give a true and fair view. They are also responsible for: such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Constabulary's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they have been informed by the government of the intention to either cease the services provided by the Constabulary or dissolve the Constabulary without the transfer of its services to another public sector entity.

The Joint Audit Committee of the Constabulary is responsible for overseeing the Constabulary's financial reporting process.

Auditor's responsibilities

Our responsibility is to conduct an audit of the financial statements in accordance with International Standards on Auditing (UK), and to issue an auditor's report. However, due to the significance of the matter described in the *Basis for disclaimer of opinion* section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on the financial statements.

We have fulfilled our ethical responsibilities under, and are independent of the Constabulary in accordance with, UK ethical requirements including the FRC Ethical Standard.

REPORT ON OTHER LEGAL AND REGULATORY MATTERS

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

Under the Code of Audit Practice published by the National Audit Office in November 2024 on behalf of the Comptroller and Auditor General (the "NAO Code of Audit Practice"), we are required to report to you if we identify any significant weaknesses in the arrangements that have been made by the Constabulary to secure economy, efficiency, and effectiveness in its use of resources.

We have nothing to report in this respect.

Respective responsibilities in respect of our review of arrangements for securing economy, efficiency and effectiveness in the use of resources

The Constabulary is responsible for putting in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We are required under section 20(1) of the Local Audit and Accountability Act 2014 to be satisfied that the Constabulary has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Constabulary's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively. We are also not required to satisfy ourselves that the Constabulary has achieved value for money during the year.

We planned our work and undertook our review in accordance with the NAO Code of Audit Practice and related statutory guidance, having regard to whether the Constabulary had proper arrangements in place to ensure financial sustainability, proper governance and to use information about costs and performance to improve the way it manages and delivers its services. Based on our risk assessment, we undertook such work as we considered necessary.

Statutory reporting matters

We are required by Schedule 2 to the NAO Code of Audit Practice to report to you if:

- we issue a report in the public interest under section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make written recommendations to the Constabulary under Section 24 and Schedule 7 of the Local Audit and Accountability Act 2014; or
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014; or
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014; or
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014.

We have nothing to report in this respect.

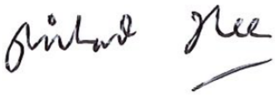
THE PURPOSE OF OUR AUDIT WORK AND TO WHOM WE OWE OUR RESPONSIBILITIES

This report is made solely to the members of the Constabulary, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014. Our audit work has been undertaken so that we might state to the members of the Constabulary, as a body, those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Constabulary and the members of the Constabulary, as a body, for our audit work, for this report, or for the opinions we have formed.

DELAY IN CERTIFICATION OF COMPLETION OF THE AUDIT

We are unable to certify that we have completed the audit of the Chief Constable of Hertfordshire Constabulary for the year ended 31 March 2025 in accordance with the requirements of the Local Audit and Accountability Act 2014 and the NAO Code of Audit Practice for the following reasons:

- As at the date of this audit report, we are unable to confirm that we have completed our work in respect of the Authority's Whole of Government Accounts consolidation pack for the year ended 31 March 2025 because we have not received confirmation from the NAO that the
  NAO's audit of the Whole of Government Accounts is complete; and
- The certification of completion of the audit has not yet been issued in respect of the year ended 31 March 2024.



Richard Lee

***For and on* behalf of KPMG LLP**

Chartered Accountants
1 St Peter's Square,
Manchester
M2 3AE
27th February 2026

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Key Statements

Comprehensive Income and Expenditure Statement
This statement summarises the resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

2023/24					2024/25		
Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000	Note		Gross Expenditure £'000	Gross Income £'000	Net Expenditure £'000
134,313	-1,387	132,926		Operational Delivery	140,372	-1,736	138,636
36,100	-813	35,287		Strategy And Prevention	38,086	-820	37,266
18,324	-541	17,783		Resources	18,782	-1,701	17,081
8,567	-14,561	-5,994		Corporate Budgets	10,599	-21,938	-11,339
7,476	-356	7,120		DCC Budgets	4,597	-372	4,225
31,250	-5,195	26,055		Protective Services	33,402	-5,704	27,698
17,047	-2,921	14,126		Operational Support	19,198	-3,361	15,837
14,743	-964	13,779		Organisational Support	14,919	-1,049	13,870
267,820	**-26,738**	**241,082**		**Cost of Services**	**279,955**	**-36,681**	**243,274**
		69,621	10	Financing and investment income and expenditure			72,932
		-268,706	11	Police and Crime Commissioner funding for financial resources consumed			-275,179
		41,997		**(Surplus) or Deficit on the Provision of Services**			**41,027**
		15,144	21	Re-measurement of the net defined benefit liability			-192,455
		15,144		**Other Comprehensive Income and Expenditure**			**-192,455**
		57,141		**Total Comprehensive Income and Expenditure**			**-151,428**

Movement in Reserves Statement

This statement shows the movement in the 2023/24 and 2024/25 financial years on the different reserves held by the Chief Constable. The only transactions shown in this statement relate to the Pensions Reserve and the Accumulated Absences Reserve (reflecting movements relating to police officers and police staff under the direction and control of the Chief Constable). All other reserves are managed by the Police and Crime Commissioner.

	Police Fund £'000	Total Usable Reserves £'000	Total Unusable Reserves £'000	Total Reserves £'000
Balance at 31 March 2023	**0**	**0**	**-1,519,237**	**-1,519,237**
Movement in reserves during 2023/24				
Total Comprehensive Income and Expenditure	-41,997	**-41,997**	-15,144	**-57,141**
Adjustments between accounting basis and funding basis under regulations*	41,997	**41,997**	-41,997	**0**
Increase / (Decrease) in Year	**0**	**0**	**-57,141**	**-57,141**
Balance at 31 March 2024 carried forward	**0**	**0**	**-1,576,378**	**-1,576,378**
Movement in reserves during 2024/25				
Total Comprehensive Income and Expenditure	-41,027	-41,027	192,455	**151,428**
Adjustments between accounting basis and funding basis under regulations*	41,027	41,027	-41,027	**0**
Increase / (Decrease) in Year	**0**	**0**	**151,428**	**151,428**
Balance at 31 March 2025 carried forward	**0**	**0**	**-1,424,950**	**-1,424,950**

* See note 9

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The Chief Constable recognises in his Balance Sheet assets and liabilities relating to police officers and police staff under his direction and control matched by financial guarantees from the Police and Crime Commissioner. All other balances are held by the Police and Crime Commissioner.

31 March 2024 £'000	Note		31 March 2025 £'000
32,692	12	Short-Term Debtors	23,889
0	14	Intra-Entity Debtor	6,891
32,692		**Current Assets**	**30,780**
-23,671	13	Short-Term Creditors	-27,430
-8,048	15	Provisions for Accumulated Absences	-8,820
-4,698	14	Intra-Entity Creditor	-
-36,417		**Current Liabilities**	**-36,250**
-4,323		Provisions	-3,350
-1,568,330	21	Other Long-Term Liabilities	-1,416,130
-1,572,653		**Long-Term Liabilities**	**-1,419,480**
-1,576,378		**Net Assets / (Liabilities)**	**-1,424,950**
-1,576,378	15	Unusable Reserves	-1,424,950
-1,576,378		**Total Reserves**	**-1,424,950**

Signed:
James Cook CPFA – Chief Finance Officer

Date: 27th February 2026

* Official signed version held at Police HQ in Welwyn Garden City

Cash Flow Statement

The Cash Flow Statement shows the changes in cash equivalents of the Chief Constable during the reporting period. All cash equivalents are held by the Police and Crime Commissioner and so there are no entries in this statement.

2023/24 £'000		2024/25 £'000
-41,997	Net Surplus or (Deficit) on the Provision of Services	-41,027
41,997	Adjustments to net Surplus or Deficit on the Provision of Services for non-cash movements	41,027
0	**Net cash flows from Operating Activities**	**0**
-	**Net increase or (decrease) in cash and cash equivalents**	**-**
-	Cash and cash equivalents at the beginning of the reporting period	**-**
0	**Cash and cash equivalents at the end of the reporting period**	**0**

The following adjustments were made to remove non-cash items from the surplus or deficit on the provision of services:

2023/24 £'000		2024/25 £'000
	Adjustment for non-cash movements:	
95,922	Amount by which pension costs calculated in accordance with the Code are different from the contributions due under the pension scheme regulations	98,706
-54,230	Employer's contribution payable to the Pension Fund and retirement benefits payable directly to pensioners (including additional contributions payable to balance a deficit on the Police Pension Fund Account)	-58,451
306	Provisions	-974
3,023	Transfer To / (From) the Accumulated Absences Account	772
	Adjust for accruals:	
-10,136	(Increase) / Decrease in Revenue Debtors	8,803
1,862	Increase / (Decrease) in Revenue Creditors	3,759
5,250	(Increase) / Decrease in Intra-Entity Debtor/Creditor	-11,588
41,997	**Total Non-Cash Movements**	**41,027**

Notes to the Statements of Accounts 2024/25

Note 1 - General Accounting Policies

Where possible accounting policies have been shown alongside relevant notes to the accounts, formatted in italic typeface to distinguish them from the main content of the notes. In addition, the basis of preparation has been outlined within the narrative report from page 9. There are however a number of overarching accounting policies that apply more broadly which are set-out here:

General Principles

The Chief Constable, PCC and Group have adopted a common set of accounting principles. Only those principles directly applicable to the Chief Constable's Accounts are shown below. A full set of Group Principles is disclosed within the Group / PCC Accounts.

The Statement of Accounts summarises the Chief Constable's transactions for the 2024/25 financial year and its position at the year-end of 31 March 2025. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which these regulations require to be prepared in accordance with proper accounting practices. These practices primarily comprise of the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 published by CIPFA, supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 21(2) of the Local Government Act 2003.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Accruals

Estimation techniques are the methods adopted by the Chief Constable to arrive at the estimated monetary amounts, corresponding to the measurement bases selected for assets, liabilities, gains, losses and changes in reserves. The policies are therefore set to specify the basis on which an item will be measured: where there is uncertainty over how to measure this, the amount has been arrived at using an estimation or accrual technique.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. The Chief Constable's Balance Sheet holds debtors and creditors relating to the provision of policing services. In particular:

- *Revenue from the provision of goods or services is recognised in line with IFRS15.*
- *Supplies and services (including services provided by employees) are recorded as expenditure when they are consumed or the services are received.*
- *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.*
- *The actual cost of employees and police officers is recorded in the accounts. Accruals are made for the payment of police overtime, pension and tax liabilities based on the actual March payments and included as creditors on the Balance Sheet.*

Cash and Cash Equivalents

Whilst the Chief Constable does not hold a bank account, cash is expended at his request as resources are consumed and a share of working capital and provisions are included within his Balance Sheet. A Cash Flow statement has therefore been prepared to reconcile the Net Surplus or Deficit on the Provision of Services to Cash and Cash Equivalents held at the end of the reporting period.

Items not Included in the Chief Constable's Accounts

As outlined in Note 4, all capital balances and transactions are disclosed in the PCC's accounts. As such, the following items are not included in the Chief Constable's accounts;

- *Capital Expenditure & Receipts*
- *Charges to Revenue for Non-Current Assets*
- *Disposals and Non-current Assets Held for Sale*
- *Intangible Assets*
- *Investments*
- *Property, Plant and Equipment*
- *Usable Reserves*

Revenue Recognition

The Chief Constable accounts for revenue recognition in accordance with IFRS 15. This applies to the accounting for revenue arising from the sale of goods and services.

Any income received under contract is recognised in accordance with the performance obligations in the contract.

Revenue is recognised and measured at fair value of the consideration received or receivable except for financial assets otherwise measured as financial instruments. Revenue is recognised when performance obligations have been met. Where there are doubts as to the collectability of an amount already included in revenue an impairment expense is recognised rather than an adjustment made to the revenue already recognised in the Comprehensive Income and Expenditure Statement.

Unusable Reserves

The Chief Constable's Accounts contain only unusable reserves required to manage the accounting processes for retirement and employee benefits. These reserves do not represent usable resources for the Chief Constable and are explained in the relevant policies.

VAT

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

Note 2 - Changes in Accounting Policies

Since the 2023/24 accounts, the requirements from IFRS16 (Leases) have been implemented. More information on this can be found in Note 18.

Note 3 - Accounting Standards That Have Been Issued but Not Yet Adopted

The following sets out amendments to accounting standards or new accounting standards that have been issued but will not be adopted by the Code until 2025/26.

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023.
- IFRS 17 Insurance Contracts issued in May 2017 (replacing IFRS 4)
- The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets.

Since the 2023/24 accounts, the requirements from IFRS16 (Leases) have been implemented. More information on this can be found in Note 18.

