



OFFICE OF THE POLICE &
CRIME COMMISSIONER FOR
SURREY



THE POLICE AND CRIME COMMISSIONER FOR SURREY AND THE CHIEF CONSTABLE OF SURREY GROUP

Statement of Accounts for the year 2023/24

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Preface

Lisa Townsend – Police and Crime Commissioner for Surrey

It gives me great pleasure to be able to present to you the Group Statement of Accounts for 2023/24 for the Surrey Police and Crime Commissioner.

I was honoured to be re-elected in May 2024 by the residents of Surrey for a second term as their Police and Crime Commissioner. As one of 40 Commissioners across the country I am there to ensure that the Force provides efficient and effective policing across the county as well as being a conduit for the public's concerns and setting policing priorities.

In 2021 following an extensive consultation I set the priorities I wished the Force to focus on in the period from 2021 to 2025. These were as follows:

- Reducing violence against women and girls in Surrey
- Protecting people from harm in Surrey
- Working with Surrey communities so that they feel safe
- Strengthening the relationship between Surrey Police and Surrey Residents
- Ensuring safer Surrey roads

Through my regular meetings with the Chief Constable, I was able to monitor progress against these priorities throughout the year through a number of metrics. My Annual Report, which can be found on the OPCC website, sets out in detail the progress made against each of these priorities.

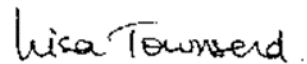
Later this year I will be conducting a new consultation with residents and groups to determine the priorities for the next 5 years.

As PCC I am not only responsible for holding the Chief Constable for account but also have responsibilities in respect of reducing crime and reoffending and supporting witnesses and victims. During the year my office has been awarded grants for crime reduction initiatives across the county and we have also commissioned services from a wide range of local authority and third sector partners.

Finance is obviously fundamental to everything we do. As PCC I have overall responsibility for the Force budget, its assets and resources. This includes setting the overall budget and allocating resources to the Chief Constable so he can fulfill his responsibilities, commissioning services and funding my own office, ownership of estates and force assets and most importantly setting the level of precept – the police element of Council Tax residents pay.

The Statement of Accounts includes both the Police and Crime Commissioner for Surrey results as well as those for the group, which includes the Force. These set out the overall financial position at the 31st March 2024 coupled with the cost of services provided during the year. Despite the force facing increased pressures and demands during the year I am pleased to note that overall, the Group has come in just under budget.

My thanks go to all those who work for Surrey Police for their efforts and achievements over the last year in keeping our communities as safe as possible. This includes all the volunteers, charities, and organisations we have worked with and my staff in the Office of the Police and Crime Commissioner for their support and advice over the last year. Finally, I would like to thank the finance team for putting these financial statements together and in particular for working so hard to ensure that they were published by the required deadline.

A handwritten signature in black ink that reads "Lisa Townsend". The signature is written in a cursive, slightly slanted style.

Lisa Townsend
Police and Crime Commissioner for Surrey

Narrative Report

The Statement of Accounts has been prepared in accordance with the requirements of the Chartered Institute of Public Finance and Accountancy (CIPFA) and sets out the overall financial position of the Police and Crime Commissioner for Surrey and the Group Accounts for the year ending 31 March 2024. The accounts have been prepared using the International Financial Reporting Standards (IFRS), in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

- Understand the overarching financial position of the PCC (and the 'PCC Group' including Surrey Police).
- Have confidence that the PCC has spent public money wisely and has been accounted for in an appropriate manner.
- Be assured that the financial position of the PCC (and Group) is sound and secure.

The style and format of the accounts complies with CIPFA standards and is similar to that of previous years. The information contained within these accounts is presented as simply and clearly as possible, but by their nature are both technical and complex.

This narrative report aims to help readers better understand the role of the PCC, and to assist in understanding and interpreting the accounts through an explanation and overview of the financial performance and activities during 2023/24.

1. Explanation of the PCC and Group

The Police & Crime Commissioner (PCC) and the Chief Constable are established as separate legal entities or "Corporation Sole" bodies.

The current PCC, Lisa Townsend, was elected in May 2021 for a period of 3 years which includes the period covered by these accounts. In May 2024 Lisa Townsend was re-elected for another 4-year term. The PCC is there to secure the maintenance of

an efficient and effective police force and to hold the Chief Constable to account for the exercise of his functions and those of persons under his direction and control.

The Chief Constable has a statutory responsibility for the control, direction and delivery of operational policing services in the Surrey Police area and Mr. Tim De Meyer was appointed Chief Constable in April 2023, following an extensive recruitment process by the PCC

This set of accounts focuses on those discrete activities which the PCC is directly responsible for, such as commissioning services for victims and witnesses of crime, as well as the "PCC Group" which includes all aspects of operational policing under the direction and control of the Chief Constable.

The Chief Constable has produced a separate set of accounts which explains how the resources provided by the PCC have been used to deliver operational policing services.

2. Introduction to Surrey

Surrey is a county in the Southeast of England, covering 644 square-miles, with one county council, 11 boroughs/districts and 6 major hospitals with A&E departments. It has 62 miles of motorway, including the busiest M25 stretch. Surrey's rivers include the Thames (notable flooding risk); the county is 73% greenbelt. Surrey borders the UK's busiest two airports. It is the most densely populated county in Southeast England with a population of 1.2 million. The county borders London and prior to Covid many residents commute to the capital for work and in return residents of the capital travel to Surrey for recreation. Surrey contains many areas of outstanding natural beauty and is home to major sporting events – in particular the Epsom Derby which is the country's largest one-day sporting event attracting over 100,000 racegoers each year.

Surrey Police delivers a number of services in collaboration with other Police Forces across the south east of England. The PCC and Force are also part of a joint working arrangement with Sussex PCC and Sussex Police for the provision of professional support services including finance, human resources, facilities management, ICT and across all four organisations. Internal audit is provided in partnership with Hampshire County Council.

Surrey	Total 2023/24 Budget £m	Total 2023/24 Outturn £m	Variance £m
PCC Budget	3.4	3.2	(0.2)
Operational Delivery Budget	289.4	287.8	(1.6)
Total 2023/24 Budget	292.8	291.0	(1.8)
Funding	(292.8)	(291.2)	1.6
Grand Total	(0.0)	(0.2)	(0.2)
Anticipated in-year inflationary costs	0.0	0.2	0.2

3. The Police and Crime Commissioner (PCC)

The core functions of the PCC for Surrey are to secure the maintenance of the police force for the area and to ensure that the police force is efficient and effective. Other key functions include:

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

The Commissioner is ultimately accountable to the electorate via the ballot box. A Police and Crime Panel (PCP) is also established under the Police Reform and Social Responsibility Act 2011 and is charged with scrutinising and supporting the work of the Commissioner. The Panel, however, does not hold the Chief Constable to account.

The PCP's core functions include:

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

The Police and Crime Panel has set up a separate Finance subcommittee to review the budget prior to precept setting.

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

- Review the corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
- Review the Annual Governance Statements (AGS) prior to approval and consider whether they properly reflect the governance, risk and control environment and supporting assurances and identify any actions required for improvement.
- Consider the arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.
- Consider the framework of assurance and ensure that it adequately addresses the risks and priorities of the OPCC and the CC
- Monitor the effective development and operation of risk management, review the risk profile, and monitor progress of the PCC and the CC in addressing risk-related issues reported to them.

- Consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- Review anti-fraud arrangements (including whistleblowing procedures) and the assessment of fraud risks and potential harm from fraud and corruption and monitor the effectiveness of the counter-fraud strategy actions and resources.
- Further consideration and advice in relation to Internal Audit, External Audit, Financial Reporting, Partnership Governance and Accountability Arrangements.

The Commissioner's vision and priorities for policing and community safety across Surrey for the period from 2021 to 2025 is set out in the Police and Crime Plan. This was launched in 2021 after an extensive consultation and has 5 themes as follows:

- Preventing violence against women and girls in Surrey
- Protecting people from harm in Surrey
- Working with Surrey communities so that they feel safe
- Strengthening relationships between Surrey Police and Surrey residents
- Ensuring safer Surrey roads

A full version can be found on the Surrey OPCC website at <https://www.surrey-pcc.gov.uk/plan/> and an assessment as to how the PCC and Force is progressing on these objectives is included in 2023/24 Annual Report published on the OPCC website.

4. Role of the Chief Finance Officer

The Chief Finance Officer is the professional adviser on financial matters to the PCC. The Chief Finance Officer has certain statutory duties in relation to financial administration and stewardship. Statutory responsibilities include securing the production of and signing a statement that the Statement of Accounts provide a true and fair view of the financial position, maintaining financial standing and securing an adequate and effective internal audit function.

5. The PCC and Group's Financial Performance

Revenue Budget 2023/24

In February 2024, the Commissioner approved funding for a net revenue budget for 2023/24 for the Group of £292.8m, an increase of £13.7m on the previous year. This is shown in the table below:

2022/23 £m	Police Funding	2023/24 £m
111.5	Home Office Police Grants	116.2
9.2	Council Tax Grants	9.2
2.0	Police Officer Pension Grant	2.0
1.7	Operation Uplift Grant	3.5
124.4	Total Central Support	130.9
150.8	Council Tax Precept	160.6
0.2	Collection Fund surplus/deficit	1.2
3.7	General Reserves	0.1
154.7	Total Local Funding	161.9
279.1	Total Group Funding	292.8

Revenue Expenditure Outturn

The financial performance of the group over the year is set out below and more detail is shown in the accounts which follow.

PCC Controlled Expenditure

PCC Controlled costs are split between "Operational Costs" - those required pay for the PCC, her office, staff, and governance and "Commissioned Services" - which relate to services commissioned to support victims, communities and prevent crime.

The Office of the PCC outturn against budget for the year was:

2023/24	PCC Outturn		
Category	Actual £m	Budget £m	Variance £m
PCC Operational Costs	1.56	1.57	(0.01)
PCC Commissioned Services (net)	1.67	1.80	(0.13)
Net PCC Budget/Outturn	3.23	3.37	(0.14)

In respect of Commissioned services during the year almost £4.7m was given out and ringfenced funding of £4.4m was received from Government, including an additional £1.8m which was bid for and received in year. OPCC Operational costs represent around 0.5% of group total expenditure.

This underspend mainly results from commissioned services which were going to be funded by the PCC but were then funded by Government. The underspend has been transferred to reserves.