Note 4 - Critical Judgements in Applying Accounting Policies

In applying the accounting policies, the Chief Constable has had to make certain judgements about complex transactions or those involving uncertainty about future events. Critical judgements made in the Statement of Accounts for 2024/25 are:

a) Allocation of transactions, benefits and liabilities between the Accounts of the Chief Constable and PCC

   There is a degree of uncertainty about future levels of funding for Police and Crime Commissioners, and consequently Chief Constables. However, it has been determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Group might be impaired as a result of a need to close facilities and reduce levels of service provision.
   A key critical judgement is the allocation of transactions and balances between the accounts of the PCC and those of the Chief Constable. The adopted allocation of expense, income and balances is set-out in the following table:

Group CI&E	
Chief Constable's CI&E	**PCC's CI&E**
Cost of Service	**Cost of Service**
- Employee Cost of Officers & Staff under the direction & control of the Chief Constable	- OPCC Domestic Budget - Commissioning Spend - Support from Chief Constable Staff
- Policing Service Non-Pay Expenditure	- IAS19 Current Cost Pension Charges
- IAS19 Current Cost Pension Charges - Accumulated Absences Accruals	- Capital Charges Depreciation & Impairment
- Pension Fund Top-Up Payment	- Specific Grants relating to the PCC
- Income from Fees and Charges	
- Specific Grants relating policing services	
- Expenditure relating to IFRS16 not brought onto the balance sheet	
Other Operating Expenditure	**Other Operating Expenditure**
	- Surplus/Deficit on disposal of non-current assets - Pension Top-Up Grant Income
Financing & Investment	**Financing & Investment**
- IAS19 Pension Net Interest	- IAS19 Pension Net Interest - Capital Financing and Interest on Balances

Taxation and Non-Specific Grants	Taxation and Non-Specific Grants
	- Settlement Funding
	- Accounting for Council tax
Intra Entity Transfer	**Intra Entity Transfer**
- Transfer of funding from the PCC	- Transfer of funding to the CC

Movement in Reserves Statement	Movement in Reserves Statement
	- Revenue Contributions to Capital
	- Minimum Revenue Provision

Group Balance Sheet	
Chief Constable's Balance Sheet	**PCC's Balance Sheet**
Net Assets	**Net Assets**
- Working Capital (CC Share)	- Non-Current Assets
- Provisions	- Working Capital (PCC Share)
- Accumulated Absences Liability	- Investments
- IAS19 Pensions Liability	- Cash & Cash Equivalents
	- IAS19 Pensions Liability
	- Lease Liabilities
	- Provisions
	- Long Term Borrowing
Reserves	**Reserves**
- Accumulated Absences Reserve	- Revaluation Reserve
- IAS19 Pensions Reserve	- IAS19 Pensions Reserve
	- Capital Adjustments Reserve
	- Useable Capital Receipts Reserve
	- Specific Reserves
	- Police Fund

All income, including that from grants, is received and controlled by the Police and Crime Commissioner. As a result, no income is included within the Accounts of the Chief Constable. It has been judged that all property, plant, and equipment is owned and controlled by the PCC and as such is not included in the Chief Constable's Accounts.

The Scheme of Governance set-outs that strategic control; ultimately the overarching responsibility for setting the Police and Crime Plan, holding the Chief Constable accountable for the delivery of an efficient and effective police force and the responsibility for the appointment and dismissal of the Chief Constable, is exercised by the PCC. As such, the Accounts of the PCC contain not only the direct costs of his office but also the cost of funding the activities of the Chief Constable and the capital accounting transactions and balances associated with his control over the strategic non-current assets such as Land and Buildings as well as all cash backed reserves.

The Chief Constable has daily direction and control over all police officers and a great majority of police staff, therefore his Accounts contain the direct cost of employment as well as associated IAS19 transactions and balances associated with his staff.

Stage 2 of the transfer of Staff and Assets required under the Police Reform and Social Responsibility Act 2011 was made on the 1st April 2014. From that date, employment of staff under the direction and control of the Chief Constable transferred to him from the PCC. In addition, a new scheme of governance was introduced to reflect the revised arrangements which set out the consents under which the Chief Constable will operate in the future. The impact of these changes has been limited to the exclusion of IAS19 transactions relating to police staff employed by the PCC from the Chief Constable's Accounts.

b) Collaborative Activities - The Chief Constable participates in a wide range of joint activities with other forces. During 2024/25, these were primarily with Bedfordshire Police and Cambridgeshire Constabulary, to a lesser extent with Thames Valley Police as well as Eastern Region forces. Details of these arrangements as set out in note 19. The Chief Constable deems these arrangements to be jointly co-controlled operations in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and consequently the Statement of Accounts and the accounting statements only reflect Hertfordshire's share of the associated financial transactions and balances.

c) IAS19 Estimation of Pension Liabilities – In response to the outcome of the McCloud and Sargeant cases and the subsequent proposed remedial solution Government, an estimate of additional pension liabilities has been reflected in the IAS19 calculation. IAS19 requires an entity to measure its defined benefit obligations on a basis that reflects: the benefits set out in the terms of the plan (or resulting from any constructive obligation that goes beyond those terms) at the end of the reporting period. This approach of including an adjustment for McCloud and Sargeant has been applied to ensure that the accounts show a true and fair view of the pension liability as at 31 March 2025. Further details can be found in note 21.

d) In allocating balances between the PCC and Chief Constable accounts, the Home Office debtor for pension top-up grant due of £0.532m has been included in full in the PCC's accounts.

e) GMP equalisation and indexation. A past service cost was recognised in 2017/18 reflecting a previous extension of the interim solution regarding guaranteed minimum pension ("GMP") indexation, which was announced by HMT in January 2018. Members of public service pension schemes with GMP entitlements who reach State Pension age on or after 6 December 2018 and before 6 April 2021 are covered by this previous extension of the interim solution.

The High Court published its judgement in the Lloyds Banking Group case on the equalisation of GMP that pensions must be equalised for the effects of unequal GMP and the Government has committed to addressing GMP equalisation. Following discussions through the Finance Working Group covering most public service pension schemes, there was general consensus that a past service cost was required during 2019/20 in respect of the additional liabilities in respect of members reaching State Pension age after 6 April 2021, which were included in the 2019/20 accounts.

Note 5 - Assumptions Made About the Future & Other Major Sources of Estimation Uncertainty

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for the revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The key judgements and estimation uncertainty that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied	Note 21 sets out the sensitivity of the defined pension benefit obligation to significant actuarial assumptions including the impact of adjusting results for the McCloud and Sargeant pension challenges.

Note 6 - Events after the Balance Sheet Date

<u>Accounting Policy</u>

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

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

As outline in Note 28, the specialist training facility at Monks Wood has ceased early in the 2025/26 financial year. This asset was disclosed within the PCC for Cambridgeshire's accounts and therefore has not been disclosed in this set of accounts.

There are no other such events for 2024/25. Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts. This is the date at which the CFO signs the audited statement of accounts.

Note 7 - Expenditure and Income Analysed by Nature

The Chief Constable's expenditure and income is analysed as follows:

	2023/24 £'000	2024/25 £'000
Fees Charges and Other Service Income	-11,146	-13,683
Government Grants and Contributions	-15,592	-22,998
Employee Benefit Expenses	222,819	235,755
Other Service Expenses	45,001	44,202
Interest Payments	69,621	72,932
PCC funding To CC for financial resources consumed	-268,706	-275,179
(Surplus) or Deficit on the Provision of Services	**41,997**	**41,027**

Note 8 - Expenditure and Funding Analysis

The Chief Constable provides a segmental report in the notes to the financial statements together with supporting details and a reconciliation to the Comprehensive Income and Expenditure Statement. The segments mirror the Chief Constable's internal reporting arrangements for reporting at a service level on its budget requirements and monitoring against the approved budget.

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

Expenditure and Funding Analysis

2023/24				2024/25		
Net Expenditure in the CIES*	Adjustments between the Accounting and Funding basis	Net Expenditure Chargeable to the General Fund		Net Expenditure in the CIES*	Adjustments between the Accounting and Funding basis	Net Expenditure Chargeable to the General Fund
£'000	£'000	£'000		£'000	£'000	£'000
132,925	6,839	**139,764**	Operational Delivery	138,636	10,547	149,183
35,287	1,667	**36,954**	Strategy And Prevention	37,266	2,862	40,128
17,783	973	**18,756**	Resources	17,081	1,410	18,491
-5,994	15	**-5,979**	Corporate Budgets	-11,340	69	-11,271
7,120	397	**7,517**	DCC Budgets	4,225	346	4,571
26,055	1,660	**27,715**	Protective Services	27,698	2,509	30,207
14,126	906	**15,032**	Operational Support	15,837	1,443	17,280
13,779	784	**14,563**	Organisational Support	13,870	1,121	14,991
241,081	**13,241**	**254,322**	**Cost of Services**	**243,273**	**20,307**	**263,580**
-199,084	-55,238	**-254,322**	Other Operating Expenditure	-202,246	-61,334	-263,580
41,997	**-41,997**	**0**	**(Surplus) or Deficit on the Provision of Services**	**41,027**	**-41,027**	**0**
		0	**Opening General Fund**			0
		-	Less Surplus / Plus (Deficit) on the General Fund for the Year			-
		0	**Closing General Fund**			**0**

* Comprehensive Income and Expenditure Statement

Note to the Expenditure and Funding Analysis - Adjustment Between Accounting and Funding Basis

2023/24	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Operational Delivery	7,294	-456	**6,839**
Strategy And Prevention	1,960	-293	**1,667**
Resources	995	-22	**973**
Corporate Budgets	-	15	**15**
DCC Budgets	406	-9	**397**
Protective Services	1,697	-37	**1,660**
Operational Support	926	-20	**906**
Organisational Support	801	-17	**784**
Cost of Services	**14,079**	**-838**	**13,241**
Other Operating Expenditure	-55,770	532	**-55,238**
(Surplus) or Deficit on the Provision of Services	**-41,691**	**-306**	**-41,997**

2024/25	Net Change for the Pensions Adjustments £'000	Other Differences £'000	Total Adjustments £'000
Operational Delivery	10,949	-402	10,547
Strategy And Prevention	2,971	-109	2,862
Resources	1,464	-54	1,410
Corporate Budgets	-	69	69
DCC Budgets	359	-13	346
Protective Services	2,605	-96	2,509
Operational Support	1,498	-55	1,443
Organisational Support	1,164	-43	1,121
Cost of Services	**21,010**	**-703**	**20,307**
Other Operating Expenditure	-61,265	-69	-61,334
(Surplus) or Deficit on the Provision of Services	**-40,255**	**-772**	**-41,027**

Note 9 - Adjustments between Accounting Basis & Funding Basis under Regulations

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

2023/24	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 21)	95,921			-95,921
Employer's pensions contributions and direct payments to pensioners payable in the year	-54,230			54,230
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	306			-306
Total Adjustments	**41,997**	**0**	**0**	**-41,997**

2024/25	Police Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied £'000	Unusable Reserves £'000
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement (see note 21)	98,706	-	-	-98,706
Employer's pensions contributions and direct payments to pensioners payable in the year	-58,451	-	-	58,451
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	772	-	-	-772
Total Adjustments	**41,027**	**-**	**-**	**-41,027**

Note 10 - Financing and Investment Income and Expenditure

	2023/24 £'000	2024/25 £'000
Net interest on the net defined liability	69,621	72,932
Provision for Doubtful Debt	-	-
Total Group	**69,621**	**72,932**

Note 11 - PCC Funding for Financial Resources Consumed

The Comprehensive Income and Expenditure Statement summarises the financial resources that have been generated and consumed in providing policing and crime reduction services during the year. It includes all day to day expenses and related income on an accruals basis, as well as transactions measuring the value of fixed assets actually consumed and the real projected value of retirement benefits earned by employees in the year.

The Police and Crime Commissioner provided funding to the Chief Constable for financial resources consumed. The funding provided covers the day to expenses on an accruals basis as well as charges for operational assets consumed in the year. These transactions are reflected in the intra-group accounts of both entities.

The funding does not cover pension (IAS 19) charges and charges for compensated absences as these charges to the Comprehensive Income and Expenditure Statement are reversed in the Movement in Reserves Statement and charged to the Pensions Reserve and Accumulated Absences Account.

	2023/24 £'000	2024/25 £'000
Cost of Service	241,082	243,273
Pensions interest cost	69,621	72,932
Re-measurement of the net defined benefit liability	15,144	-192,455
CI&E Statement (Surplus) Deficit Pre-PCC Funding	**325,847**	**123,749**
Items Removed through MIRS		
Pensions		
Opening Balance	1,511,494	1,568,330
Less Closing Balance*	-1,568,330	-1,416,130
	-56,836	**152,200**
Accumulated Absences		
Opening Balance	7,743	8,048
Less Closing Balance	-8,048	-8,820
	-305	**-772**
PCC Funding for Resources Consumed	**268,706**	**275,177**

Note 12 - Short-Term Debtors

The following table provides an analysis of money owed to the Chief Constable by debtors:

	31 March 2024 £'000	31 March 2025 £'000
Net Trade Debtors	3,122	3,047
Year End Accruals	19,165	9,472
VAT Refund	2,735	2,846
Payments in Advance	7,635	8,483
Payroll Debtor	35	41
Total	**32,692**	**23,889**

All outstanding debts are reviewed throughout the year and a bad debt provision made in respect of those debts for which payment is considered doubtful. At 31st March 2025 the bad debt provision was £0.068m (2023/24 £0.083m).

Note 13 - Short-Term Creditors

The following table provides an analysis of money owed by the Chief Constable to creditors:

	31 March 2024 £'000	31 March 2025 £'000
Net Trade Creditors	-157	-2,078
Conditional Grant	-4	-276
Year End Accruals and Grant Held at Year End	-16,852	-18,308
Payroll Deductions	-6,658	-6,768
Total	**-23,671**	**-27,430**

Note 14 - Intra-Entity Creditor / Debtor

	31 March 2024 £'000	31 March 2025 £'000
Short Term Debtors	32,692	23,889
Short Term Creditors	-23,671	-27,430
Provisions	-4,323	-3,350
Intra-Entity (Debtor)/Creditor to the PCC	**4,698**	**-6,891**

Note 15 - Unusable Reserves

	31 March 2024 £'000	31 March 2025 £'000
Pensions Reserve *	-1,568,330	-1,416,130
Accumulated Absences Account	-8,048	-8,820
Total Unusable Reserves	**-1,576,378**	**-1,424,950**

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-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the 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.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	**-1,511,494**	**-1,568,330**
Actuarial gains or losses on pensions assets and liabilities*	45,952	251,494
Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	-95,922	-98,706
Employer's pensions contributions and direct payments to pensioners payable in the year	54,230	58,451
Effect of Asset Ceiling	-61,096	-59,039
Balance at 31 March	**-1,568,330**	**-1,416,130**

Accumulated Absences Account

Accounting Policy

Short-term employee benefits are those due to be settled within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the wage and salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the Accumulated Absences Account which absorbs the differences that would otherwise arise on the Police Fund Balance, so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. All transactions and balances relating to the above are disclosed within the accounts of the Chief Constable on the basis of materiality.

	2023/24 £'000	2024/25 £'000
Balance at 1 April	**-7,743**	**-8,048**
Settlement or cancellation of accrual made at the end of the preceding year	7,743	8,048
Amounts accrued at the end of the current year	-8,048	-8,820
Balance at 31 March	**-8,048**	**-8,820**
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	-305	-772

Note 16 - Financial Instruments

Financial Liabilities
Financial liabilities are recognised on the Balance Sheet when the Chief Constable for Hertfordshire becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and carried at their amortised cost.

An assessment is made annually as to what level of debts are outstanding at the end of the financial year and an impairment allowance for expected credit losses is calculated and charged to the Financing & Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. This has the impact of reducing the debtors balance shown within the balance sheet.

Financial Assets
Where assets are identified as impaired because of a likelihood arising from a past event that payments due under the contract will not be made, the asset is written down and a charge made to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. Any gains and losses that arise on the de-recognition of the asset are credited/debited to the Financing and Investment Income and Expenditure line.

Categories of Financial Instruments

The financial instruments carried in the Balance Sheet are as follows:

	Current	
	31 March 2024 £'000	31 March 2025 £'000
Financial Assets		
- Amortised cost	22,405	12,592
Financial Liabilities		
- Amortised cost	-16,304	-19,670

Fair Values of Assets and Liabilities that are not carried at Fair Value but for which Fair Value disclosures are required

All financial liabilities and financial assets held by the Chief Constable are carried in the balance sheet at amortised cost. The fair values calculated are as follows.

	31 March 2024		31 March 2025	
	Carrying Amount £'000	Fair Value £'000	Carrying Amount £'000	Fair Value £'000
Financial Assets				
- Amortised cost	22,405	22,405	12,592	12,592
Financial liabilities				
- Amortised cost	-16,304	-16,304	-19,670	-19,670

Short term debtors and creditors are carried at cost as this is a fair approximation of their value.

Note 17 - Grant & Partner Income – Government & Non-Government Grants

Accounting Policy

All government grants are received in the name of the PCC. However, where grants and contributions are specific to expenditure incurred by the Chief Constable, they are recorded as income within the Chief Constable's Accounts. Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the Chief Constable when there is reasonable assurance that:

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

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line in the Comprehensive Income and Expenditure Statement.

The Chief Constable credited the following government grants, other grants, contributions and donations representing the receipts on an accruals basis to the Comprehensive Income and Expenditure Statement in 2024/25:

	2023/24 £'000	2024/25 £'000
Credited to Cost of Service		
Police Community Support Officers Local Authorities	-459	-285
Police Uplift Programme	-5,125	-7,638
ERSOU Grants	-1,640	-1,871
Pay Award Grant	-5,036	-2,498
Hotspot Response Fund	-	-1,071
McCloud Remedy Compensation	-	-847
Other Grants and Contributions	-2,028	-2,209
Total Grants Credited	**-14,288**	**-16,419**

Note 18 - Long-Term Contracts – Leases

Accounting Policy

All leases are in the name of the PCC. Following the implementation of IFRS16, the PCC accounts for all leases as an asset on its Balance Sheet where it has a Right of Use to the asset and the discounted principal owed over the term of the contract is disclosed as a Liability. In previous years, leases were recorded within the Chief Constable's accounts as the leases were specific to the provision of policing services by the Chief Constable and therefore the cost was met by the Chief Constable. More information on the PCC's Leases can be found in Note 36 of the PCC's Statement of Accounts.

The Group / PCC as Lessee

Although the PCC accounts for Lease assets from 2024/25 onwards, the Chief Constable meets the interest costs of leases held, and the cost of the following leases which are excluded from IFRS16 requirements, with the full payment for 2024/25 being charged to the CIES;

- Right of Use Assets with a value under £10,000 (0 in 2024/25).
- Short Life Leases, where contracts terminated in 2024/25 (1 in 2024/25).

The amount charged to the Surplus or Deficit on Provision of Services in the Comprehensive Income and Expenditure Statement was £0.327m, consisting of £0.321m relating to interest charges, and £0.006m relating to Short-Life Leases. In 2023/24, this totalled £1.133m as all lease payments were charged to the Comprehensive Income and Expenditure Statement.

The Group/PCC as Lessor

The PCC has not entered into any lease arrangements as a lessor.

IFRIC 12

The PCC's contractual arrangements with third parties are kept under continuous review and there are no service concessions under IFRIC 12.

Lease Terms

None of the PCC's lease agreements have terms and conditions in respect of contingent rents, purchase options or escalation clauses. It is considered that there are no restrictions other than those that are standard conditions in operating lease agreements such as the occupier's responsibilities and changes of use.

The property lease agreements include clauses in respect of the renewal of leases at specified points in the future. The PCC will wish to discuss renewal terms with lessors at such future dates.

Note 19 - Joint Arrangements

Accounting Policy

A joint arrangement is an arrangement of which two or more parties have joint control where the parties are bound by a contractual arrangement and the contractual arrangement gives two or more of those parties joint control of the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. To be a joint operation, the arrangement must meet the definition of joint control where decisions about the relevant activities of the arrangement require the unanimous consent of all the parties sharing control.

The Chief Constable in conjunction with other parties participates in a number of joint operations that involve the use of the assets and resources of the parties. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Chief Constable and other parties, with the assets being used to obtain benefits for all the parties. The joint operations do not involve the establishment of a separate entity.

The Chief Constable deems these arrangements to be jointly co-controlled operations in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom and consequently the Statement of Accounts and the accounting statements only reflect Hertfordshire's share of the associated financial transactions and balances.

Bedfordshire, Cambridgeshire and Hertfordshire Collaborative Units

Bedfordshire Police, Cambridgeshire Constabulary and the Chief Constable operate a number of collaborative units. The units are jointly funded by the Forces in accordance with agreements approved by the Policing Bodies under Section 22 of the Police reform and Social Responsibility Act 2001. The collaborated units are jointly staffed and funded by the two or three forces as appropriate. The material benefits from working together include improved efficiency, effectiveness and resilience for each of the forces. The table below sets out the aggregate income and expenditure on all collaborative units. Each force's contribution reflects its share of the units and its contribution towards support and accommodation costs.

Beds 2023/24 £'000	Cambs 2023/24 £'000	Herts 2023/24 £'000	Total 2023/24 £'000		Beds 2024/25 £'000	Cambs 2024/25 £'000	Herts 2024/25 £'000	Total 2024/25 £'000
				Joint Protective Services				
3,812	3,412	4,038	11,261	Armed Policing Unit	3,853	3,336	3,849	**11,038**
-	-	-	-	Taser training	318	401	569	**1,288**
938	1,156	1,568	3,662	Dogs	1,122	1,377	1,863	**4,362**
2,609	3,122	3,868	9,599	Major Crime Unit	2,879	3,433	4,240	**10,552**
309	392	560	1,261	Operational Planning & Public Order	346	437	621	**1,404**
453	575	820	1,847	Protective Services Command Team	426	537	764	**1,727**
95	120	172	386	Resilience	100	126	180	**406**
2,843	4,076	5,487	12,406	Roads Policing Unit	3,128	4,464	5,993	**13,585**
3,386	4,057	5,420	12,863	Scientific Services Unit	3,736	4,197	5,664	**13,597**
14,444	**16,909**	**21,933**	**53,284**	**Total Joint Protective Services**	**15,908**	**18,308**	**23,743**	**57,959**
				Operational Support				
55	69	92	217	Camera, Tickets, Collisions	18	22	29	**69**
319	196	575	1,090	Criminal Justice & Custody Management Team	347	228	622	**1,197**
461	585	1,003	2,049	Criminal Justice	490	619	980	**2,089**
170	329	268	767	Firearms & Explosives Licensing	216	417	340	**973**
6,925	8,699	12,481	28,105	ICT	8,479	10,333	14,548	**33,360**
337	428	612	1,377	Joint Strategy & Transformation*	424	535	761	**1,720**
8,267	**10,306**	**15,031**	**33,605**	**Total Operational Support Expenditure**	**9,974**	**12,154**	**17,280**	**39,408**

Beds 2023/24 £'000 (restated)	Cambs 2023/24 £'000 (restated)	Herts 2023/24 £'000 (restated)	Total 2023/24 £'000 (restated)		Beds 2024/25 £'000	Cambs 2024/25 £'000	Herts 2024/25 £'000	Total 2024/25 £'000
				Organisational Support				
62	78	112	**252**	Corporate Communications	64	81	116	**261**
4,786	6,362	9,025	**20,173**	HR / L&D	5,039	6,445	8,859	**20,343**
980	1,244	1,775	**3,999**	Information Management Department	1,066	1,344	1,910	**4,320**
1,946	2,118	2,910	**6,974**	Professional Standards Unit	2,193	2,248	3,258	**7,699**
77	98	140	**315**	Uniform Stores Team	91	115	164	**370**
31	171	56	**258**	Finance **	36	46	64	**146**
152	193	276	**621**	BCH Payroll **	153	192	273	**618**
42	53	75	**170**	CARM **	57	73	103	**233**
8	10	15	**33**	Police Transformation Fund **	4	6	7	**17**
26	33	-	**59**	BCH Implementation**	-	-	-	**-**
8,110	**10,360**	**14,384**	**32,854**	**Total Organisational Support Expenditure ** **	**8,703**	**10,550**	**14,754**	**34,007**
30,821	**37,576**	**51,348**	**119,743**	**Total BCH Net Operating Costs ** **	**34,585**	**41,012**	**55,777**	**131,374**
255	238	471	**963**	Regional Procurement	208	280	418	**906**
191	-	-	**191**	Pension Dep**	-	-	-	**-**
31,267	**37,814**	**51,818**	**120,897**	**Total Net Operating Costs ** **	**34,793**	**41,292**	**56,195**	**132,280**

* The Delivery Management Office was renamed to Joint Strategy and Transformation in 2023/24.
** Finance, BCH Payroll, CARM, Police Transformation Fund, BCH Implementation and Pension Dep were inadvertently missed from the 2023/24 Statement of Accounts. As such, these balances have been restated.

Eastern Region Special Operations Unit (ERSOU)

The Eastern Region Special Operations Unit (ERSOU) was established in 2010/11 and is a joint unit consisting of the seven eastern region police forces: Bedfordshire, Cambridgeshire, Essex, Hertfordshire, Kent, Norfolk and Suffolk. The unit provides a single serious and organised crime unit as well as Counter Terrorism capability across the region.

Bedfordshire Police have lead force responsibility for ERSOU. Police Officers from each member force are seconded to the unit broadly in line with funding shares. Legal title to all vehicles, equipment and premises owned and used by the unit transferred sit with Bedfordshire and the assets are recorded in its capital accounts and asset register.

All revenue costs and capital expenditure are shared between the six forces in accordance with the percentages defined in the Section 22 agreement. All capital expenditure is fully funded in the year of expenditure and there is therefore no capital financing charge to the six participating forces.

ERSOU is a joint operation with no separate entity and is therefore not able to hold reserves in respect of any cumulative surplus or deficit at year end. Each participating Local Policing Body shows its share of the carried forward surplus in its accounts. The ERSOU operating account is shown in the following table. The expenditure figures do not include depreciation charges.

The Home Office grants were paid to Bedfordshire as agent for the participating forces.

ERSOU Income and Expenditure Statement 2024/25

	2023/24 £'000	2024/25 £'000
Operating costs	33,077	37,667
Specific HO grant	-8,547	-9,743
Net expenditure	**24,530**	**27,924**
Contributions		
Bedfordshire	-2,581	-2,911
Cambridgeshire	-3,276	-3,672
Essex	-3,501	-4,185
Hertfordshire	-4,676	-5,218
Kent	-3,961	-4,632
Norfolk	-3,685	-4,125
Suffolk	-2,850	-3,181
Total Contributions	**-24,530**	**-27,924**
(Surplus) / Deficit for the year	**0**	**0**

The capital assets for ERSOU are analysed as follows:

	2023/24 £'000	2024/25 £'000
Net book value brought forward 1st April	**3,734**	**3,943**
Expenditure for the year:		
- Vehicles	818	477
- Land and Buildings	-	-
- Equipment	72	-
Depreciation for the year	-681	-1,034
Net book value carried forward 31st March	**3,943**	**3,386**

Hertfordshire's share of the total Net Book Value of ERSOU capital assets as at 31st March 2025 was £0.711m (£0.852m as at 31st March 2024). Two properties are jointly owned by the 7 forces, and are held on individual forces' balance sheets. Hertfordshire share of these properties as at 31st March 2025 was £1.482m.