PCC Group Level

The following table provides a high level comparison between the approved budget for 2023/24 and actual expenditure at the Group Level (i.e. PCC and Chief Constable), and shows at a Group level an overall underspend for the year of £1.8m against a budget of £292.8m.

Outturn 2023/24	Actual £m	Budget £m	Variance £m
<i>Police Payroll</i>	143.7	143.7	0.0
<i>Police Overtime</i>	6.8	5.4	1.4
<i>Staff Payroll</i>	81.4	83.6	(2.2)
<i>Staff Overtime</i>	2.3	1.2	1.1
<i>Other employee costs</i>	4.4	4.2	0.2
<i>Agency and temporary staff</i>	0.6	0.9	(0.3)
<i>Training and other costs</i>	3.6	3.9	(0.3)
Total Employee Costs	242.8	242.9	(0.1)
Premises	15.0	14.2	0.8
Transport	5.6	5.3	0.3
Supplies and Services	40.7	42.5	(1.8)
Financing	14.9	10.1	4.8
Income and Grants	(28.0)	(22.2)	(5.8)
Net Group Expenditure	291.0	292.8	(1.8)

Explanation of main variances is as follows:

Police Overtime	Additional overtime for specialist officers.
Staff Payroll	Vacancies in staffing, particularly contact.
Staff Overtime	Additional overtime to cover vacancies.

Supplies and Services	The underspent by £1.8m. This is a mixture of increased costs for seized animals and forensics offset by savings in DDaT and centrally held budgets.
Financing	Financing is overspent by £4.8m. £2.1m of this is a transfer from revenue to capital to support the capital program. In addition, there have been transfer to a number of reserves including insurance and the Surrey Estates reserve.
Income and Grants	There is an overachievement of income of £5.8m. Local Policing have overachieved on income of £1.8m mostly relating to Op Safeguard, NLEDS and Safer Streets projects with costs in Supplies & Services; Operations Protective Services are also overachieving by £1.3m mostly relating to Mutual Aid (£0.6m), also overachieving by £0.4m for CTSFO's and Surrey Camera Partnership (£0.3m) offset by costs plus other minor overachievements across departments; Commercial and Finance have overachieved by £2.4; £1.7m within Surrey Estates Strategy (SES) for refund of business rates for Mount Browne and Guildford Police Station, which has been put in reserves, and £0.3m in Central Corporate for overachievement of investment interest and sale of vehicles within Transport Services Local.

A detailed analysis of actual expenditure for the year ended 31 March 2024 is shown in the Comprehensive Income and Expenditure Statement (CIES) within these financial statements. This CIES measures the financial performance for the year in terms of resources consumed over the period and the funding provided to finance these resources. The accounting basis used for the CIES is different to the statutory basis used to calculate net expenditure to be funded from local taxation in the form of council tax, as it includes non-cash elements.

The total net expenditure shown in the CIES includes operating income and expenditure along with adjustments for non-cash accounting transactions for depreciation, capital grants and pension costs in accordance with IAS 19 requirements. The intra-group funding is a transfer between the PCC and Chief Constable accounts to offset the financial resources consumed at the request of the Chief Constable on behalf of the Group.

The following table reconciles Group operational expenditure for 2023/24 to the position reported in the CIES by showing how management accounts are adjusted for accounting regulations and other statutory adjustments to arrive at the deficit on provision of services as reported in the Comprehensive Income and Expenditure Statement.

	CC £m	PCC £m	Group £m
Total Actual net Expenditure per revenue outturn report 2023/24	287.8	3.2	291
Reserve and Provision transfers excluded from (Surplus)/Deficit on Provision of Services:			
Financial year end accounting adjustments	(5.1)	0.0	(5.1)
Amounts in the CIES not in the outturn report:			0.0
Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	8.9	0.0	8.9
Pensions	(28.6)	0.0	(28.6)
Net Cost of Services	263.0	3.2	266.2
Intra-group Adjustment from PCC to CC for resources consumed at the request of the Chief Constable	(291.7)	291.7	0.0
Pension Interest costs and expected return on pension assets	65.0	0.0	65.0
Other interest payable and interest receivable	0.0	(2.2)	(2.2)
Levies & other operating expenditure	0.0	0.0	0.0
Taxation and non-specific grant income	0.0	(300.0)	(300.0)
(Surplus)/Deficit on the provision of services	36.3	(7.3)	29.0
(Surplus) on revaluation of Property, Plant and Equipment	0.0	18.0	18.0
(Surplus) on revaluation of Equity Investment	0.0	0.0	0.0
Re-measurement of the net defined benefit liability/asset	13.2	0.3	13.5
Total Comprehensive Income and Expenditure	49.5	11.0	60.5

Capital Expenditure

Capital expenditure is incurred on the acquisition and enhancement of the Commissioner's assets which have a life of more than one year. The capital and investment programme is designed to support business enablement and change projects to promote new ways of working and efficient use of resources. Investment plans for the year included investment towards the new Police Headquarters, fleet replacement in-car technology development, ICT hardware, particularly laptops and servers and development of mobile emergency services network.

The Police and Crime Commissioner owns all of the force's assets and hence they are included on the Balance Sheet of the PCC and Group but not the Chief Constable. Day to day management is delegated to the Chief Constable who receives a budget to fund these costs from the PCC. The PCC approved a Capital Program of £14.4m in February 2023 however with slippage requests from 2022/23 program, slippage in to 2023/24 and further adjustments the meant that the final budget was £21.2m. The force runs a flexible program managing schemes over a rolling 2-year period enabling work to be brought forward or deferred.

The performance against the budget is as shown in the following table:

Capital Summary	2023/24 Total Budget £m	2023/24 Total Spend £m	Variance £m
DDaT Strategy	3.2	3.0	(0.2)
ERP	1.4	1.3	(0.1)
Commercial and Finance Services	15.4	8.5	(6.9)
Specialist Crime	0.8	0.5	(0.3)
Operations	0.3	0.7	0.4
Local Policing	0.0	0.1	0.1
Total	21.2	14.1	(7.0)

The Force requested that the PCC approves £9.8m be carried forward into the capital budget for 2024/25 as this represents slippage in the capital programme for the year. This has meant that the capital programme for 2024/25 becomes £42.6m (£32.8m plus £9.8m slippage).

This £14.1m of expenditure for 2023/24 was funded by:

Source of Funding	Capital Financing £m
Other Grants and Income	3.4
Capital Receipts	3.2
Revenue Funding	7.5
Total	14.1

Further details of capital expenditure and financing for the year are shown in attached financial statements.

6. Outlook – Medium Term Financial Strategy

Budget 2024/25

Revenue

The revenue and capital budget for 2024/25 and Medium-Term Financial Strategy were approved by the Police and Crime Commissioner in February 2024 and published on the PCC's website.

The revenue budget for 2024/25 at the Group level is £309.7m, as shown in the table below.

Budget 2024/25	£m
Government Grant	(140.3)
Council Tax Precept	(168.3)
Collection Fund	(1.2)
Reserves	0.1
Total Funding	(309.7)
PCC Controlled Budget	3.2
Surrey Constabulary Budget	306.5
Total Expenditure Budget	309.7

The amount of funding raised through Council Tax is based on the maximum precept increase of £13 permitted by the Government without a referendum, and approved by the PCC on the request of the CC. This generated a further £7.7m to offset increasing costs and prevent any impact on services.

The Budget assumed that savings of £1.6m will be delivered in the year and this has already been achieved.

Police Officer Uplift

Nationally the Government made a commitment to fund an uplift in police officer numbers by 20,000 nationally over the 3-year period 2020/21 – 2022/23 by way of a ring-fenced grant. By the 31 March 2023 Surrey had exceeded its allocation of 259 officers giving a total number of officers of 2,325. For 2023/24 full Uplift funding is contingent on a baseline of 2,253 officers being maintained during the year and this was achieved.

Capital

The capital program for 2024/25, including slippages from prior years, amounts to £42.6m. Of this almost £22.9m relates to the new Estates including the new HQ, £5.2m for vehicles. £3.3m for ICT including ERP with the remainder operations, and change. This will be funded by a combination of Capital receipts and reserves, contributions from revenue and borrowing.

Medium Term Financial Strategy

The Medium-Term Financial Strategy (MTFS) covering the period 2025/26 to 2027/28 was prepared in February 2024 as part of the budget setting work and then refreshed in April 2024. It was done on the assumption that the PCC will only be able to increase the Police element of the council tax precept (Band D) by 2% per annum that the Government Grants will be cash limited from 2025/26. It also assumed that pay and inflation would fall back to 2% from 2025/26 in line with the CSR assumptions.

This resulted in indicative savings being required of £7.2m, £4.4m, and £2.8m for the 3 years in the forecast from 2025/26. Assuming these savings are delivered and based on these assumptions used the MTFS shows a balanced budget position for the each of the years to 2027/28.

The MTFS is refreshed on an ongoing basis during the year as information is available, which recalculates the level of savings. To give some context every increase of 1% in staff and officer pay adds approximately £2.5m to costs and consequently to savings.

7. Investment

The Commissioner has an investment portfolio consisting of reserves and short-term cashflows (including on-call cash investments). This is managed by Surrey County Council on behalf of the Commissioner. At the end of the year there were investments of £35.2m and investments over the year generated an interest return of £2.56m for the year.

Interest rates increased during the year from 4.25% in April up to 5.25% in August, and the Government has kept the interest rate at 5.25% since August 23 to control inflation. Therefore, this has generated more income from investments (£2.5m) but is also likely to result in higher borrowing costs for major projects, such as the new HQ Building, when they commence. However, interest rates may fall once inflation is brought under control.

8. Borrowing

The Prudential Code allows the Commissioner to borrow money as long as it is prudent, affordable and sustainable. The Commissioner did not take out any external new loans during the year and the bulk of the capital program was funded through a combination of capital grant, capital receipts and revenue transfers.

9. Employee Pension Schemes

The PCC Group operates two separate pension schemes, one for Police Officers and another for Police Staff.

Police officers pay contributions of 13.5% and Surrey Police pay an employer contribution rate of 35.3%. A specific grant of £2m towards pension costs was also received in 2023/24 to assist in funding the employer contributions.

The Police officer scheme is unfunded and no investments are held to pay for future pensions. This liability is underwritten by the Government in that any difference between the cost of pension paid out and contributions collected in a single year is either paid or reimbursed to the Government. Overall, the pension liability on the Police Officer Pension Scheme increased by £29.6m from £1,427.8m at 31 March 2023 to £1,457.4m at 31 March 2024.