The capital expenditure for 2024/25 was funded in accordance with the formulae agreed by the forces. Details are shown in the following table:

	2023/24 £'000	2024/25 £'000
Bedfordshire	-98	-55
Cambridgeshire	-124	-69
Essex	-80	-60
Hertfordshire	-177	-98
Kent	-85	-57
Norfolk	-139	-78
Suffolk	-108	-60
Grant Funding	-80	0
Total	**-890**	**-477**

Note 20 - Contingent Liabilities

Accounting Policy

A contingent liability arises where an event has taken place that gives the Chief Constable a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

As at 31st March 2025, the Chief Constable did not have any contingent liabilities.

Note 21 - Defined Benefit Pension Schemes

Accounting Policy

Post-Employment Benefits

The Chief Constable participates in four pension schemes. Each scheme provides members with defined benefits related to pay and service. The costs of providing pensions for employees are charged to the Police Fund in accordance with the statutory requirements governing each scheme. The schemes are as follows:

Police Officer Schemes

There are three schemes for police officers; - The 1986 Police Pension scheme which closed to new members on the 31st March 2006, the 2006 Police Pension scheme which closed to new members on the 31st March 2015 and the 2015 Police Pension Scheme which was introduced from 1st April 2015. These are unfunded defined benefit final salary schemes, charged to the Police Fund based upon an equivalent employer's contribution rate of 35.3% of pensionable pay.

Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. The direct expenditure and income in respect of these schemes is accounted for in the Police Pension Fund Account. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the Chief Constable must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by central government pension top up grant shown in the OPCC's Accounts under Other Operating Expenditure. If however the pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Chief Constable and the amount repaid to central government.

Police Staff

All transactions and balances relating to the accounting for Post-Employment Benefits of Police Staff, other than the cost of employee contributions for staff employed by the PCC, are disclosed within the accounts of the Chief Constable on the basis of materiality.

All police staff are eligible to join the Local Government Pension Scheme (LGPS), managed by Hertfordshire County Council. The total pension cost that is charged to the Police Fund equals the contribution paid to the funded pension scheme for these employees.

The LGPS Scheme is accounted for as a defined benefits scheme as follows:

a) *The liabilities of the fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method. This is an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.*

b) *Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bonds.*

c) *The assets of the fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:*

    - *Quoted securities – current bid price.*
    - *Unquoted securities – professional estimate.*
    - *Unitised securities – current bid price.*
    - *Property – market value.*

d) *The change in the net pensions liability is analysed into seven components:*

    i. *Current Service Cost - The increase in liabilities as a result of years of service earned this year is allocated in the Comprehensive Income and Expenditure Statement to the services for which the employees worked.*

    ii. *Past Service Cost - The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years is debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.*

    iii. *Interest Cost - The expected increase in the present value of liabilities during the year as they move one year closer to being paid is debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

iv. *Expected Return on assets - The annual investment return on the fund assets attributable to the Chief Constable, based on an average of the expected long-term return is credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.*

v. *Gains or Losses on settlements and curtailments - The result of actions to relieve the Chief Constable of liabilities or events that reduce the expected future service or accrual of benefits of employees is debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement as part of Non-Distributed Costs.*

vi. *Re-measurements of the net defined liability. This includes actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest on the net defined benefit liability.*

vii. *Contributions Paid to the pension fund - Cash paid as employer's contributions to the pension fund in settlement of liabilities; not accounted for as an expense.*

In relation to retirement benefits, statutory provisions require the Police Fund balance to be charged with the amount payable by the Chief Constable to the pension fund or directly to pensioners in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the Police Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary Benefits

The Chief Constable also has restricted powers to make discretionary awards of retirement benefits to Police Officers in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year the award was made and accounted for using the same policies as are applied to the Local Government Pension Scheme or Police Pension Schemes. There are no investment assets built up to meet these pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due.

Participation in Pension Schemes

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

The Chief Constable participates in four pension schemes:

- The Local Government Pension Scheme for police staff. Administrated by Hertfordshire County Council - this is a funded defined benefit final salary scheme, meaning that the Chief Constable and its employees, pay contributions into a fund, calculated at a level estimated to balance the pensions liabilities with investment assets

- The Police Pension Scheme 1987, the Police Pension Scheme 2006 and the Police Pension Scheme 2015 for police officers - these are unfunded defined benefit final salary schemes administrated by the Chief Constable. Unfunded means that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet actual pension payments as they eventually fall due. Under the Police Pension Fund Regulations 2007, if the amount payable by the pension fund for the year is less than the amount receivable, the PCC must annually transfer an amount required to meet the deficit to the pension fund. Up to 100% of this cost is met by 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 Chief Constable and must be repaid to central government.

Transactions Relating to Post-Employment Benefits

The Chief Constable recognises the cost of retirement benefits in the reported cost of services in the Comprehensive Income and Expenditure Statement when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the Chief Constable is required to make against council tax is based on the cash payable in the year, so the real cost of post-employment / retirement benefits is reversed out of the Police Fund within the PCC's accounts via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the Police Fund Balance via the Movement in Reserves Statement during the year:

	LGPS		Police Pension Scheme	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Cost of Service included in CIES Service				
Current Service Cost	11,904	10,209	14,250	15,560
Past Service Cost / Settlements and Curtailments	147	40	-	-
Financing and Investing Income & Expenditure				
Net interest expense	-1,319	-3,909	70,940	73,750
Total Group Post-Employment Benefits charged to the Surplus or Deficit on the Provision of Service	**10,732**	**6,340**	**85,190**	**89,310**
Re-measurement of the net defined benefit liability comprising:				
Return on plan assets (excluding amount included in net interest expense)	-17,599	10,075	-	-
Actuarial gains and Losses				
• Demographic Assumptions	-2,155	-6,498	-	-2,430
• Financial Assumptions *	-23,958	-59,123	-32,620	-191,780
• Other (Liabilities) *	10,850	-2,038	19,530	300
• Other (Assets) - Effect of Asset Ceiling	61,096	59,039	-	-
Total Group Post Employment Benefit Charged to the CIES	**38,966**	**7,795**	**72,100**	**-104,600**
Movement in Reserves Statement:				
Reversal of the net charges made to the Surplus or Deficit for the provision of services for post-employment benefits in accordance with the code	-10,732	-6,340	-85,190	-89,310
Actual Amount Charged Against the General Fund Balance for Pensions During the Year:				
Employer's Contributions Payable to the Schemes	10,360	10,851	43,870	47,600

CLAIMS ARISING FROM THE TRANSITIONAL PROVISIONS IN THE POLICE PENSION REGULATIONS 2015

The Chief Constable of Hertfordshire, along with other Chief Constables and the Home Office currently has a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015. The claims against the Police pension scheme (the Aarons case) had previously been stayed behind the McCloud/Sargeant judgement, but a case management was held in Oct 2019, with the resulting Order including an interim declaration that the claimants are entitled to be treated as if they had been given full transitional protection and had remained in their existing scheme after 1 April 2015. Whilst the interim declaration applied only to claimants, the Government made clear through a Written Ministerial Statement on 25 March 2020 that non-claimants would be treated in the same way.

On 16 July 2020, HM Treasury issued a consultation regarding transitional arrangements for public sector pensions to eliminate discrimination as identified through the McCloud/Sargeant cases. This consultation introduced a requirement for members to have been members of the scheme on or before 31 March 2012 and on or after 1 April to be eligible for remedy.

On 4 February 2021, HM Treasury issued their response to the consultation which confirmed the remedy arrangements set out in the consultation, and states that members would be given a choice as to whether to retain benefits from their legacy pension scheme, or their new scheme, during the remedy period (2015-2022). This choice will be deferred for members until retirement. As the findings of the original Employment Tribunal did not identify that the introduction of the new public sector pension schemes were discriminatory (rather it was the transitional provisions), the legacy schemes will be removed from April 2022 to be replaced by the new pension schemes originally introduced in 2015.

Impact on pension liability

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

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be formally measured through the pension valuation process, which determines employer and employee contribution rates, although an estimated impact has been included in the IAS19 valuations for 2024/25, and was included in the LGPS valuation carried out as at 31st March 2022, and the Police Pension Scheme valuation as at 31 March 2020.

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

Compensation Claims
Claimants have lodged claims for compensation. Test cases for these claims are due to be heard by the Employment Tribunal in December 2021. A provision for these cases has been included from the 2022/23 accounts onwards.

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2023/24 £'000 (restated*)	2024/25 £'000
Present Value of Defined Benefit Obligations		
LGPS	-340,856	-293,143
Police Pension Scheme	-1,568,320	-1,416,130
Total Chief Constable Liabilities	**-1,909,076**	**-1,709,273**
Fair value of plan assets		
LGPS	401,952	416,369
Total Chief Constable Assets	**401,952**	**416,369**
Net liability arising from defined benefit obligation (including impact of Asset Ceiling):		
LGPS	-	-
Police Pension Scheme	-1,568,330	-1,416,130
Total Chief Constable Net Liability	**-1,568,330**	**-1,416,130**

* Under the requirements of IAS 19, the IFRIC 14 adjustments for asset restriction and minimum funding should not be included within the reconciliations of gross assets or gross liabilities. In the prior year, the Chief Constable included the IFRIC 14 adjustment within the reconciliation of gross assets. This therefore meant that the fair value of plan assets was understated by £61,096k and no impact of asset ceiling line was presented in the reconciliation of gross assets and liabilities to net balance sheet position. The overall impact on the balance sheet of this is nil. For the current year balances and comparatives, management have corrected the presentation of IFRIC 14 adjustments.

The net liabilities show the underlying commitments that the Chief Constable has in the long run to pay retirement benefits. The total liability of £1.416bn (£1.568bn as at 31st March 2024) has a substantial impact on the net worth of the Chief Constable as recorded in the Balance Sheet, resulting in a negative overall balance of £1.425bn as at 31st March 2025 (£1.576bn as at 31st March 2024).

However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable remains healthy:

- The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.
- Finance is only required to be raised to cover police pensions when the pensions are actually paid. Following the introduction on the 1st April 2006 of the new scheme of finance for police officer pensions, the Chief Constables' liability is in general limited to an equivalent contribution rate currently set at 31.0% of pensionable pay with the government meeting additional costs above this level.

The contribution expected to be made to the Local Government Scheme in 2025/26 is £10.757m. The expected contribution to the police pension schemes in 2025/26 is £35.389m.

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets

	LGPS	
	2023/24 £'000 (restated)	**2024/25 £'000**
Fair value of scheme assets at 1st April	**361,553**	**401,952**
Interest Income	17,303	20,453
Re-measurement gain/(loss):		
Return of plan assets excluding amount included in net interest expense	17,599	-10,075
Re-measurement gain(loss) - other	-	-
Employer Contributions	10,360	10,851
Contribution by employees in the scheme	3,933	4,141
Benefits paid	-8,796	-11,070
Settlement prices received / (Paid)	-	117
Fair value of scheme assets at 31st March	**401,952**	**416,369**

Reconciliation of Present Value of the Scheme Liabilities' (Defined Benefit Obligation)

	LGPS		Police Pension Scheme	
	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Chief Constable Opening Balance at 1 April	**-332,947**	**-340,856**	**-1,540,100**	**-1,568,330**
Current service cost	-11,904	-10,209	-14,250	-15,560
Interest cost	-15,984	-16,544	-70,940	-73,750
Contribution from scheme participants	-3,933	-4,141	-11,330	-13,210
Re-measurement of the net defined benefit liability comprising:				
Actuarial gains / (loss) Demographic Assumptions	2,155	6,498	-	2,430
Actuarial gains / (loss) Financial Assumptions	23,958	59,123	32,620	191,780
Actuarial gains / (loss) Other	-10,850	2,038	-19,530	-300
Past Service Cost / Settlements and Curtailments	-147	-40	-	-
Benefits paid / Transfers	8,796	11,070	55,200	60,810
Liabilities assumed / (extinguished) on settlements	-	-82	-	-
Chief Constable Liability at 31st March	**-340,856**	**-293,143**	**-1,568,330**	**-1,416,130**

Reconciliation of Asset Ceiling

LGPS	2023/24 £'000	2024/25 £'000
Opening Balance of Asset Ceiling at 1 April	**0**	**61,096**
Interest on impact of asset ceiling	-	3,091
Actuarial losses / (gains) written out due to Asset Ceiling	61,096	50,917
Closing Balance of Asset Ceiling at 31st March	**61,096**	**115,104**

Fair Value of Employers Assets – LGPS Only

The Police Pension Schemes have no assets to cover their liabilities. Following the change of Actuary for the Local Government Pension Scheme to Barnett Waddingham, the asset breakdown provided has changed format. The following tables provide a breakdown of the assets held on behalf of the Chief Constable for Hertfordshire as at 31st March 2024 and 31st March 2025, along with the split as at 28th March 2025 between those held with quoted prices in active markets, and those with unquoted prices. The figures below have not been adjusted to take account of the effect of the asset ceiling:

Asset Breakdown	31st March 2024 £'m	31st March 2024 %	31st March 2025 £'m	31st March 2025 %
LGPS				
Equities	245,564	61%	245,058	59%
Bonds	83,920	21%	96,508	23%
Property	45,900	11%	63,968	15%
Cash	26,568	7%	10,835	3%
Total	**401,952**	**100%**	416,369	100%

Asset Breakdown	Quoted Prices in active markets 31st March 2025	Unquoted prices 31st March 2025
LGPS		
Fixed Interest Government Securities - UK	2%	0%
Fixed Interest Government Securities - Overseas	1%	0%
Index Linked Government Securities - UK	10%	0%
Index Linked Government Securities - Overseas	0%	0%
Corporate Bonds - UK	3%	0%
Corporate Bonds - Overseas	5%	0%
Equities - UK	1%	0%
Equities - Overseas	25%	0%
Property	0%	14%
Hedge fund	0%	5%
Private Equity	0%	9%
Infrastructure	0%	2%
Unit trust	18%	0%
Derivatives	0%	0%
Insurance Linked Strategies	0%	1%
Private Credit	0%	1%
Cash/Temporary Investments	2%	0%
Net Current Assets - Debtors	0%	0%
Net Current Assets - Creditors	0%	0%
Total	**69%**	**31%**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis. For both Schemes the projected unit credit method has been used to estimate the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

For the Police Pension Schemes a full actuarial valuation is required every four years under the Public Service Pensions Act 2013. The Police Scheme has been assessed by the Government Actuary's Department. The most recent valuation was undertaken as at 31 March 2020. The appointed actuaries produce pension disclosures by rolling forward data for years between full valuations.

For the LGPS a full actuarial review is undertaken every three years, with the latest valuation being as at 31st March 2022 by Hymans Robertson, an independent firm of actuaries. The Local Government Pension Scheme Fund is now assessed by Barnet Waddingham, an independent firm of actuaries.

The value of scheme assets and liabilities are dependent upon financial market conditions as at 31st March.

The principal assumptions used by the actuaries have been:

	LGPS		Police Pension Schemes	
	2023/24	2024/25	2023/24	2024/25
Life Expectancy from age 65 (years):				
Retiring today:				
Men	21.1	21.2	21.9	21.9
Women	24.1	24.1	23.6	23.9
Retiring in 20 years:				
Men	22.2	21.9	23.6	23.3
Women	25.6	25.2	25.1	25.2
Rate of increase in salaries (%)	3.25	3.85	3.85	3.45
Rate of increase in pensions (%)	2.75	2.85	2.6	2.7
Rate for discounting scheme liabilities (%)	4.85	5.9	4.75	5.65

Sensitivity of the defined benefit obligation in the significant actuarial assumptions

	Approximate % increase to Employer Liability	Approximate monetary amount (£'m)
LGPS		
0.5% decrease in real discount rate	9.8%	28.594
1 year increase in member life expectancy	2.7%	8.042
0.5% increase in the Salary Increase Rate	0.6%	1.732
0.5% increase in the Pension Increase Rate	9.4%	27.62
Police Pension Schemes		
0.5% decrease in real discount rate	7.5%	108
1 year increase in member life expectancy	2.0%	31
0.5% increase in the Salary Increase Rate	1.0%	13
0.5% increase in the Pension Increase Rate	7.5%	108

Note 22 - Senior Officers' Remuneration

The remuneration paid to the PCC's senior police officers and employees is as follows:

2023/24 Post Holder Information (Job Title) (1) (2)	Salary (3) £	Bonuses £	Benefits in Kind (4) £	Total exc. pension £	Pension Contributions (5) £	Total inc. pension £
Chief Constable - Mr C Hall	185,664	-	5,855	**191,519**	24,111	**215,630**
Deputy Chief Constable	139,523	-	21,943	**161,466**	-	**161,466**
Assistant Chief Constable (Op Support) (6)	125,927	-	-	**125,927**	38,131	**164,058**
Assistant Chief Constable (Local Policing) 1 (7)	26,345	-	-	**26,345**	2,334	**28,679**
Assistant Chief Constable (Local Policing) 2 (7)	128,116	-	905	**129,021**	39,081	**168,102**
Director of Resources	135,309	-	5502	**140,811**	23,679	**164,490**
Assistant Chief Officer	129,520	-	-	**129,520**	20,789	**150,309**
Total (13)	**870,404**	**0**	**34,205**	**904,609**	**148,125**	**1,052,734**

2024/25 Post Holder Information (Job Title) (1) (2)	Salary (3) £	Bonuses £	Benefits in Kind (4) £	Total exc. pension £	Pension Contributions (5) £	Total inc. pension £
Chief Constable – C. Hall	155,995	-	5,855	**161,850**	50,887	**212,737**
Chief Constable – A. Prophet (8)	45,667	-	1,209	**46,876**	15,856	**62,732**
Deputy Chief Constable 1 (9)	296,007	-	6,737	**302,744**	-	**302,744**
Deputy Chief Constable 2 (10)	139,014	-	8,485	**147,499**	48,013	**195,512**
Director of Resources	143,992	-	6,813	**150,805**	23,632	**174,437**
Assistant Chief Constable (Local Policing)	136,329	-	1,348	**137,677**	47,402	**185,079**
Temp Assistant Chief Constable (Operational Support) (11)	28,971	-	-	**28,971**	9,961	**38,932**
Assistant Chief Officer	142,988	-	5,522	**148,510**	23,373	**171,883**
Total (Chief Constable) (12)	**1,088,963**	**-**	**35,969**	**1,124,932**	**219,124**	**1,344,056**

1. For individuals changing roles, role titles used are those as at the end of the financial year. Final role title is used for individuals no longer employed.
2. Senior Employees with salary over £150k have been named as required by the CIPFA Code of Practice.
3. Salary includes Fees, Allowances & Salary Sacrifice.
4. The benefit in kind value reflects the use of a petrol or diesel car. The 2023/24 benefit in kind for the Deputy Chief Constable includes a payment of £13.5k for re-location expenses.
5. Employer Police Pension contributions for 2023/24 were 31.0%. The new employer contribution rate of 35.3% took effect from 1st April 2025. The Pension contribution rate for Constabulary and PCC Senior Staff is 17.5% and 20.7% respectively. In 2023/24 no employer contributions were made in respect of the Deputy Chief Constable role as they opted out of the Police Pension Scheme.
6. Assistant Chief Constable (Op Support] commenced the role in April 2023.
7. Assistant Chief Constable (Local Policing) 1 retired April 2023 and Assistant Chief Constable (Local Policing) 2 Assistant Chief Constable (Op Support) to Assistant Chief Constable (Local Policing) at this date.
8. C. Hall left the role of Chief Constable on 31st December 2024. A. Prophet commenced the role of Chief Constable on 1st January 2025. The annualised salary for A. Prophet on a full-time basis (including fees, allowances and employers pension contribution) equates to £182.7k
9. Deputy Chief Constable 1 left 10th January 2025. Ex gratia payments of £146k have been include in salary.
10. Deputy Chief Constable 2 temporarily commenced this role from 11th January 2025. They previously held the role of Assistant Chief Constable (Operational Support).
11. Temp Assistant Chief Constable (Operational Support) commenced the role 12th January 2025.
12. The BCH roles of Assistant Chief Constable (Joint Protective Services) is currently held by an officer within Cambridgeshire Constabulary and their remuneration is included as part of the Cambridgeshire Senior Officer remuneration statement.

Note 23 - Officers' Emoluments

The Accounts and Audit Regulations 2015, as amended by regulations, require the Chief Constable to disclose the numbers of senior police officers and police staff whose remuneration, excluding pension contributions was £50,000 or more in the relevant financial year. The Chief Constable has extended this disclosure to include all police officers whose remuneration was greater than £50,000. Individuals whose remuneration is disclosed separately in note 22 above are not included within the table.

Remuneration Band	2023/24	2024/25
£135,000 - £139,999	-	-
£130,000 - £134,999	-	-
£110,000 - £114,999	3**	2**
£105,000 - £109,999	3	2
£100,000 - £104,999	5*	7*
£95,000 - £99,999	7	2
£90,000 - £94,999	4	4
£85,000 - £89,999	7	11
£80,000 - £84,999	10	9
£75,000 - £79,999	11	23
£70,000 - £74,999	42	74
£65,000 - £69,999	98	184
£60,000 - £64,999	193	221
£55,000 - £59,999	296	452
£50,000 - £54,999	480*	499*
	1,159	**1,490**

* includes a redundancy payment, **Seconded to National Body

Note 24 - External Audit Costs

In 2024/25 the Chief Constable incurred the following fees, payable to the appointed external auditors KPMG LLP under the Local Audit and Accountability Act 2014, relating to external audit and inspection.

	2023/24 £'000	2024/25 £'000
Chief Constable	47	54
Total (Chief Constable)	**47**	**54**

Note 25 - Related Parties

The Chief Constable is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable. Disclosure of these transactions allows interested parties 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.

Police and Crime Commissioner
The PCC has direct control over the Chief Constable's finances and is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

Central Government
The UK government has effective control over the general operations of the PCC and therefore the Chief Constable – it is responsible for providing the statutory framework within which the PCC operates, and provides the majority of its funding in the form of specific or non-specific grants.

Chief Constable's Executive Team (including their close family)
No transactions were disclosed by this group.

Other Public Bodies
Other public bodies are deemed to be a related party where they receive funding from Central Government, who have control over the general operations of the PCC. Transactions with the County Council, district and borough councils of Hertfordshire and other public bodies have been disclosed within the Income and Expenditure Account, Cash Flow Statement and notes to the accounts (grants are disclosed within note 17, joint arrangements are outlined in note 19).

Note 26 - Termination Benefits

Accounting Policy

Termination benefits are amounts payable as a result of a decision by the Group / PCC to terminate a member of police staff's employment before the normal retirement date or a member of police staff's decision to accept voluntary redundancy and are charged on an accruals basis to the Non-Distributed Costs line in the Comprehensive Income and Expenditure Statement when the Group / PCC is demonstrably committed to the termination of the employment.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group / PCC to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

The Chief Constable terminated the contracts of a number of employees in 2024/25 incurring liabilities of £0.040m (£0.059m in 2023/24). See note 27 for the number of exit packages and total costs per band. There were no payments to Directors or equivalent in the form of compensation for loss of office or for enhanced pension benefits and all costs relate to police staff who were made redundant in a number of cost centres as part of the Chief Constable's savings plan and financial strategy.

Note 27 - Exit Packages

All redundancies in 2023/24 and 2024/25 were compulsory redundancies. The numbers of exit packages and total costs of the compulsory redundancies including pension strain costs paid to the Local Government Pension Scheme are set out in the table below.

Where an exit package was paid as part of the implementation of a BCH change programme, costs were pooled and shared between the three forces. As a result, the total costs of exit package set-out in the below table include all staff which Hertfordshire have contributed towards irrespective of the employing force.

Exit package cost band including special payments	Total number of exit packages		Herts Share of cost of exit packages		Total cost of exit packages	
	2023/24	2024/25	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
£0 - £20,000	1	4	12	12	12	28
£20,001 - £40,000	2	2	25	28	56	62
£40,001 - £60,000	1	-	22	-	50	-
£60,001 - £80,000	-	-	-	-	-	-
£80,001 - £100,000	-	-	-	-	-	-
Total	**4**	**6**	**59**	**40**	**118**	**90**

In total 6 exit packages (4 in 2023/24) were paid to Hertfordshire employed staff during 2024/25 at a cost of £0.040m (£0.059m in 2023/24).

Note 28 – Non adjusting Balance Sheet Event

The specialist training facility at Monks Wood required for the BCH Operational Support Unit (OSU) has been a feature of the capital programme in recent years. Whilst work continued to progress throughout 2024/25 to achieve a final design and contracted price the project has been ceased early in the 2025/26 financial year (following decisions at JCOB 21/05/25 and SAS 22/05/25) due to the tightening financial climate with the impact being that the estimated cost of the scheme has become unaffordable. The Constabulary is currently considering its position on other refurbishment options for the existing use and other training options.

A total of £1.7m expenditure was incurred on the project to 31st March including planning, preparation, surveys, and design costs which is shown in the PPE assets under construction/work in progress balance within the PCC for Cambridgeshire's Accounts. Additional costs are accruing in 2025/26 whilst the project is closed and contractors stood down.

The business case for this capital project was agreed on the basis that Cambridgeshire would continue to own the property with a licence arrangement being provided to

Bedfordshire Police and Hertfordshire Constabulary for use of the newly created asset. Bedfordshire Police and Hertfordshire Constabulary have provided assurance to underwrite their share of the overall project costs incurred by Cambridgeshire Constabulary to date should the project not complete. Hertfordshire’s share of the amount is £1.1m.