The staff pension scheme is part of the Local Government Pension Scheme (LGPS) and is managed by Surrey County Council on the Group's behalf. It is a funded scheme in that contributions are used to not only pay existing pensions but also to build up investments to pay future pensions. It is not underwritten by the Government. The level of funding is assessed on a triennial

basis by an actuary and the employer's contribution is adjusted in line with their recommendations. There was no review of rates in the year to 31st March 2024.

The Staff Pension Fund had a surplus of £16.5m at the end of Financial Year 22-23 and this year had a surplus of £63.3m before applying the Asset Ceiling Adjustment as defined in IAS19 of £66.9m which then left the fund with an overall liability of £3.6m

An asset ceiling adjustment is a calculation that limits the amount of net assets an employer can disclose relative to their funding obligations. Its used to ensure that a company's balance sheet accurately reflects how a pension scheme's rules and funding requirements impact the value of a defined benefit surplus or deficit.

The asset ceiling is the present value of any economic benefits that may be available in the form of refunds or reduced future contributions to a plan.

The Commissioner's net pension liability is included in the balance sheet in accordance with accounting standards. This also includes an estimate of the impact of the McCloud judgment that concluded that the transitional provisions introduced to the reformed judges and firefighter's pension schemes in 2015 gave rise to unlawful age discrimination. The actuary has modelled the assumed remedy in their assessment of future liabilities for both Officers and Staff.

Although benefits from these schemes will not be payable until an officer or staff member retires, the PCC Group has a future commitment to make these payments and under International Accounting Standard 19 (IAS 19), the PCC Group is required to account for this future commitment based on the full cost at the time of retirement. The result of accounting for this commitment has a substantial impact on the net worth of the Balance Sheet making it negative. However, as under statutory arrangements Police Pensions are underwritten by the Government the financial position of the PCC Group remains healthy.

10. Reserves

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

Reserves are set out in the table below as well as in the notes to the financial statements later in this document

Usable Reserves	Balance at 31 March 2023	Actuarial Changes	Use of Reserve	Underspend for 2023/24	Transfer of Business Rates Refund	Insurance Proceeds/ Rev to Cap	Balance at 31 March 2024
	£m	£m	£m	£m			£m
<i>Usable Reserves</i>							
General Fund	8.825			2.168			10.993
Chief Constable Reserve	1.071						1.071
Rounding	0.001						0.001
Total General Fund Reserves	9.897	0	0	2.168			12.065
<i>Earmarked Reserves</i>							
OPCC Operational Reserve	1.234						1.234
PCC Estates Strategy Reserve	4.378				1.658		6.036
Cost of Change Reserve	5.562			0.841			6.403
Ill Health/Injury Reserve	0.609		(0.534)	0.200			0.275
Insurance Reserve	1.912	0.873	(0.534)	0.779			3.031
Delegated Budget Holder Reserve	5.100			0.692			5.792
Net Zero Reserve	1.661						1.661
Chief Constable Reserve for OP Pheasant	0.450						0.450
ICT Reserve	0.000			0.259			0.259
Total Earmarked Reserves	20.906	0.873	(1.068)	2.771	1.658		25.141
<i>Capital Reserves</i>							
Capital Contributions Unapplied	3.874		(11.164)			9.246	1.956
Total Capital Reserves	3.874	0	(11.164)	0		9.246	1.956
Total Usable Reserves	34.677	0.873	(12.232)	4.939	1.658	9.246	39.162

General unearmarked reserves have increased to £12m and represent just under 4% of the budget for 2024/25. The earmarked reserves will be used on a number of projects during the year.

11. Uncertain Future Events

Inflation and the wide economic situation

Inflation has gone from a 40 year high of 11.1% in October 2022 to 10% in March 2023 and recently falling to 3.4% in February 2024. It is likely that inflation will continue to fall to the Bank of England target of 2% in the summer of 2024. That said although inflation is falling this only means that prices are rising less quickly. The increases in costs, particularly wages, driven by inflation is still feeding through and putting additional strain on the Group budget. Although the last Police Officer pay rise was funded by Government this did not cover the total cost nor was sufficient to make up for real terms reductions in Police officer pay over the last few years. Staff pay rises have received no funding at all and consequently are falling well short of inflation leading to staff leaving and an ever increasing vacancy rate.

Inflation has also fed through to other supplies and services hitting areas such as Forensics and construction particularly badly. The increase in interest rates as a tool to manage inflation has brought some short-term additional investment returns but is a concern when the Force wishes to embark on the modernisation of its Headquarters in Guildford.

Finally, the recently announced General Election and what that may bring creates further uncertainty around what demands would be placed on the police, the management of the economy generally and more specifically Police Funding. As a result, all of these factors together are likely to put financial pressure on the Group leading to the need to deliver further savings if it is to continue to deliver a balance budget. The Force is exploring a number of initiatives to deliver savings, whilst maintaining operations, and a number of these are at an advanced stage. This work will continue throughout the coming year.

Going Concern

Both the Police and Crime Commissioner and the Constabulary are established by statute and as such can only be dissolved through an Act of Parliament. The PCC has in theory unlimited tax raising powers by way of a precept (although this may be subject to a local referendum depending on the trigger level set by Government) and this funding is what ultimately funds more than half the cost of the Force.

Whilst the level of future Government funding is not known history shows that funding changes, particularly reductions, are phased in rather than being a cliff edge. This gives time for organisations to take steps to reduce their expenditure, even if it is at the expense of services, in order to fit within the funding envelope presented. Unlike a number of public sector bodies, such as local authorities, the Force and PCC is not allowed to undertake commercial activity and is therefore reliant on Government grant and Council Tax for virtually all of their funding – both of which are reasonably stable funding streams. The Force is also able to make a request to the Home office for additional funding to cope with significant unbudgeted operational costs due to a local emergency – but there is no guarantee this will be forthcoming hence the need to hold reserves for such an eventuality. It is also a reasonable expectation that given the public security role of the Police the Government would support any Force experiencing financial difficulties – although how this would be done has not been tested as yet. Hence overall the risk of the PCC or the Force becoming insolvent and therefore being unable to provide services is remote.

The Medium-Term Financial Strategy which covers the next 4 years, based on a number of assumptions in respect of funding and service costs, indicates that potentially £18.2m of savings will be required over this period. Steps are being taken to identify these through efficiencies and collaboration rather than service cuts – however this would be possible as a last resort however unpalatable that may be. In addition, the Force also hold reserves to enable delays in the delivery of savings to be covered should the need arise.

Hence taking all these factors into account and in line with the recently published SGN01 (Going Concern – Auditors' responsibilities for local public bodies) there is no reason to assume that both the Surrey Police and Crime Commissioner and Surrey Constabulary will not continue to operate for the foreseeable future and that therefore the accounts can be presented on a going concern basis.

12. Non-Financial Performance against priorities

The Force performance so far against the Police and Crime Plan is set out in the OPCC Annual Report published on the OPCC website. The Force also published performance data on a regular basis.

Collaboration

The majority of services within the Support Services functions are collaborated including; Procurement, Insurance, Transport, People Services, Information & Communication Technology, and Finance. It is likely that the savings work being done to look at how both Forces can operate more efficiently may suggest additional areas for collaboration. This though would only happen if the outcomes were at least the same with a reduced cost or better with the same cost than is delivered at the moment.

Surrey Police also works closely with regional and national partners in order to share best practice and realise efficiencies. Examples include SEROCU which focuses on cross border organised Crime and Blue Light which seeks to deliver procurement savings by purchasing jointly.

Financial Excellence

The Force has signed up for AFEP3 (Achieving Financial Excellence – sponsored by CIPFA) which seeks to upskill staff, increase financial awareness, share good practice and improve financial resilience across the sector.

New Force Headquarters

The current HQ has been on its existing site for over 100 years. Although it had been added to over the years parts are in urgent need of upgrading and a lot of it was not compatible with the demands of policing in the 21st century. The project progressed to RIBA stage 3 in January 2024 and a planning application was submitted to Guildford BC in March 2024.

As part of the decision to move to RIBA stage 3 a full financial appraisal was undertaken. This indicated that the project should break even in cash terms, compared to doing nothing, in 28 years. The appraisal included allowances for inflation, interest rate increases and contingencies. Fundamentally the costs of the new HQ should have no financial impact on the Force over the entire life of the project as the costs of the redevelopment will be met from asset disposals and savings in operating costs. However there are cash implications for the Force in the short to medium term and this has been assessed against the wider Force Medium Term Financial Strategy.

As the redevelopment is phased over a number of years it can be flexed to address any financial or other issues that may arise over the life of the project. The financial model will be updated as the project develops and action taken to address any concerns.

Enterprise Resource Planning Solution:

Contractors were appointed during the year to upgrade both Force's systems individually. This work is proceeding to time and to budget. Once completed the Forces will consider the practicalities of moving to a single system but this is several years away.

13. The Statement of Accounts

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

The Home Office has produced a Financial Management Code of Practice (FMCP) which sets out the responsibilities of the respective Chief Finance Officers. This was updated by the Home Office in 2018. The FMCP outlines how the two bodies should work together in managing the finances and covers such things as the Scheme of Corporate Governance which includes the Scheme of Consent, Financial Regulations and Contract Standing Orders and delegation which identifies the powers and responsibilities of each CFO.

All the financial transactions incurred during 2023/24 for policing Surrey have been recognised and recorded within this Statement of Accounts, which sets out the overall position of the PCC and the PCC Group for the year ending 31 March 2024. Where the Group position differs from the PCC position this is made clear in the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

The 2023/24 Financial Statements which follow this narrative report, have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards issued by Chartered Institute of Public Finance & Accountancy (CIPFA) and comprise of:

Movement in Reserves Statement (MIRS)

The Movement in Reserves Statement (MIRS) is a summary of the changes that have taken place in the bottom half of the Balance Sheet over the financial year. It shows the movement in the year on the different reserves, analysed into 'usable reserves' (i.e., those that can be applied to fund expenditure or reduce local taxation) and other reserves.

Comprehensive Income and Expenditure Statement (CIES)

The CIES consolidates all income, expenditure, gains and losses experienced during the financial year. This includes all day-to-day expenses and related income prepared on an accrual's basis, as well as transactions measuring the value of fixed assets

consumed and the real projected value of retirement benefits earned by employees in the year. The PCC raises taxation to cover expenditure in accordance with specific rules as to how tax rates are set in relation to the income and expenses of the Group. This means the expenditure covered by local taxation (funding basis) may be different to the full accounting cost recorded in the CIES (accounting basis). The adjustments between the funding basis and accounting basis are shown in the Movement in Reserves Statement (MIRS).

Balance Sheet

This shows the value of the assets and liabilities held as at 31 March for the current and prior years. The net liabilities (assets less liabilities) are matched by the total reserves.

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the PCC and PCC Group during the reporting period. The statement shows how the PCC and PCC Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.

Notes to the Accounts

These provide additional information to support the figures included in the financial statements and are designed to aid the reader. They comprise significant accounting policies and other explanatory information.

Governance

The accounts are subject to detailed review by an independent external auditor. The auditor provides assurance that the accounts provide a true and fair view of financial position, are prepared correctly, that proper accounting practices have been followed and that arrangements have been made for securing economy, efficiency and effectiveness in the use of resources.

In addition to the Financial Statements, the annual accounts include a Statement of Responsibilities for the Accounts and information on the Police Officer Pension Fund (providing statements for pension fund income and expenditure, assets and liabilities).

14. Significant changes in accounting policies

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

15. Signing of Accounts by the Chief Finance Officer

At the time of publication of these draft accounts the audit of the statement of accounts for 2022/23 had not yet commenced. This is due to resourcing issues within the external auditor resulting in delays in the audit process. This situation is not unique to Surrey but has impacted public audits across the country. As a result the Government has proposed that a "back stop" date be put in place which would mean that all auditors would be required to deliver an opinion, or disclaim, by the 31st December 2024. It is highly likely that if these proposals become law the 2022/23 group accounts would not be audited but would instead be disclaimed by the auditor. This may have an impact on the audit of the 2023/24 Group accounts mainly due to uncertainties around brought forward balances. It remains to be seen how this will impact the audit opinion given.

The Chief Financial Officer has signed the draft accounts as he is of the view that they do reflect the true state of the Group's finances even though previous year's accounts have not been subject to audit.

16. Further Sources of Information

Details of the PCC's plans for revenue and capital expenditure in 2023/24 budget can be found in the Surrey Police and Crime Commissioner's Precept Setting proposal. Whilst the annual budget is agreed by the PCC it is scrutinised by the Police and Crime Panel before a final decision is made. Copies of the documents can be obtained from the Office of the Police and Crime Commissioner for Surrey by telephoning: 01483 630200, or from the website at www.surrey-pcc.gov.uk.

If you have any questions, comments or suggestions about these financial statements please contact us using the following email address: CorporateFinance@Surrey.police.uk.



Kelvin Menon, Chief Finance Officer, Office of the Police and Crime Commissioner for Surrey
Date: 25 February 2025

External Auditor's Report

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE POLICE AND CRIME COMMISSIONER FOR SURREY

Disclaimer of Opinion

We were engaged to audit the financial statements of the Police and Crime Commissioner for Surrey and Group for the year ended 31 March 2024. The financial statements comprise the:

Police and Crime Commissioner for Surrey and Group Movement in Reserves Statement,
Police and Crime Commissioner for Surrey and Group Comprehensive Income and Expenditure Statement,
Police and Crime Commissioner for Surrey and Group Balance Sheet,
Police and Crime Commissioner for Surrey and Group Cash Flow Statement
the related notes 1 to 40 including material accounting policy information and including the Expenditure and Funding Analysis,
and the Police Pensions Fund Accounts Statements and the related notes.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASMC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24.

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

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 required any outstanding accountability statements for years ended 31 March 2015 to 31 March 2023 to be approved not later than 13 December 2024 and the accountability statements for the year ended 31 March 2024 to be approved not later than 28 February 2025 ('the backstop date').

The audit of the financial statements for the year ended 31 March 2023 for the Police and Crime Commissioner for Surrey and the Group was not completed for the reasons set out in the disclaimer of opinion on those financial statements dated 3 December 2024.

Our audit work in the current year was focused on transactions in the year and the current year balance sheet.

As a result of the disclaimer of opinion in the prior year and the scope of our audit work which was impacted by the backstop date, we do not have sufficient appropriate audit evidence over the following:

in the balance sheet and accompanying notes: the opening balances, closing reserves position and the valuation of property assets held at valuation included in 'other land and buildings' that were not revalued in year.

in the comprehensive income and expenditure account and accompanying notes: comparatives and income and expenditure transactions that are impacted by the opening balances shown in the prior year balance sheet.

in the cash flow statement and accompanying notes: opening balances, comparatives and in-year cash flow movements that are calculated as a movement between the opening and closing balance sheet.

in the prior period adjustment note: the Movement in Reserves Statement, Balance Sheet and Property, Plant & Equipment disclosure note have been restated in respect of 2022/23 balances subsequently to the disclaim of prior year audit. In light of the timing of the changes in relation to the backstop date, we have determined that we are unable to conclude on the completeness, accuracy and reliability of the information presented in the prior period adjustments note to the financial statements.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit, performed subject to the pervasive limitation described above, or our knowledge of the Police and Crime Commissioner and the Group.

We report to you if:

we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)

we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)

we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)

we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)

we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended)

we are not satisfied that the Police and Crime Commissioner and the Group has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2024.

We have nothing to report in these respects.

Responsibility of the Chief Finance Officer

As explained more fully in the Statement of Responsibilities of the Chief Finance Officer set out on page 29, the Chief Finance Officer is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, 2023/24, for being satisfied that they give a true and fair view and for such internal control as the Chief Finance Officer determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Chief Finance Officer is responsible for assessing the Police and Crime Commissioner's and the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Police and Crime Commissioner and the Group either intends to cease operations, or has no realistic alternative but to do so.

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

Auditor's responsibilities for the audit of the financial statements

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

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

We are independent of the Police and Crime Commissioner and the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

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

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority 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 Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.


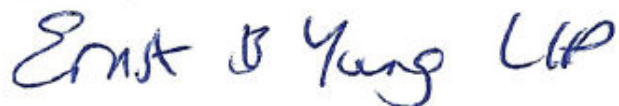
Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until the NAO, as group auditor, has confirmed that no further assurances will be required from us as component auditors of the Police and Crime Commissioner and the Group.

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

Use of our report

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

Elizabeth Jackson (Key Audit Partner)
Ernst & Young LLP (Local Auditor)
Luton
25 February 2025

Statements of Responsibilities

This section explains the responsibilities for managing the financial affairs of the Police and Crime Commissioner

Responsibilities of the Police and Crime Commissioner:

The Police and Crime Commissioner is required to:

- To make arrangements for the proper administration of its financial affairs and to ensure that one of its officers has the responsibility for the administration of those affairs. That officer is the Chief Finance Officer;
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- To approve the Statement of Accounts.

Responsibilities of the Chief Finance Officer:

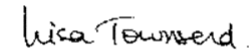
The Chief Finance Officer is responsible for:

- Preparation of the Statement of Accounts for the Police and Crime Commissioner in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom ('the Code').

In preparing the 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, including assessments of going concern; and
- Complied with the code and its application to the accounts of the Police and Crime Commissioner.
- Kept proper accounting records which are up to date; and
- Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I approve the Statement of Accounts of the PCC for Surrey and the Group for the year ended 31 March 2024



Lisa Townsend
Police and Crime Commissioner
Dated: 25 February 2025

I certify that the Statement of Accounts gives a true and fair view of the financial position of the PCC for Surrey and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.



Kelvin Menon FCPFA
Chief Finance Officer
Dated: 25 February 2025



Surrey Police

Police and Crime Commissioner's Annual Governance Statement 2023-24

1 Introduction

- 1.1 This Annual Governance Statement (AGS) sets out how the Surrey Police & Crime Commissioner (PCC) and Office of the Police & Crime Commissioner (OPCC) have complied with the corporate governance framework set out in the Scheme of Governance for Surrey in place for the year ended 31 March 2024.
- 1.2 Publication of the draft unaudited accounts and AGS deadline is 31 May 2024. Publication of the final audited accounts and AGS deadline is 28 February 2025.
- 1.3 It is designed to complement the annual governance statement of the Chief Constable of Surrey, to give the full picture of governance within Surrey Police and the Office of the PCC.
- 1.4 This statement is informed by an annual review of governance arrangements with assurance on compliance with the seven principles of the Code of Corporate Governance, by on-going audit inspection and external review.
- 1.5 Regulation 6(1)(a) of the Accounts and Audit Regulations 2015 requires an authority to conduct a review at least once in a year of the effectiveness of its system of internal control and include a statement reporting on the review with any published Statement of Accounts (England). This term 'authority' includes the Chief Constable and the Police and Crime Commissioner legal entities. This requirement is reflected in the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 published by the Chartered Institute of Public Finance & Accountancy (CIPFA).
- 1.6 Surrey Police continues to follow the principles of the CIPFA Framework: 'Delivering Good Governance in Local Government'¹ and the guidance notes for policing bodies (revised 2016)².
- 1.7 Surrey Police also uses the CIPFA Financial Management Code (CIPFA FM Code) to support good practice in financial management and to assist in demonstrating financial sustainability.
- 1.8 This statement explains how the Force has complied with the principles and also meets the requirements of regulation 6 of the Accounts and Audit Regulations 2015 in relation to the publication of a statement on internal control.
- 1.9 The Force's financial management arrangements conform to the governance requirements of CIPFA's Statement 'The Role of CFO's in Policing' (March 2021).