Police Pension Scheme Fund Accounts 2024/25

FUND ACCOUNT

	Note	Police Pension Scheme 1987		Police Pension Scheme 2006		Police Pension Scheme 2015		Total All Schemes	
		2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000
Contributions receivable									
From employer									
- normal 35.3%	P3	-	-	-	-	-28,638	-34,467	**-28,638**	**-34,467**
- early retirements	P3	-	-	-	-	-94	-513	**-94**	**-513**
From members	P3	-	-241	-	-3	-12,378	-13,124	**-12,378**	**-13,368**
Transfers in									
- individual transfers in from other schemes	P4	-	-	-	-	-32	-86	**-32**	**-86**
Benefits payable									
- pensions		47,171	50,395	449	203	380	456	**48,000**	**51,054**
- commutations and lump sum retirement benefits		6,145	7,438	41	238	327	580	**6,513**	**8,256**
- lump sum death benefits		141	353	-	-	268	-	**409**	**353**
Payments to and on account of leavers									
- refunds of contributions		-	-	-	-	62	318	**62**	**318**
- individual transfers out to other schemes	P4	-	69	-	-	9	51	**9**	**120**
Net amount receivable for the year before top-up grant		53,457	58,014	490	438	-40,096	-46,785	**13,851**	**11,667**
Transfer received from the Policing Body	P5	-53,457	-58,014	-490	-438	40,096	46,785	**-13,851**	**-11,667**
Balance as at 31 March		**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

NET ASSETS STATEMENT

	31 March 2024 £'000	31 March 2025 £'000
April pension paid in advance in March	4,197	4,419
Total Assets	**4,197**	**4,419**
Commutation Payments Owing	-188	-569
Taxation Owing	-	-
Amount Owing to Police Fund	-4,009	-3,850
Total Liabilities	**-4,197**	**-4,419**
Net Assets	**0**	**0**

Note P1 - Summary of the Police Pension Scheme Fund Operations

Employee contributions and employer's contributions are paid into the Police Pension Scheme Fund from which pension payments are made. The fund has no investments and is topped up by the PCC if the contributions are insufficient to meet the cost of pension payments. The PCC is then reimbursed by the Home Office. Any surplus in the fund is recouped by the PCC and paid to the Home Office. The underlying principle is that employer and employee contributions together will meet the full costs of pension liabilities being accrued in respect of currently serving employees while the Home Office will meet the costs of retirement pensions in payment, net of employee and the new employer contributions.

The financing of pension payments was taken out of the Formula Grant from April 2006 which instead takes into account the funding needed to support the cost of the employer contributions and lump sum payments, in respect of ill-health retirements.

Note P2 - Accounting Policies

The accounts have been prepared in accordance with the 2024/25 Code of Practice on Local Authority Accounting in the United Kingdom, issued by the CIPFA.

The accounts summarise the transactions and net assets of the Police Pension Scheme Fund. They do not, however, take account of liabilities to pay pensions and other benefits after 31 March 2025.

All amounts have been prepared on an accruals basis except pension transfers to and from the scheme.

Note P3 - Contributions Receivable

Employer and Employee Contributions

The purpose of the employee and employer contribution rates under the new arrangements is to meet the accruing pension liabilities of currently serving police officers. This means the PCC meets all the costs of employing police officers, including the cost of future pension liabilities, at the time of employing them. From 1 April 2023, the employer's contribution rate was increased to 35.3% (from 31.0%) following the latest scheme valuation.

Separate contribution rates, a percentage of pensionable pay as shown below, apply to the three Police Pension Schemes.

	Employer Defined %	Employee %
Police Pension Scheme 1987	35.3	14.25 - 15.05
Police Pension Scheme 2005	35.3	11.00 - 12.75
Police Pension Scheme 2015	35.3	12.44 - 13.78

Early Retirements

Early retirements due to ill-health from 1 April 2006 require the PCC to make a lump sum payment into the pension fund of twice the average pensionable pay in respect of all ill-health retirements.

Note P4 - Transfers to or from other schemes

Where a police officer transfers to or from another police force there is no need for a cash transfer. A police officer who transfers out of the Police Pension Scheme to another pension scheme is entitled to ask for a cash equivalent transfer value to be paid across, equivalent to the value of their pension rights on leaving the scheme. This is paid from the Police Pension Fund. Similarly, an inward Transfer Value should be paid into the fund.

Note P5 - Top-up Grant

Where employer and employee contributions paid into the Police Pension Scheme Fund are not sufficient to meet pension payments for that year, the deficit will be met by the PCC who is in turn reimbursed by a central government top-up grant paid by the Home Office. Any surplus in the fund would be paid back to the PCC who would then reimburse the Home Office as the party that brings the account into balance.

Note P6 - Liabilities after year end

The Fund's financial statements do not take account of the liabilities to pay pensions and other benefits after 31 March 2025. The details in respect of the PCC's long-term police pension obligations are set out in the pensions-related disclosure note 21 that follows the main financial statements.

Note P7 - Claims Arising from the Transitional Provisions in the Police Pension Regulations 2015

The Chief Constable of Hertfordshire, along with other Chief Constables and the Home Office, currently has 50 claims lodged against them with the Central London Employment Tribunal. The claims are in respect of alleged unlawful discrimination arising from the Transitional Provisions in the Police Pension Regulations 2015.

Claims of unlawful discrimination have also been made in relation to the changes to the Judiciary and Firefighters Pension regulations and in December 2018 the Court of Appeal (McCloud / Sargeant) ruled that the 'transitional protection' offered to some members as part of the reform to public sector pensions amounts to unlawful discrimination. On 27 June 2019, the Supreme Court refused leave to appeal on the McCloud case. In response to this, a written Ministerial Statement was made on 15 July 2019 stating that 'setting out that the matter would be determined by an Employment Tribunal in respect of the litigants in the firefighters and judicial pension schemes. It will be for the Tribunal to determine a remedy. And that alongside this process, government would be engaging with employer and member representatives, to help inform their proposals to the Tribunal and in respect of the other public service pension schemes.'

The impact of an increase in scheme liabilities arising from McCloud / Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The results of the latest police pension valuation were implemented in 2024/25 and saw an increase in the employer's contribution rate from 31.0% to the 35.3%.

Chief Constable for Hertfordshire

Annual Governance Statement 2024/25

1. Executive Summary

Overview
The Chief Constable is responsible for putting in place proper arrangements for the governance of his affairs and facilitating the exercise of his functions, which includes ensuring that a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk.

The governance framework comprises of the systems and processes by which the Chief Constable and the Constabulary are directed and controlled and the activities through which they are accountable. It enables the PCC to monitor the achievements of the Chief Constable through the delivery of the Police and Crime Plan and to take account of the delivery of appropriate cost-effective services, including achieving value for money.

CIPFA published its “Delivering Good Governance in Local Government: Framework” followed by specific guidance notes for Policing Bodies. The framework contains seven principles, to which the Chief Constable is committed, are set out below:

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

The Chief Constable is committed to keeping governance arrangements under review and address issues as they arise.

Opinion
Based upon the opinion of Internal Auditor in their year-end report, the areas set out in this statement and our on-going work, we are satisfied that our arrangements for governance, risk management and control are adequate and effective.

Summary of the Significant Governance Issues Identified 2024/25

In their Value for Money (VFM) assessment, the external auditors, KPMG, identified significant deficiencies in the organisation's financial reporting and governance. This finding was based upon recurring delays in producing accurate financial statements, combined with errors and omissions. It is management's view that these issues arose due to a number of compounding factors, during an exceptional period in which the cumulative national delays to three years of accounting statements were corrected and so the issues raised are not expected to reoccur.

Internal Audit issued a Minimal Assurance Report for the Bedfordshire, Cambridgeshire and Hertfordshire (BCH) Information and Communication Technology (ICT) Innovation Framework in 2024/25, noting that significant improvements were required with respect to the governance of projects and the consistency of innovation and change initiative management. Control weaknesses were identified around benefits management, change initiative documentation, and the overarching framework policies and procedures, as well as around the arrangements in place for training.

Signatures of the Chief Constable and Director of Resources

Andy Prophet Chief Constable for Hertfordshire	James Cook Director of Resources

2. Key Governance Arrangements

CIPFA published its “Delivering Good Governance in Local Government: Framework” followed by specific guidance notes for Policing Bodies. The key elements of the systems and processes which the Chief Constable has in place are aligned to the seven principles are set out below:

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

Professional Standards Department (PSD)
The Constabulary has a collaborated PSD with Bedfordshire Police and Cambridgeshire Constabulary. The team covers:

- Anti-Corruption.
- Public Complaints, Conduct and Crime Investigation.
- Business Management.
- Vetting.
- PREVENT.
- Operation PROTECT.
- Death or serious injury investigations.

The PSD continues to deliver a range of briefings and communications to officers and staff to ensure that all are aware of the required standards of professional behaviour and code of ethics. This includes the PSD’s responsibility of promoting prevention aligned to the PSD Annual Control Strategy, identifying a clear pathway for investigations of fraudulent and/or corrupt activities, abuse of authority and unacceptable behaviour expected of the Constabulary’s employees.

The Head of PSD reports into BCH Deputy Chief Constable (DCC) Collaboration Board. Each of the three force DCCs attend and provide governance and direction as needed. Additionally to this the Head of PSD is held to account quarterly within PSD Strategic Scrutiny Board which has attendance from the Office of the PCCs for BCH, Senior BCH HR representatives, Workforce leads from forces and Independent Panel Members as appropriate who attend and partake in PSD tactical scrutiny panels and offer a view from the communities we serve. The Independent Office for Police Conduct (IOPC) Learning the Lessons reports, together with local Learning the Lessons reports are reviewed as part of the business of the PSD Strategic Scrutiny Board. The Head of PSD attends quarterly IOPC oversight meetings where any IOPC concerns, or promising practice are shared.

The PSD has an Annual Control Strategy that has been designed to consider demand from the perspective of professional standards, covering the three areas:

- Strategic priorities.
- Intelligence requirements.
- Educational priorities.

The Strategy is reviewed and updated on an annual basis.

In the last year, PSD has completed a business planning process which had a target of delivering £411k of savings. A detailed plan was approved as to how these would be achieved in 25/26 and the BCH PSD S22 agreement has been refreshed for good governance. Savings are primarily made up through loss of vacant posts as well as reduction in service delivery. BCH PSD is still able to identify and manage risk and focus on change delivery. Specifically, this incorporated significant legal changes in the last year including misconduct processes, vetting codes of practice, vetting authorised professional practice (APP) and new regulations expected in 2025. The new regulations are a significant challenge and a focus for 25/26. Two transformation programmes were completed in 24/25 relating to Public Complaints and Misconduct Hearings. Both delivered on or ahead of time and released significant cashable savings. In relation to misconduct hearings this also improved public transparency. BCH PSD no longer uses external hearings venues which represents a significant saving.

In addition, members of the PCC's office review a sample of case files covering conduct and public complaints on a monthly basis and dip sample files that relate to topical issues to ensure that all are being dealt with in an acceptable way and that any lessons learnt are taken forward by the Constabulary. Any concerns that are identified are raised with Chief Officers and / or Senior Leaders of the PSD.

Complaints
Complaints from members of the public can be made electronically via either the Constabulary's or the PCC's website by completing an online form, by email or by telephone.

https://www.herts.police.uk/fo/feedback/complaints/complaints/
https://www.hertscommissioner.org/contact-us-complaints/

The OPCC established an enhanced complaints procedure managed by the Complaint Resolution Team (CRT). This includes a Constabulary online complaint form that is directed immediately to CRT for them to register, triage, process and resolve where applicable.

If the content of the complaint raised is suitable for a local line manager to deal with and give a reasonable and proportionate response to the complainant, then the local complaint process is engaged and followed. Should the member of the public not be satisfied with the immediate response, they have the right to request that their complaint be formally recorded and progressed.

The PSD continues to investigate complaints made by members of the public that have been evaluated as sufficiently serious to warrant a formal investigation and the IOPC continues to investigate the most serious complaints and sensitive incidents and allegations involving the police.

The PCC's office will review the complaint at the request of the member of the public after the conclusion of their review. They will ascertain if the complaint has been dealt with properly and whether a reasonable and proportionate response has been given by the Constabulary and identify where there is learning that should be considered by the Constabulary to improve the service for the public.

Ethics and Equality
Within the collaborative governance structure with Bedfordshire Police and Cambridgeshire Constabulary (BCH), there is a Diversity, Equality & Inclusion Group (DEIG) with the purpose to provide strategic vision and coordination to ensure BCH supports the NPCC Policing Vision 2025 that states: by 2025 policing will be a profession with a more representative workforce that will align the right skills, powers and experiences to meet challenging requirements. The purpose is also to create a culture that values difference and diversity, attract and retain a

workforce that will better ‘reflect its communities’ and continuing work to build a culture which values difference.

The BCH Strategy on Equality, Diversity and Inclusion sets out the equality objective and actions and is supported by a local EDI action plan aligned to the Constabulary’s corporate objectives. There is also a Delivery Plan which includes seeking people within minority groups across the county and beyond to enter the organisation to reflect the community and covers recruitment, progression and retention.

https://www.herts.police.uk/police-forces/hertfordshire-constabulary/areas/about-us/about-us/diversity/

The Constabulary has a Diversity, Equality and Inclusion Strategy for 2022-2025 which highlights the aims to deliver the changes we need to continue to improve the diversity, equality and inclusion of our workforce and to be truly representative of the communities we serve.

There is also a local Equality & Inclusion Board within Hertfordshire which has the responsibility to:

- Ensure Hertfordshire Constabulary acts in accordance with its statutory duties to eliminate unlawful discrimination, advance equality of opportunity and foster good relations.
- Ensure Hertfordshire Constabulary meets its duties and responsibilities under Equality, Diversity and Human Rights Legislation.
- To ensure an Equality Objective Framework is implemented, monitored, reviewed and updated in response to internal/external drivers.
- To ensure structures and processes meet the equality and diversity responsibilities across all business areas within Hertfordshire Constabulary.
- To facilitate effective internal and external communication on equality and diversity issues across the organisation.
- To allocate any actions through the appropriate group member, checking regularly for progress and effectiveness.