2 Scope of Responsibilities

¹ "Delivering Good Governance in Local Government" <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-in-local-government-framework-2016-edition>

² "Delivering Good Governance in Local Government" and the guidance notes for policing bodies (revised 2016) <http://www.cipfa.org/policy-and-guidance/publications/d/delivering-good-governance-guidance-notes-for-policing-bodies-in-england-and-wales-2016-edition>

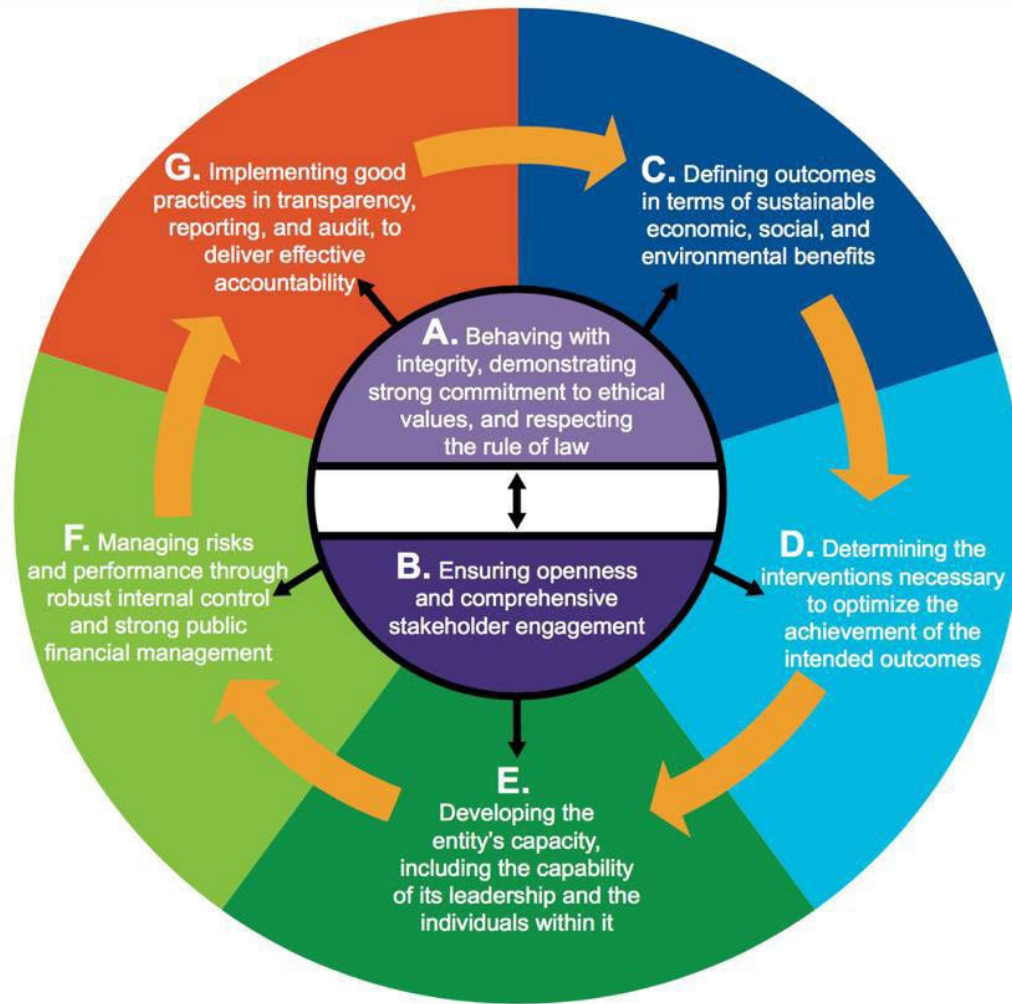
- 2.1 The respective roles of PCCs, Chief Constables and Police & Crime Panels are detailed in the statutory instrument, Policing Protocol Order 2011. This cites that the PCC is responsible for the ‘totality of policing’ within Surrey. The over-arching key responsibilities of the PCC are:
- To secure the maintenance of an efficient and effective police force for the area
 - To hold the Chief Constable to account for the exercise of his or her functions
 - Wider powers in relation to working with and bringing together community safety and criminal justice partners
- 2.2 The Chief Constable retains operational control of the Force in governance arrangements, which must not be fettered by the PCC.
- 2.3 Lisa Townsend was elected as PCC for Surrey in May 2021 for a four-year term. During the 2023/24 year, Ms Townsend was supported by a small team of staff who form the Office of the Surrey Police & Crime Commissioner. The OPCC is responsible for ensuring that the PCC’s business is conducted in accordance with the law and proper standards, and that public money is safeguarded and properly accounted for, and used economically, efficiently and effectively.
- 2.4 Ellie Vesey-Thompson was appointed by Lisa Townsend to support her work and be able to delegate functions to her and tackle key priorities such as violence against women and girls, domestic abuse, rural crime and pet theft.
- 2.5 In discharging this overall responsibility, the Surrey OPCC is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions and for the management of risk.
- 2.6 The OPCC continues to follow the principles of the CIPFA Framework: ‘Delivering Good Governance in Local Government’

3 The Governance Framework

- 3.1 Surrey OPCC has approved and adopted a Scheme of Governance which is consistent with the principles of the CIPFA Framework, ‘Delivering Good Governance’. The Scheme shows how the OPCC complies with the principles of ‘good governance’ as defined by CIPFA and sets out the arrangements in place for effective governance and financial management. It comprises a number of elements, including:
- Code of Corporate Governance: how the PCC and Chief Constable achieve the core principles of ‘good governance’
 - Framework of Decision-Making and Accountability: how the PCC makes/publishes key decisions and holds the Chief Constable to account
 - Scheme of Delegation: key roles of the PCC and those functions delegated to others
 - Memorandum of Understanding: setting out the cooperative arrangements between the PCC and Chief Constable for the provision of business support and administration.
 - Financial Regulations: the framework for managing the PCC’s financial affairs
 - Contract Standing Orders: rules for the procurement of goods, works and services

The scheme is reviewed annually in tandem with Surrey Police, Sussex Police and Sussex OPCC.

- 3.2 A copy of the Scheme and its component parts is available on the PCC's website or can be obtained from the Office of the Police & Crime Commissioner, Mount Browne HQ, Guildford GU3 1HR. This Annual Governance Statement explains how Surrey OPCC has complied with the Scheme during the year 2023-24.
- 3.3 The various elements of the Scheme of Corporate Governance set out the systems and processes, culture and values by which Surrey OPCC is directed and controlled and the activities it undertakes to engage with and be accountable to local communities. It enables the OPCC to monitor the achievement of the PCC's strategic objectives and to consider whether those objectives have led to the delivery of appropriate services and value for money.
- 3.4 The systems of internal control are a significant part of the Scheme and are designed to manage risk to a reasonable level. They cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The PCC has on-going processes designed to identify and prioritise risks to the achievement of the OPCC's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively and economically.
- 3.5 Below, we set out how the OPCC demonstrates the seven principles of good governance in policing, as defined by the CIPFA Guidance Notes for Policing Bodies in England and Wales (2016 Edition). The diagram below illustrates the various principles of good governance in the public sector and how they relate to each other. A summary of how the PCC complies with these principles is detailed below.



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

To achieve this principle, the PCC has:

- Ensured that the **Code of Ethics** is embedded in the organisation
- Been briefed on the Code of Ethics and signed up to an [Ethical Checklist](#)
- Linked the <https://www.surrey-pcc.gov.uk/plan/> to the Force's 'Commitments' to ensure shared values are communicated clearly across the organization,
- Signed up to a [Concordat](#) with the Chief Constable, aligned to the Policing Protocol Order 2011, requiring abidance to the Seven Principles of Public Life (the Nolan Principles). The concordat highlights the expectation that the relationship between PCC and Chief Constable will be based on the principles of goodwill, professionalism, openness and trust
- Taken the **Oath of Office** on the day of election
- Signed up to a voluntary [Code of Conduct](#)
- Published Registers of interests and records of gifts, hospitalities and expenses for the PCC, Chief Officers and relevant staff and shared these with the Audit Committee
- Ensured that all staff have clear objectives and up-to-date Performance Development Reviews (PDRs) and job descriptions
- As part of **governance arrangements**, put in place a regular performance meeting which allows the PCC to hold the Chief Constable to account against the priorities of the Police & Crime Plan
- Provided responses to all HMICFRS reports which make a recommendation for Surrey or the police service nationally
- Kept **Anti-fraud and corruption policies** up-to-date and under review by the Audit Committee
- Ensured that the OPCC has an up-to-date [Freedom of Information](#) Act **Publication Scheme** and is compliant with new requirements for the General Data Protection Regulations
- Has **Whistle-blowing** policies in place that are published and subject to review by the Audit Committee
- Published policies and procedures on [complaints](#) on our website and reviewed wider arrangements for the handling of complaints given the new provisions of the Policing and Crime Act 2017 (came into effect in February 2020)
- Had in place arrangements for the **oversight of professional standards** and dip checking of complaints files
- Run an effective [Independent Custody Visitors Scheme](#) which ensures the welfare of those detained in police custody and subjected the scheme to peer assessment
- Took a **national portfolio lead** for issues of equality, diversity and human rights
- Employed a Chief Executive who undertakes the responsibilities of **Monitoring Officer**

3.7 Principle B: Ensuring openness and comprehensive stakeholder engagement:

To achieve this principle, the PCC has:

- Published her **Police & Crime Plan** <https://www.surrey-pcc.gov.uk/plan/> which clearly sets out the strategic direction and objectives for Surrey and how they will be delivered
- Publishes an **Annual Report** against the plan for approval by the Police & Crime Panel
- Publishes an annual council tax leaflet containing information on how Surrey tax payers help fund Surrey Police, including information on how much residents will pay, along with expected numbers of officer and staff posts as a result of combined funding with the Home Office

https://www.surrey-pcc.gov.uk/wp-content/uploads/2021/02/Surrey-Police-Council-Tax-2021_single-and-centre-spread.pdf

- Held a **series of public engagement events** to determine public views on the allocation of additional resource which will be funded via the increase in council tax precept
- Good working relationships with the **Police & Crime Panel**, constituent local authorities and other partners
- Made a series of visits to a wide range of partner organisations, community groups and residents associations
- Developed an accessible and engaging **public website** and social/digital media channels
- Held regular [webcast performance meetings](#) which can be viewed by the public with papers published on the OPCC's website
- Discharged statutory, reciprocal duty with responsible authorities to co-operate to reduce crime, disorder and re-offending through good governance arrangements with partner agencies
- Provided chairmanship of the Local Criminal Justice Partnership and Community Safety Board
- Engaged with **partnerships** at a national level (e.g. taken a national lead on equality and diversity issues), at a regional level (e.g. South East collaboration board) as well as at a local level
- Signed up to a number of **Collaboration agreements** to set out those areas of business to be undertaken jointly with other Forces and Local Policing Bodies
- Responded to **national consultations** where appropriate, for example through the Association of PCCs
- Published a **commissioning and grants strategy** to set the framework for how he will focus resources and work with partners and a [funding hub](#) to provide information on how monies have been spent
- Played an active role in the **Independent Advisory Group** and taken a national lead on issues around equality and diversity

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

To achieve this principle, the PCC has:

- Ensured that the Force's **Vision and Mission** document is used as a basis for corporate and service planning and is linked to the Police & Crime Plan
- Established **performance measures** and governance structures that allow the PCC and Surrey Police to assess progress against their objectives
- Kept the **Medium Term Financial Plan** under regular review
- Ensured that reviews of **capital investment** plans are undertaken to achieve appropriate lifespans and adaptability for future use
- Sought assurance that projects are subject to sound **business cases** with appropriate 'gateway' sign-off points
- Subjected key strategic projects, e.g. the ERP system and estates strategy, to specific and expert oversight arrangements
- Commissioned and developed **services for adults, children and young people** in Surrey that are informed by needs analysis and aligned to Police and Crime Plan and commissioning strategy
- Developed partnerships between Surrey Police and private and public sector partners to jointly tackle problems, for example promoting partnership working in tackling Modern Slavery

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

To achieve this principle, the PCC has:

- Undertaken an annual review of the **corporate governance framework** and key high level governance documents and subjected compliance with these documents to audit
- Agreed a **Memorandum of Understanding** to set out the information and service requirements needed by the PCC and provided by the Force
- Maintained a **Medium Term Financial Strategy**
- Ensured that processes are in place to allow proper **analysis and evaluation of plans** including option appraisal, assessing the impact of alternative approaches and benefits realisation
- Overseen workforce **development and asset management plans** (e.g. estates and ICT)
- Published a **forward plan** of decisions
- Kept **Risk Management** policies under review, with assurances from the Audit Committee
- Included a set of **performance aspirations** to be monitored at performance meetings
- Placed particular **focus on areas of underperformance**, e.g. positive outcomes for high harm offences

3.10 **Principle E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it**

To achieve this principle, the PCC has:

- Held performance reviews with the **Chief Constable**, in accordance with guidance from the College of Policing, setting clear objectives for this role and assessed performance against these
- Ensured that **talent and succession plans** are in place
- Reviewed the Force’s preparations for new initiatives such as Apprenticeships and the Police Constable Degree (PCDA) programme
- Given staff of the Force and OPCC access to **learning and development resources** and encouraged a focus on Continuous Professional Development
- Kept a check on the Force’s approach to **reward** that aims to attract and retain the best people with the most appropriate skills
- Ensured that policies for **Equality and Diversity** set out how the OPCC/Force will promote diversity by recognising, valuing and respecting the different contributions and needs of both communities and staff
- Continued to support a programme of collaboration between Sussex and Surrey Police to increase capacity, share expertise and provide the most efficient and cost-effective service.

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

To achieve this principle, the PCC has:

- Maintained a **Risk Management Strategy** that allows the Force and OPCC to identify and manage operational, strategy and project risks
- Maintained a **Risk Register and Assurance Framework** for the OPCC
- Acted upon advice from the [Joint Audit Committee](#) which continues to provide **external scrutiny** of strategic risks and which operates in line with Chartered Institute of Public Finance and Accountancy (CIPFA) guidance and within the guidance of the Financial Management Code of Practice
- Subjected decisions to scrutiny by the **Police & Crime Panel**
- Reviewed the overarching **Scheme of Governance** which highlights the parameters for decision making, including the arrangements for governance, delegations, consents, financial limits for specific matters and standing orders for contracts

- Ensured that **Annual Governance Statements** are produced for the Force and OPCC
- Ensured that an effective **internal audit** service has been resourced and that internal audit plans and reports are informed by and scrutinised by the Audit Committee
- Engaged with the **External audit** service, whose reports are scrutinised by the Audit Committee
- Has in place and published **Data protection** policies and implemented arrangements for the new **General Data Protection Requirements Regulation 2018**
- Received assurances from HMICFRS around Force **efficiency and effectiveness**
- Received regular **budget monitoring** reports
- Approved a **treasury management** strategy
- Been represented at force meetings where data quality issues are discussed
- Put in place **business continuity plans**
- Ensured that The PCC and Chief Constable abide by the **CIPFA Financial Management Code of Practice**

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

To achieve this principle, the PCC has:

- Held the **Chief Constable to account** on a regular basis at performance meetings, with some of these being webcast so they are publicly available, with papers and minutes published
- Ensured that the Force and OPCC publish their respective **Statement of Accounts** and Annual Governance Statements
- Ensured compliance with the CIPFA Statement on the Role of the Head of Internal Audit (2010), working with the internal audit service provider, Southern Internal Audit Partnership, to maximise the effectiveness of regular updates to the Joint Audit Committee
- Published all [all key decisions](#) on the website
- Reviewed **decision-making practices** which are clearly set out in the Framework of Decision-Making and Accountability
- Continued to support the work of the Joint Audit Committee (JAC) in its role of monitoring governance and internal control, conducting effective recruitment procedures for new members during the year and providing training by the regulator CIPFA to ensure they are fully aware of role and expectations of JAC members

4 Review of Effectiveness

- 4.1 The PCC must ensure the effectiveness of the governance framework, including the system of internal audit and control.
- 4.2 Assessments and recommendations made by the internal and external auditors and other review agencies are kept under review by the OPCC and at meetings of the Joint Audit Committee.
- 4.3 The Joint Audit Committee has been consulted on the development of the annual governance statement.
- 4.4 A process is established to ensure the Chief Constable and Surrey PCC, approve and sign off their respective annual governance statements, in accordance with the CIPFA guidance.

5 Internal Audit Opinion

- 5.1 The CIPFA code requires Internal Audit to provide an opinion on the overall adequacy and effectiveness of the governance framework. That opinion is provided below:

Annual Internal Audit Opinion 2023-24:

The Chief Internal Auditor is responsible for the delivery of an annual audit opinion and report that can be used by the PCC and Chief Constable to inform their governance statements. The annual opinion concludes on the overall adequacy and effectiveness of Surrey Police's framework of governance, risk management and control.

For the 12 months ended 31 March 2024, the Chief Internal Auditor's opinion for the Office of the Police and Crime Commissioner for Surrey and the Surrey Police Force is as follows:

"I am satisfied that sufficient assurance work has been carried out to allow me to form a reasonable conclusion on the adequacy and effectiveness of the internal control environment.

In my opinion frameworks of governance, risk management and management control are reasonable overall and audit testing has demonstrated controls to be working in practice.

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

6 Compliance with CIPFA's Statement on the Role of the Chief Financial Officer (CFO)

- 6.1 The PCC and Chief Constable must both have a suitably qualified CFO with defined responsibilities and powers. The CIPFA Statement requires that the CFO should be a professionally qualified accountant, report directly to the PCC or the Chief Constable (depending on the specific CFO concerned) and be a member of their respective leadership teams. In the OPCC, the role of the CFO meets these requirements. In Surrey Police, the CFO holds the title of Executive Director of Commercial and Financial Services and is a key member of the Chief Constable's leadership team. The CFO has direct access to the Chief Constable on financial matters as the CFO reports directly to the Chief Constable.

7 Governance Issues

- 7.1 In previous years one significant concern was raised during the internal review of the effectiveness of governance arrangements and a number of areas for improvement were identified. These improvements, to further enhance the PCC's governance arrangements, are detailed in Appendix A together with any on-going

areas for improvement continued from the action plan included in the 2023-24 annual governance statement. The actions to achieve these improvements will be monitored through the Force Organisational Reassurance Board and reported to the Joint Audit Committee.

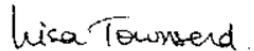
Internal Audit

- 7.2 The internal audit function is carried out by Southern Internal Audit Partnership for both the PCC and the Chief Constable. Audit reviews are undertaken in line with an annual internal audit plan, which is reviewed by the Joint Audit Committee. “Joint” audit reviews between Surrey Police and Sussex Police enable a more efficient audit review process.
- 7.3 The overall Annual Internal Audit Opinion for 2023-24 from the Chief Internal Auditor of SIAP was “reasonable”.
- 7.4 There were no Internal Audit reviews relating to 2023-24 that gave an opinion of no assurance. There was one Internal Audit review during 2021-22 in relation to the ERP legacy system for the Surrey Police group, which led to the overall opinion being limited for that year, but this year the upgrade started and it is expected to be implemented in August 24.
- 7.5 Internal Audit reviews resulting in substantial assurance opinions during the 2023-24 year are detailed below.
- None as of 31 December 2024
- 7.6 Internal Audit reviews resulting in reasonable assurance opinions during the 2023-24 year are detailed below.
- SSP Forensic Collision Investigation Unit – ISO Accreditation 2023/24
 - SSP Health and Safety 2023/24
 - SSP PEQF – protected Learning 2023/24
 - Victim Code Compliance 2023/24
 - Surrey Road Safe Partnership 2023/24
 - Payroll 2023/24
 - Surrey RoadSafe Partnership 2023/24
 - SSP Contract Management - Capital Projects 2023/24
 - SSP Major Incident Management 2023/24
 - SSP Flexible Retirements 2023/24
 - SY Perpetrator Pathways – Domestic Abuse 2023/24
 - SSP Supply Chain Security Management 2023/24
 - SY Data Storage and Backup 2023/24
 - SSP Data Protection Impact Assessments DPIA 2023/24

- 7.7 In 2023-24, 8 Internal Audit reports were given an opinion of limited assurance for which the Force has been working with SIAP to ensure recommendations are addressed as far as possible and as quickly as possible.
- SSP Leavers Process 2023/24
 - SSP Occupational Health Recharging 2023/24
 - SSP Vehicle Recovery Process 2023/24
 - SSP Business Continuity (SAP/ Oracle) 2023/24
 - SSP Armouries 2023/24
 - SSP Government Procurement Cards 2023/24
 - SSP Estates and Facilities 2023/24
 - SSP Redundancy Process and Payments 2023/24
- 7.8 Management have agreed recommendations to address all the findings reported by the internal audit service during 2023/24

8 Certification

This statement has been prepared on the basis of the review of effectiveness of governance arrangements. Advice and recommendations on the annual governance statement have been received from internal and external auditors and the JAC. It represents a fair and reasonable assessment of current arrangements and plans for improvement within Surrey Police. The arrangements continue to be regarded as fit for purpose in accordance with the governance framework.



Lisa Townsend, Police and Crime Commissioner for Surrey

Date: 25 February 2025



Alison Bolton, Chief Executive, Office of the PCC for Surrey

Date: 25 February 2025

K. S. Menon

Kelvin Menon, Chief Finance Officer, Office of the PCC for Surrey

Date: 25 February 2025

Contact details:

Kelvin Menon, Chief Finance Officer

Kelvin.Menon@Surrey.pnn.police.uk

Appendix A: Areas for Improvement - Action Plan 2023-2024

<i>Ref</i>	<i>Area for improvement</i>	<i>Owner</i>	<i>Status of the Audit</i>
ISSUES IDENTIFIED FROM INTERNAL AUDIT 2021-22			
	Joint Transport Fleet Management 2021/22 – Reasonable Assurance 4 High, 1 Medium, 1 Low level management actions 1 medium action remains open	Executive Director of Commercial and Finance	COMPLETE Anticipated completion date was May-22 but delayed further due to online portal delays to 2025
	Joint IT Virtualisation 2021/22 – Limited Assurance 2 Medium actions remain open	Chief Digital and Information Officer	COMPLETE Anticipated completion date extended to: May-24
	Joint Operating System Management 2021/22 – Limited Assurance 1 Medium action remains open	Chief Digital and Information Officer	COMPLETE Anticipated completion date: May-24
	Joint HR Strategy and arrangements for delivery of training to meet future needs 2021/22 – Reasonable Assurance 3 High, 1 Medium level management actions 1 medium action remains open	Director of People Services	COMPLETE Anticipated completion date extended to: May-24
ISSUES IDENTIFIED FROM INTERNAL AUDIT 2022-23			
	Cyber Security – protective monitoring (joint review) 2022/23 – Substantial Assurance 1 Medium level management action	Chief Digital and Information Officer	COMPLETE
	Strategy and arrangements for delivery of training to meet future needs (joint review 2022/23 – Reasonable Assurance 3 High, 1 Medium level management actions 1 medium action remains open	Director of People Services	ONGOING Anticipated completion date June-23
	Management of establishment / pay projections Payroll 2022/23 – Reasonable Assurance 1 High, 3 Medium level management actions 1 high, 2 medium actions remain open	Director of People Services	COMPLETE
	Contract management (Revenue) (joint review) 2022/23 – Reasonable Assurance	Chief Digital and Information Officer	ONGOING

	4 Medium level management actions 1 medium action remains open		Anticipated completion date June-24
	Forensic Investigations (joint review) 2022/23 – Reasonable Assurance 2 Low level management actions - complete	ACC Specialist Crime Command	COMPLETE
	Strategic Financial Planning and Budgeting – Capital expenditure (joint review) 2022/23 – Reasonable Assurance 2 Low level management actions - complete	Executive Director of Commercial and Finance	COMPLETE
	Firearms Licensing (joint review) 2022/23 – Reasonable Assurance 4 High, 4 Medium, 1 Low level management actions	ACC Ops Command	COMPLETE
	Service Desk (joint review) 2022/23 – Reasonable Assurance 5 Medium level management actions 1 medium action remain open	Chief Digital and Information Officer	COMPLETE
	Operating Systems Management (joint review) 2021/22 – Limited Assurance 13 Medium, 2 Low level management actions 1 medium action remains open	Chief Digital and Information Officer	COMPLETE
	Agency Staffing (joint review) 2022/23 – Limited Assurance 1 Medium, 4 Low level management actions - complete	Director of People Services	COMPLETE
	Uniform (joint review) 2022/23 – Limited Assurance 1 High, 2 Medium management actions 2 medium actions remain open	Executive Director of Commercial and Finance	COMPLETE
	IT Resource Management (joint review) 2022/23 – Limited Assurance 5 Medium, 5 Low level management actions - complete	Chief Digital and Information Officer	COMPLETE
	IT Database Management (joint review) 2022/23 – Limited Assurance 2 Medium remain open.	Chief Digital and Information Officer	COMPLETE
	IT Vulnerability Management (joint review) 2022/23 – Reasonable Assurance 1 Low remain open.	Chief Digital and Information Officer	COMPLETE
ISSUES IDENTIFIED FROM INTERNAL AUDIT 2023-24			
	Roadsafe Partnership 2023/24 – Reasonable Assurance 8 Medium, 3 Low actions remain open	ACC Operations Command	COMPLETE
	Payroll 2023/24 – Reasonable Assurance 1 High, 1 Low actions remain open	Director of People Services	COMPLETE

	Forensic Collision Investigation Unit – ISO Accreditation – Reasonable Assurance 5 Actions (0 High, 4 Medium, 1 Low)	ACC Specialist Crime Command	COMPLETE
	Health and Safety – Reasonable Assurance 0 Actions	Deputy Chief Constable	COMPLETE
	Leavers Process 2023/24 – Limited Assurance 14 actions (10 high, 4 medium, 0 low)	Director of People Services	COMPLETE
	Occupational Health Recharging 2023/24 – Limited Assurance 7 Actions (6 High, 1 Medium, 0 Low)	Director of People Services	COMPLETE
	PEQF – Protected Learning 2023/24 – Reasonable Assurance 5 Actions (2 Medium, 3 Low)	Director of People Services	COMPLETE
	Redundancy process and payments 2023/24	Director of People Services	ONGOING
	Vehicle Recovery (joint review) 2023/24 – Limited Assurance 2 Medium, 5 Low actions remain open	ACC Operations Command	COMPLETE
	ICT Assurance Mapping and Coverage Analysis Based on ITIL 4 Practices 2023/24	Chief Digital and Information Officer	ONGOING
	Government Procurement Cards 2023/24 – Limited Assurance 4 actions (0 High, 3 Medium, 1 Low) 3 medium actions remain open	Executive Director of Commercial and Finance	COMPLETE
	Governance and Monitoring of Collaborative Arrangements 2023/24 3 Medium, 1 Low actions remain open	Deputy Chief Constable	COMPLETE
	Business Continuity (SAP/Oracle) 2023/24 – Limited Assurance 2 Medium, 5 Low actions remain open	Executive Director of Commercial and Finance	COMPLETE
	Armouries 2023/24 - Limited Assurance 2 Medium, 5 Low actions remain open	ACC Ops Command	COMPLETE
	Legacy Application Management 2023/24	Chief Digital and Information Officer	ONGOING
	Estates and Facilities Management 2023/24 – Limited Assurance 4 High, 11 Medium & 1 Low – Not due	Executive Director of Commercial and Finance	COMPLETE
	Change Governance & Benefit Realisation 2023/24 – Reasonable 3 Medium, 3 Low – Not due	Deputy Chief Constable	COMPLETE

Prior Period Adjustments

A valuation error has been identified for 2021/22 and for 2022/23 in figures provided by external property valuers for 2 properties, due to inaccurate interpretation of their floor plans and misstated developed land area for Mount Browne site.

2021/22

The misstatement of the value of the land was originated in 2021/22 due to incorrect assumptions on developed land, therefore an adjustment of £15.714m was required to reduce the value of the land of Mount Browne for that year.

As a result of the Mount Browne adjustment, the figures in total comprehensive income and expenditure, the Property Plant and Equipment in the Balance Sheet and the Unusable Reserves have been overstated.

2022/23

In addition to Mount Browne another property (Salfords) was overstated, therefore the total comprehensive income and expenditure, and Property, Plant and Equipment in the Balance Sheet had been overstated by £34.678m (£19.612m Salfords and £15.066m Mount Browne) in 2022/23.

In order to correct this error, Surrey Police has restated the prior year information for 2021/22 for £15,714m 2022/23 for £34.678m (£19.612m plus £15.066m) in each of the following reported service lines in the Comprehensive Income and Expenditure Statement. The following are the relevant extracted lines from the Comprehensive Income and Expenditure Statement. The adjustment of £34k to the net cost of services relates to an adjustment for depreciation. The Comprehensive Income and Expenditure Statement with appropriate restatement for 2022/23 can be found on page 57 of these financial statements.

Effect on Comprehensive Income and Expenditure Statement - Group

	Group Originally stated 2021/22	Group Restated 2021/22	Amount of Restatement	Group Originally stated 2022/23	Group Restated 2022/23	Amount of Restatement
	Net Expenditure	Net Expenditure		Net Expenditure	Net Expenditure	
	£000	£000	£000	£000	£000	£000
Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	17,002	17,002	0	8,057	8,023	34
Cost of Services	313,208	313,208	0	303,849	303,815	34
Intra-Group Funding Transfer	0	0	0	0	0	0
Net Cost of Services	313,208	313,208	0	303,849	303,815	34
(Surplus) or Defecit on Provision of Services	82,278	82,278	0	70,030	69,996	34
(Surplus) or Deficit on revaluation of Property, Plant and Equipment	(55,478)	(39,764)	(15,714)	(32,861)	(13,863)	(18,998)
Other Comprehensive Income and Expenditure	(148,543)	(132,829)	(15,714)	(866,549)	(847,551)	(18,998)
Total Comprehensive Income and Expenditure	(66,265)	(50,551)	(15,714)	(796,519)	(777,555)	(18,964)

Effect on Comprehensive Income and Expenditure Statement - PCC

	PCC Originally stated 2021/22	PCC Restated 2021/22	Amount of Restatement	PCC Originally stated 2022/23	PCC Restated 2022/23	Amount of Restatement
	Net Expenditure	Net Expenditure		Net Expenditure	Net Expenditure	
	£000	£000	£000	£000	£000	£000
Capital Charges: Depreciation, Amortisation, Impairment (Proxy)	0	0	0	0	0	0
Cost of Services	2,831	2,831	0	3,218	3,218	0
Intra-Group Funding Transfer	275,578	275,578	0	276,804	276,770	34
Net Cost of Services	278,409	278,409	0	280,022	279,988	34
(Surplus) or Defecit on Provision of Services	3,536	3,536	0	(11,532)	(11,566)	34
(Surplus) or Deficit on revaluation of Property, Plant and Equipment	(55,478)	(39,764)	(15,714)	(32,861)	(13,863)	(18,998)
Other Comprehensive Income and Expenditure	(55,627)	(39,913)	(15,714)	(36,179)	(17,181)	(18,998)
Total Comprehensive Income and Expenditure	(52,091)	(36,377)	(15,714)	(47,711)	(28,747)	(18,964)

In the balance sheet, the prior period adjustment had an effect of £15.714m for 2021/22 and £34.678m for 2022/23 (£19.612m Salfords plus £15,066 Mount Browne) on Property, Plant and Equipment and Unusable Reserves. The following table demonstrates the effects on the following line items in the Balance Sheet for the financial year 2022/23. The restated prior period Balance Sheet is provided with the current year information on page 59 of the financial statements.