Everyone working for Hertfordshire Constabulary, in whatever capacity, signs up to and is required to follow the National Code of Policing Ethics.

https://www.herts.police.uk/police-forces/hertfordshire-constabulary/areas/about-us/about-us/code-of-ethics/

Financial Regulations
A BCH Scheme of Governance and Financial Regulations are in place which were jointly agreed with Bedfordshire and Cambridgeshire and last reviewed in February 2025. In addition, Hertfordshire Officers and Staff must operate within the Chief Constables Scheme of Financial Delegation which is reviewed annually and issued alongside budgets for the upcoming financial year.

www.hertscommissioner.org/SysSiteAssets/media/downloads/transparency/scheme-of-corporate-governance.pdf

Legal Services

The Constabulary has an established Legal Services Department that provides a comprehensive legal advice service to officers and staff within the Constabulary. It has processes in place to identify and review changes in legislation and act appropriately to action these.

Business Interests
Hertfordshire Constabulary allows officers and staff to pursue legitimate Business Interests (including additional occupations and voluntary work) where compatible with their duties as a member of the Constabulary. All officers and staff have a duty to declare a Business Interest. A failure to do so could result in disciplinary action.

B) Ensuring openness and comprehensive stakeholder engagement.

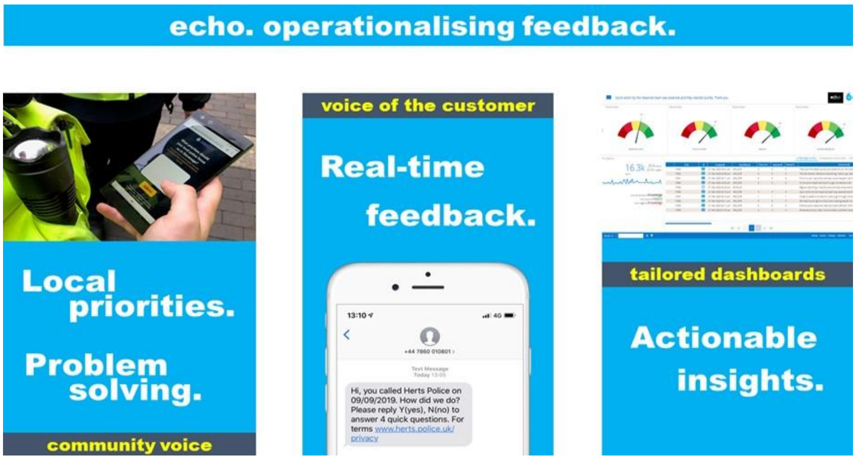
Communications Strategy
The Corporate Communications Department Delivery Plan sets out the Constabulary's aims and communication deliverables for 2024/25 together with communication activity and links to the PCC's Community Safety and Criminal Justice Plan. The Constabulary works to the strategic priorities for 2024/25 which are as follows:

- People
- Collaboration
- Delivery
- Enablers

Echo
The Constabulary operates a system called Echo, a community voice and feedback platform, which provides fast time text messaging in response to calls and surveys on the quality of service. Call handlers can see the responses to the service that they are providing as the responses are received.

Echo allows members of the public to voice their opinions about policing in their local area, in their own words and in their own time. They don't need to sign up or give any personal information and the feedback is completely anonymous. Comments are sent to the local Neighbourhood Policing Team officers, who will review them and use them to help build patrol plans, events, set neighbourhood priorities, and local activity.

Echo can also be used to target surveys on specific issues and crimes. More recently Echo has been developed to understand satisfaction levels of crime and anti-social behaviour incidents. The information is then sent directly to Team leaders so individual, or pockets of dissatisfaction can be addressed.
https://www.herts.police.uk/advice/advice-and-information/wsi/watch-schemes-initiatives/echo/echo-community-feedback/



In addition to Echo, the Constabulary uses tools such as MeetingSphere, SNAP!, Vevox and Slido to further engage with the public and staff to help understand concerns, explore and resolve problems and encourage innovation. A further application of Echo is by use of Neighbourhood Policing Teams across the county to gain feedback and suggestions for setting the local policing priorities. Social media such as X, Facebook, Tiktok and Instagram is utilised to target the younger population. These channels are used for recruitment initiatives, crime prevention advice and operational policing.

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

Corporate Plan

The Corporate Plan sets out the Constabulary's values, mission and strategic priorities through to 2026. We will:

- Prevent Harm.
- Prevent Crime.
- Prevent Offending.
- Increase Trust.
- Work together.

These priorities support the Police and Crime Commissioner's Plan, 'Everybody's Business'. The Constabulary's performance reporting has also been aligned to the mission, priorities and objectives that support them and is reviewed through the Strategic Performance Board.

Financial Planning

The Constabulary works with the OPCC to produce a Medium-Term Financial Plan (MTFP), aligned to the Police and Crime Commissioners Community Safety and Criminal Justice Plan, approved by the Strategic Executive Board (SEB) and presented to Police and Crime Panel for 2024/25 onwards in February 2024.
http://www.hertspcp.org.uk/content/meetings

Financial planning has been a Constabulary strength for many years. Substantial budgetary savings have been delivered whilst simultaneously maintaining an annual budget that has not required severe resource reductions. From 2020/21 onwards, the reliance on reserves to support base budget expenditure was removed thus increasing financial resilience.

Sustainability Charter
By signing the Emergency Services Environmental and Sustainability Group Charter, the Chief Constable has agreed to embed sustainability considerations throughout the organisation, and measure and monitor progress. Members work towards a set of common goals to achieve national and international sustainability objectives. In 2022/23, the Constabulary Sustainability Focus Group was established, which works to develop individual sustainability plans.

D) Determining the interventions necessary to optimise the achievement of the intended outcomes.

Financial Plan
A Medium-Term Financial Plan is in place. In February 2025 the Police and Crime Panel received the plan covering the period to 2028/29. The financial plan supports the achievement of the objectives within the Police and Crime Plan and the Operational Policing Plan.

The Constabulary monitors financial and operational performance through the governance structure with a clear distinction of responsibilities at operational and strategic levels such as the Strategic Performance Board, Tasking and Coordination processes and tracking of risks. There is onward reporting to the PCC's Strategic Executive Board where the PCC holds the Constabulary to account for performance.

Collaboration
Collaboration with Bedfordshire and Cambridgeshire (BCH) is key in delivering the Constabulary's priorities (organisational and operational) as set out in the Control Strategies ranging from partnership and resources through to specific specialist policing areas, e.g. armed policing, roads policing and professional standards.

Collaborated services are provided to the parties through a host force model with daily line management via a single structure and decisions with regards to service delivery being made collaboratively at DCC level. By sharing resources across each force, the collaboration is able to drive economies of scale and make best use of available resources across the partners. The supporting structure allows each Chief Constable and PCC to have oversight and fulfil their responsibilities through:

- Strategic Alliance Summit meetings which are responsible for setting the strategic direction and enables oversight and holding to account by the Commissioners.
- Joint Chief Officers Board (JCOB) has operational strategic oversight focusing on the accountability for the effective governance for the collaborative arrangements, performance, and risk.
- Deputy Chief Constable Collaboration Board is a monthly meeting with an escalation route into JCOB ensuring the effective delivery of collaborated services, with decision-making capability.
- Assistant Chief Officer and Director-led Functional Boards that ensure the effective and efficient delivery of the services within their remit.

Collaboration at a 7 Force (Eastern Region) level includes procurement through Commercial Services, overseen by the Commercial Executive Board chaired by an ACO, currently from Hertfordshire. There is also a Strategic Procurement Governance Board chaired by a PCC, currently Suffolk, which reports to the Eastern Region Summit Meeting to ensure all corporations sole are informed of activities. These meetings also have reporting from and oversight over the Eastern Regional Special Operations Unit (ERSOU) for which Bedfordshire is the lead Force.

Efficiency and Effectiveness
The Constabulary routinely assesses its strengths, weaknesses, opportunities and threats in the context of its operating environment (PESTELO/Horizon Scanning) alongside the expectations placed upon it by the Community, the Home Office (including Her Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) and the Strategic Policing Requirement), the Police and Crime Commissioners Community Safety and Criminal Justice Plan, partners and other agencies.

This activity both informs and helps update the force’s Force Management Statement (FMS), which is an annual statement designed to ensure the highest practicable levels of efficiency and effectiveness in addition to providing accountability to public institutions. Furthermore, the FMS details the Chief Constable’s plans for improving the efficiency and effectiveness of the Force in the period covered by the statement and therefore, it is linked to the Demand Management Strategy, which identifies and provides opportunities to address or inform the FMS. The delivery of which is then monitored and managed throughout each year across a number of formal performance Boards.

Strategic Hub
The Strategic Hub has now been in place since 2020, with a team of seven people, has a remit to undertake organisational strategy work. The team undertakes the completion of the Force Management Statement. In addition to projects, the Strategic Hub is constantly horizon scanning for future threats and risks as well as innovation and opportunities which is communicated to the force through the Horizon Scanning newsletter. Work to the Strategic Hub is commissioned by the Senior Leadership Team and self-generated by the team through stakeholder engagement and consultations.

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

Learning and Development
Human Resources policies have been established by the BCH collaborated HR department. Regular conversations take place between individuals and managers to ensure oversight of wellbeing, to guide and support in the achievement of work-based objectives and to support personal and professional development.

The Constabulary manages requirements for training and development via an annual Learning Needs Assessment which seeks to capture requirements and assess and allocate these on a priority/risk basis against a BCH external training budget and internal training resources. This budget will be devolved to local forces from April 2025. Throughout the year emerging learning needs are managed and prioritised by means of tactical and strategic Operational Learning Prioritisation governance boards.

BCH has implemented the new entry routes for police officers under the umbrella of the Policing Education Qualifications Framework (PEQF). This has entailed the launch of a Police Constable Degree Apprenticeship Programme and a Degree Holder Entry Programme working in partnership with Anglia Ruskin University. In 2024 a Police Constable Entry Programme (PCEP) was introduced.

Wellbeing
The Constabulary takes the wellbeing of its staff extremely seriously and has appointed a strategic lead that operates within the national Oscar Kilo Blue Light Framework. This work is supported by a wellbeing coordinator and a network of circa 150 volunteer wellbeing champions. Recent initiatives have included 'Spot the signs' suicide prevention training, a Stop the Stigma Campaign, and a frontline support national awareness campaign. There is a wellbeing strategy in place that has seen the delivery of wellbeing and resilience training across the Constabulary including new starters. This year's wellbeing calendar has a focus on family inclusivity and each month sees new activities covered such as family evenings and high harm unit workshops. This is backed up with specific material and webinars on associated topics that provides a wealth of information for staff.

Workforce Planning
The Workforce Plan is agreed with the Constabulary and HR and training teams to ensure we have the right recruitment plan and training delivery plans in place to meet establishment numbers. This includes a focus on the maintenance of establishment levels, which for 2024/25 was 2,393 Police Officers and this target has been met.

The Constabulary has a clear understanding of current and future demand and the resources required to meet that demand. This is obtained through the data collection and analysis processes that support the FMS, including a Strategic Demand Assessment.

The assessment of demand together with strategies to manage demand, including change programmes are monitored through the People and Workforce Development Board and the Organisational Development Board.

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

Risk Management
The Constabulary has a record of successfully managing risk in order to continuously provide the best possible service to the public and deliver innovative programmes of change. A proactive approach is taken to managing opportunities that can deliver business and performance benefits, as well as risks. The Constabulary uses a risk database called 'Orchidsoft' to record its risks, which is also used by BCH collaborated units. The benefits of using the system are that: risks can be accessed via the Force Intranet; access to users can be tailored to ensure they only view what they need to; there is a full audit trail built into the system; and it provides consistency in managing risk.

The risk register review process is monitored by the Risk Manager who reports to the Risk Management Board (RMB). The RMB reviews both collaboration and Hertfordshire only risks and reports to the Joint Audit Committee (JAC).

Local arrangements are in place within Bedfordshire and Cambridgeshire for their portfolios ensuring there is management of risk within and across the collaborated functions. A strategic risk register is now in place across the collaboration and brings together those risks common to all three forces.

The collective approach to management of risk across BCH includes the work of the Information Management Unit where the team has responded to the Information Commissioner's Office audit recommendations and actively works on information and data protection for the forces. The joint approach to ensuring accessibility of reports and information is another example.

Performance and Organisational Learning

The Strategy, Performance and Transformation Department is a multi-disciplinary team involved daily in auditing and inspecting processes, assessing and managing corporate risks, assessing performance, engaging with the public, adopting learning from HMICFRS inspections to remit, victims and colleagues, scanning, benchmarking, ensuring the integrity of crime and incident recording, assessing and influencing data quality, planning (including developing the Force Management Statement, Strategic Assessment and Policing Plan) and conducting research.

Performance, Audit and Inspection

The Constabulary's Performance, Audit and Inspection team has the purpose of holding the organisation to account and allowing the organisation to flourish. This is achieved through:

- Problem solving.
- Bringing in information / benchmarking from other organisations and national performance indicators.
- Supporting change.
- Action tracking from internal and external inspections.
- Asking questions of leads to monitor performance.
- Highlighting risk.
- Directing focus.

Following the implementation of a Strategic Hub in 2020 the department has been involved in various strategic developments whilst making best use of horizon scanning and knowledge of societal changes in order to meet future policing challenges and demand. The hub has been fundamental in producing the various departmental and teams plans, work on the National Vulnerability Action Plan and a project to look at geographical areas of high demand across the county to name but a few. Organisation Design work led by a Chief Superintendent was initially completed in 2021 and included a review of duplication of work, implementation of a tiered minuting system, and a meeting list and tracker to monitor meetings. In 2022 the Strategic Hub completed a mapping of all Hertfordshire meetings, and in 2023 it commenced work in mapping all BCH meetings attended by Hertfordshire staff. A primary function of the Strategic Hub is to produce the annual Force Management Statement.

The Performance and Analysis Team is responsible for all data to support the meetings of the Strategic Performance Board (SPB), there is also presentations around themes for example serious violence, business crime and the best use of body worn video. Regular features also include an monthly assessment of Crime Data Integrity, Stop and Search and Use of Force.

The Strategic Vulnerability Board was formed in 2023/24 and is responsible for looking at current legislation and future challenges on areas such as child protection and domestic abuse.

The SPB is the Constabulary's primary performance management meeting for monitoring and managing progress toward the Constabulary's strategic targets and objectives as stated in the Operational Policing Plan and the Police and Crime Commissioners Community Safety and Criminal Justice Plan.

The PCC's Resources Board is responsible for monitoring budgets and variances on a quarterly basis. Including on the forecast outturn position for revenue and capital expenditure. Budget holders are asked to provide action plans to mitigate overspend pressures where they occur.

Unlike Local Authorities, the Constabulary/the PCC do not have a head of paid services, however there are effective arrangements in place for the discharge of the Head of Paid Services function.

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

Openness is one the Constabulary's core values and therefore it strives to release information which is suitable for public knowledge by working in line with the Freedom of Information Act. Information in relation to salaries, business interests, Force Management Statement, annual accounts and performance data is published on the websites.

There is a Joint Audit Committee (JAC) that operates within the guidance issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Home Office Financial Management Code of Practice. The minutes and papers of the JAC are published on the PCC's website.
https://www.hertscommissioner.org/transparency/decisions-and-meetings/audit-committee/

The PCC's Resources Board is the forum for issues related to the legitimacy, effectiveness and efficiency of the policing service delivered in Hertfordshire and where decisions need to be taken that require both parties to discuss and agree in accordance with the Scheme of Governance, the Policing Protocol Order 2011 and the respective duties of each holder of office. Its role includes:

- Any matters relating to the legitimacy, effectiveness and efficiency of the policing service delivered in Hertfordshire;
- The monitoring and management of delivery against the Police and Crime Plan and the Strategic Policing Requirements;
- Consideration of HMIC, Joint Audit Committee reports and similar external inspections;
- The assessment of the viability of, and decisions on entering into collaborative initiatives;
- The review and monitoring of the management of the budget by the Chief Constable; and
- Any matters relating to the Risk register.

The Constabulary cooperates with external inspection for example HMICFRS and has an externally contracted Internal Audit function.

3. Evaluation of the Effectiveness of Governance

The Chief Constable has the responsibility for conducting, at least annually, a review of the effectiveness of the governance framework for his office, including the system of internal control.

The review is published as the Annual Governance Statement alongside the Statement of Accounts. The review is informed by the following:

Annual Assurance Statements
Senior officers within the Constabulary who have produced departmental assurance statements to support the review, and the Constabulary as a whole has produced an overall assurance statement.

The Joint Audit Committee (JAC)
The JAC undertakes the core functions of an audit committee, in accordance with the guidance set out in the CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities and Police', including:

- playing a pivotal role in the system of internal control through its oversight of audit arrangements.
- approval of the external audit plan and receives the annual audit letter from the external auditor.
- considers the annual Internal Audit plan.
- receiving regular Internal Audit reports and monitoring management performance against agreed action plans to address any weaknesses identified; and
- reviewing progress on risk management and related issues.

Police and Crime Commissioner
Part of the Police and Crime Commissioner's role is to hold the Chief Constable to account for the discharge of his functions and those of the officers and staff under his direction and control. The Commissioner holds a number of scheduled meetings with the Chief Constable each month, and a senior member of the Commissioner's team also attends each monthly Constabulary performance meeting. The Commissioner additionally attends the performance meeting every three months.

Internal Audit
RSM provides the Internal Audit service to the OPCC and Constabulary and also provides Internal Audit services to Bedfordshire and Cambridgeshire OPCCs and Constabularies. This results in joined up internal audit work to the benefit of all the organisations.

Internal Audit provided an independent opinion on the adequacy and effectiveness of the Constabulary's system of internal control, stating that the organisation has an adequate and effective framework for risk management, governance and internal control. However, their work has identified further enhancements to the framework of risk management, governance and internal control to ensure that it remains adequate and effective.

Internal Audit issued seven reports during 2024/25 for the OPCC and the Constabulary concluding that reasonable assurance could be taken in five reports, and partial assurance in one report. An advisory report was also issued.

Internal Audit also undertook audits in relation to the BCH collaborated activity and issued one substantial assurance report, two reasonable assurance reports and one report with a split opinion (BCH Accounting Support - substantial assurance and BCH Planning Processes - partial assurance) report. A minimal assurance report relating to the Innovation Framework was issued.

Management actions have been agreed to address all issues identified within the reports and both the partial and minimal assurance opinion reports will be followed up in 2025/26.

Internal Audit also performs an annual follow up of agreed management actions, as part of that work Internal Audit confirmed the Constabulary had made little progress in implementing agreed management actions. The Constabulary also tracks the completion of management actions.

RSM UK has co-ordinated the first draft of this Annual Governance Statement, with assistance from senior officers and staff in the OPCC and Constabulary.

External Audit

The Constabulary changed external auditors from BDO LLP to KPMG for 2024/25. However, like most public sector external auditors, BDO LLP did not undertake audit work for the 2021/22 and 2022/23 accounts until Autumn 2024 (following the government's implementation of a national backstop date for these two years). Consequently, BDO LLP issued Auditor's Annual Reports for these two years during 2024/25. In these reports BDO LLP issued a disclaimer of opinion as follows:

> "To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 required local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). To clear the backlog of historical accounts and 'reset' the system, the Accounts and Audit (Amendment) Regulations 2024 required local bodies to publish audited financial statements for all outstanding years up to and including 2022/23 by 13 December 2024 ('the backstop date'). In addition, the National Audit Office has made changes to the Code of Audit Practice to require local auditors to comply with backstop dates by giving their opinions in time for audited accounts to be published. We were unable to issue our disclaimer of opinion by the backstop date as the PCC and CC we were adjusting the financial statements to correct arithmetic and internal consistency misstatements."

Regarding VFM for the two years BDO LLP reported "We did not identify any significant weaknesses in respect of the PCC's and CC's arrangements for securing economy, efficiency and effectiveness in its use of resources having regard to the specified criteria in the Code. "

The current external auditors, KPMG, also issued their 2023/24 Auditor's Annual Report during the year in which they also issued a disclaimer opinion on the financial statements. Current expectations are that local authority accounts will not reach unmodified status again until 2026/27.

In their Value for Money (VFM) assessment, KPMG, identified "significant deficiencies in the organisation's financial reporting and governance. Recurring delays in producing accurate financial statements, combined with substantial errors and omissions, indicated weaknesses in the accounts preparation processes. Notably, the failure to publish the Annual Governance Statement (AGS) alongside the financial accounts compromised transparency and accountability. These issues placed undue strain on the finance team and highlighted significant risks to the organisation's governance arrangements. To address these problems, it is recommended that management must prioritise accurate and timely financial reporting and ensure full compliance with regulatory requirements, including the prompt publication of the AGS, in conjunction with a thorough review and reconciliation of prior year balances."

Her Majesty's Inspectorate of Constabularies and Fire & Rescue Service (HMICFRS)

HMICFRS is commissioned by the Home Secretary to undertake inspections of police forces and fire and rescue services.

PEEL (Police Effectiveness, Efficiency and Legitimacy) is HMICFRS's annual assessment of police forces in England and Wales. Forces are assessed on their effectiveness, efficiency and legitimacy. Until 2018/19 each was inspected separately each year. HMICFRS has now adopted an integrated approach to inspections. Integrated PEEL Assessment (IPA) combines the forces into a single inspection on the areas of PEEL.

The latest PEEL inspection report was published in October 2024, with a 'good' assessment rating for preventing and deterring crime and antisocial behaviour. The report assessed four areas as 'requiring improvement'; these included: responding to the public, investigating crime, protecting vulnerable people, and leadership and force management. The Constabulary received an 'inadequate rating' for recording crime data; a Gold Group has been established, overseen by the Deputy Chief Constable, charged with addressing the areas of weakness highlighted in the PEEL report, with an emphasis on the recording of crime data.

4 Accountability and Action Plans

Account for actions taken in 2024/25 to address significant issues identified in previous year's AGS.

Issue	Action
In their Value for Money (VFM) assessment, the auditors, KPMG, identified significant deficiencies in the organisation's financial reporting and governance. See section 3 for further detail.	It is management's view that the issue highlighted has arisen due to a number of compounding threads that are not expected to repeat in the future. These include late completion of the 2021/22 and 2022/23 audits by the Chief Constables previous external auditor BDO (which resulted in the back stop date for those years being missed), the compounding of adjustments through multiple unaudited accounts and resultant balances adjustment and the need to work on three accounts audits.

Glossary of Terms

The definitions within this **glossary are designed to give the user an understanding of the technical terminology contained within the Statement of Accounts.**

Accounting Policies
Those principles, bases, conventions, rules and practices applied by the PCC, that specify how the effects of transactions and other events are to be reflected in its financial statements through: i) recognising, ii) selecting measurement bases for, and iii) presenting assets, liabilities, gains, losses and changes to reserves.

Accrual
The recognition of income and expenditure as it is earned or incurred, rather than as cash is received or paid.

Actuarial Gains and Losses
For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because: a) events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses), or b) the actuarial assumptions have changed.

Budget
A statement of the PCC's financial plans for a specified period of time, usually one year.

Capital Programme
A statement of proposed capital projects for current and future years.

Capital Receipts
Proceeds of not less than £10,000 from the sale of fixed assets. They may be used to finance new capital expenditure or repay debt. They cannot be used to finance normal day to day revenue spending.

Carry-forwards
These are underspends at the year-end which are carried forward into the next financial year to support that year's expenditure plans.

Creditors
Amounts owed by the PCC at the 31st March for goods received or services rendered but not yet paid for.

Capital Expenditure
Expenditure on the acquisition of a fixed asset or expenditure which adds to and not merely maintains the value of an existing fixed asset.

Current Service Cost (Pensions)
The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Debtors
Amounts owed to the PCC which are collectable or outstanding at 31st March.

Defined Benefit Scheme
A pension or other retirement benefit scheme where the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded as in the case of the LGPS or unfunded as in the case of the Police Pension Scheme.

Depreciation
The measure of the cost or re-valued amount of the benefits of the

fixed asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a fixed asset whether arising from use, passing of time or obsolescence, through either changes in technology or demand for the goods and services produced by the asset.

Emoluments
All sums paid to or receivable by an employee and sums due by way of expenses allowances (as far as those sums are chargeable to UK income tax) and the money value of any other benefits received other than in cash. Pension contributions payable by either employer or employee are excluded.

Expected Rate of Return on Pensions Assets
For a funded, defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Fair Value
The fair value of an asset is the price at which it could be exchanged in an arm's-length transaction less, where applicable, any grants receivable towards the purchase or use of the asset.

Finance Lease
A finance lease is one that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Government Grants
Assistance by government and inter-government agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a PCC in return for past or future compliance with certain conditions relating to the activities of the PCC.

Impairment
A reduction in the value of a fixed asset, reflecting a general fall in prices or losses due to physical damage or deterioration in an asset.

Intangible Fixed Assets
Non-financial fixed assets that do not have physical substance but are identified and controlled by the PCC through custody and legal rights.

Interest Cost (Pensions)
For a defined benefit scheme, the expected increase during the period in the present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories
The amount of unused or unconsumed stocks held in expectation of future use. When use will not arise until a later period, it is appropriate to carry forward the amount to be matched to the use or consumption when it arises.

Investments
A long-term investment is an investment that is intended to be

held for use on a continuing basis in the activities of the PCC. Investments should be so classified only where an intention to hold the investment for the long term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Liquid Resources
Current asset investments that are readily disposable by the PCC without disrupting its business and are either: readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Minimum Revenue Provision (MRP)
The aim of the MRP charge is to set cash aside in order to ensure the PCC has the funds to repay outstanding principal or replenish internal cash balances. Each year the PCC is required to set a policy as to the approach it will take in making MRP.

Net Book Value
The amount at which fixed assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost
The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of its replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt
The PCC's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than net debt.

Net Realisable Value
The open market value of the asset in its existing use (or market value in the case of non-operational assets), less the expenses to be incurred in realising the asset.

Non-Distributed Costs
These are overheads for which no user now benefits and should not be apportioned to services.

Operating Lease
A lease other than a finance lease.

Police Grant
A specific grant paid by the Home Office to support the PCC's revenue expenditure. It is a fixed sum calculated by the government on an assumed needs basis.

Precept
A levy which the PCC makes through the council tax to pay for services.

Past Service Cost
For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvement to, retirement benefits.

Prior Period Adjustments
Those material adjustments applicable to prior years arising from

changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Reserves
Amounts set aside to cover general expenditure needs in the future.

Revenue Contributions to Capital Outlay (RCCO)
Contributions from revenue to finance capital expenditure and thus reduce the requirement to borrow.

Revenue Expenditure
Spending on day to day items, including salaries, premises costs and supplies and services.

Revenue Support Grant
A grant paid by central government towards the costs of the service.

Specific Reserves
Amounts set aside for a specific purpose to meet future commitments or liabilities.

Sponsorship
The voluntary provision of non-public funds, services or equipment which enables the police to enhance or extend the normal services provided.