Effect on line items in the Balance Sheet - Group

	2021/22	2021/22	Restatement	2022/23	2022/23	Restatement
	Group As originally stated	Group As restated		Group As originally stated	Group As restated	
	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	166,146	150,432	15,714	197,792	163,114	34,678
Long Term Assets	185,646	169,932	15,714	235,090	200,412	34,678
Net Assets	(1,978,546)	(1,994,260)	15,714	(1,182,027)	(1,216,705)	34,678
Unusable Reserves	2,003,982	2,019,696	(15,714)	1,216,704	1,251,382	(34,678)
Total Reserves	1,978,546	1,994,260	(15,714)	1,182,027	1,216,705	(34,678)

Effect on line items in the Balance Sheet - PCC

	2021/22	2021/22	Restatement	2022/23	2022/23	Restatement
	PCC As originally stated	PCC As restated		PCC As originally stated	PCC As restated	
	£000	£000	£000	£000	£000	£000
Property, Plant and Equipment	166,146	150,432	15,714	197,792	163,114	34,678
Long Term Assets	185,646	169,932	15,714	218,933	184,255	34,678
Net Assets	183,276	167,562	15,714	230,988	196,310	34,678
Unusable Reserves	(157,840)	(142,126)	(15,714)	(196,311)	(161,633)	(34,678)
Total Reserves	(183,276)	(167,562)	(15,714)	(230,988)	(196,310)	(34,678)

The following restatement was also required for the Movement in Reserves Statement for unusable reserves. The restated prior period Movement in Reserves Statement is provided with the current year information on page 55 of the financial statements.

Movement in Reserves Statement – Unusable reserves - Group

	Group As originally stated	Group As restated	Restatement	Group As originally stated	Group As restated	Restatement
	31 March 2022	31 March 2022	2022	31 March 2023	31 March 2023	2023
Balance at the end of the previous reporting period 31 March 2022	2,066,439	2,066,439	0	2,003,982	2,019,696	(15,714)
Other Comprehensive Income/Expenditure	(148,543)	(132,829)	(15,714)	(866,549)	(847,551)	(18,998)
Adjustments between accounting basis and funding basis under regulations	86,086	86,086	0	79,271	79,237	34
Increase or (decrease) in the year	(62,457)	(46,743)	(15,714)	(787,278)	(768,314)	(18,964)
Balance at the end of the current reporting period 31 March 2023	2,003,982	2,019,696	(15,714)	1,216,704	1,251,382	(34,678)

Movement in Reserves Statement – Unusable reserves - PCC

	PCC As originally stated	PCC As restated	Restatement	PCC As originally stated	PCC As restated	Restatement
	31 March 2022	31 March 2022	2022	31 March 2023	31 March 2023	2023
Balance at the end of the previous reporting period 31 March 2022	(109,558)	(109,558)	0	(157,841)	(142,127)	(15,714)
Other Comprehensive Income/Expenditure	(55,627)	(39,913)	(15,714)	(36,179)	(17,181)	(18,998)
Adjustments between accounting basis and funding basis under regulations	7,344	7,344	0	(2,291)	(2,325)	34
Increase or (decrease) in the year	(48,283)	(32,569)	(15,714)	(38,470)	(19,506)	(18,964)
Balance at the end of the current reporting period 31 March 2023	(157,841)	(142,127)	(15,714)	(196,311)	(161,633)	(34,678)

Movement in Reserves Statement

2023/24 GROUP	<i>Note</i>	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023 as previously stated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	1,235,668	1,200,991
Balance at 31 March 2023 as restated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	1,251,382	1,216,705
<i>Note</i>							19	20	
Movement in reserves during 2023/24									
(Surplus)/deficit on the provision of services		28,969	0	28,969	0		28,969		28,969
Other Comprehensive Income / Expenditure		0	0		0		0	16,468	16,468
Total Comprehensive Income and Expenditure		28,969	0	28,969	0	0	28,969	16,468	45,437
Adjustments between accounting basis and funding basis under regulations	6	(35,372)	0	(35,372)	0	1,917	(33,455)	33,455	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(6,403)	0	(6,403)	0	1,917	(4,486)	49,923	45,437
Transfers to / from Earmarked Reserves	7	4,234	(4,234)	0	0	0	0	0	0
Increase or Decrease in 2023/24		(2,169)	(4,234)	(6,403)	0	1,917	(4,486)	49,923	45,437
Rounding		1		1		0	1	(1)	
Balance at 31 March 2024		(12,065)	(25,140)	(37,205)	0	(1,957)	(39,162)	1,301,304	1,262,142

2022/23 GROUP		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022 as previously stated		(9,134)	(12,333)	(21,467)	0	(3,969)	(25,436)	2,003,982	1,978,546
Balance at 31 March 2022 as restated		(9,134)	(12,333)	(21,467)	0	(3,969)	(25,436)	2,019,696	1,994,260
<i>Note</i>							19	20	
Movement in reserves during 2022/23									
(Surplus)/deficit on the provision of services		69,996	0	69,996	0	0	69,996		69,996
Other Comprehensive Income / Expenditure		0	0		0	0	0	(847,551)	(847,551)
Total Comprehensive Income and Expenditure		69,996	0	69,996	0	0	69,996	(847,551)	(777,555)
Adjustments between accounting basis and funding basis under regulations	6	(79,332)	0	(79,332)	0	95	(79,237)	79,237	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(9,336)	0	(9,336)	0	95	(9,241)	(768,314)	(777,555)
Transfers to / from Earmarked Reserves	7	8,573	(8,573)	0	0	0	0	0	0
Increase or Decrease in 2022/23		(763)	(8,573)	(9,336)	0	95	(9,241)	(768,314)	(777,555)
Balance at 31 March 2023 as restated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	1,251,382	1,216,705

2023/24 PCC	<i>Note</i>	General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2023 as previously stated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	(196,311)	(230,988)
Balance at 31 March 2023 as restated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	(161,633)	(196,310)
<i>Note</i>							19	20	
Movement in reserves during 2023/24									
(Surplus)/deficit on the provision of services		(7,384)	0	(7,384)	0	0	(7,384)	0	(7,384)
Other Comprehensive Income / Expenditure					0		0	3,207	3,207
Total Comprehensive Income and Expenditure		(7,384)	0	(7,384)	0	0	(7,384)	3,207	(4,177)
Adjustments between accounting basis and funding basis under regulations	6	981	0	981	0	1,917	2,898	(2,898)	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(6,403)	0	(6,403)	0	1,917	(4,486)	309	(4,177)
Transfers to / from Earmarked Reserves	7	4,234	(4,234)	0	0	0	0	0	0
Increase or Decrease in 2023/24		(2,169)	(4,234)	(6,403)	0	1,917	(4,486)	309	(4,177)
Rounding		1		1		0	1	(1)	
Balance at 31 March 2024		(12,065)	(25,140)	(37,205)	0	(1,957)	(39,162)	(161,325)	(200,487)
2022/23 PCC		General Fund Balance	Earmarked General Fund Reserves	Total General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied Account	Total Usable Reserves	Unusable Reserves	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2022 as previously stated		(9,134)	(12,333)	(21,467)	0	(3,969)	(25,436)	(157,841)	(183,277)
Balance at 31 March 2022 as restated		(9,134)	(12,333)	(21,467)	0	(3,969)	(25,436)	(142,127)	(167,563)
<i>Note</i>							19	20	
Movement in reserves during 2022/23									
(Surplus)/deficit on the provision of services		(11,566)	0	(11,566)	0	0	(11,566)	0	(11,566)
Other Comprehensive Income / Expenditure							0	(17,181)	(17,181)
Total Comprehensive Income and Expenditure		(11,566)	0	(11,566)	0	0	(11,566)	(17,181)	(28,747)
Adjustments between accounting basis and funding basis under regulations	6	2,230	0	2,230	0	95	2,325	(2,325)	0
Net Increase or Decrease before Transfers to Earmarked Reserves		(9,336)	0	(9,336)	0	95	(9,241)	(19,506)	(28,747)
Transfers to / from Earmarked Reserves	7	8,573	(8,573)	0	0	0	0	0	0
Increase or Decrease in 2022/23		(763)	(8,573)	(9,336)	0	95	(9,241)	(19,506)	(28,747)
Balance at 31 March 2023 as restated		(9,897)	(20,906)	(30,803)	0	(3,874)	(34,677)	(161,633)	(196,310)

Comprehensive Income and Expenditure Statement

Group

2021/22			2022/23			2023/24			
As restated			As restated						
Expenditure	Income	Net	Expenditure	Income	Net	Note	Expenditure	Income	Net
£000	£000	£000	£000	£000	£000		£000	£000	£000
153,750	0	153,750	153,467	0	153,467		128,942	0	128,942
7,084	0	7,084	7,316	0	7,316		7,577	0	7,577
95,332	0	95,332	91,377	0	91,377		81,430	0	81,430
1,874	0	1,874	2,470	0	2,470		2,558	0	2,558
1,097	0	1,097	725	0	725		611	0	611
1,633	0	1,633	1,753	0	1,753		1,537	0	1,537
2,877	0	2,877	5,108	0	5,108		3,884	0	3,884
11,263	0	11,263	11,937	0	11,937		14,473	0	14,473
36,681	0	36,681	38,500	0	38,500		41,773	0	41,773
4,593	0	4,593	5,580	0	5,580		5,240	0	5,240
17,002	0	17,002	8,023	0	8,023	*	8,915	0	8,915
0	(19,978)	(19,978)	0	(22,441)	(22,441)		0	(30,574)	(30,574)
333,186	(19,978)	313,208	326,256	(22,441)	303,815		296,940	(30,574)	266,366
		0			0				0
333,186	(19,978)	313,208	326,256	(22,441)	303,815		296,940	(30,574)	266,366
1,364	0	1,364	663	0	663	34	554	(587)	(33)
51,841	(7,564)	44,277	69,093	(11,854)	57,239	33	65,263	(2,547)	62,716
0	(276,571)	(276,571)	0	(291,721)	(291,721)	8	0	(300,080)	(300,080)
386,391	(304,113)	82,278	396,012	(326,016)	69,996		362,757	(333,788)	28,969
		(39,764)			(13,863)				2,955
		(91)			14				(35)
		(92,974)			(833,702)				13,548
		(132,829)			(847,551)				16,468
		(50,551)			(777,555)				45,437

* The Capital charges figure in 2023/2024 includes a figure of £(0.082)m for downward PPE Revaluations

The Comprehensive Income and Expenditure Statement (CIES) shows the consolidated accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Police and Crime Commissioners raise taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The adjustments between accounting basis and funding basis under regulations are shown in the Movement in Reserves Statement.

PCC

2021/22 As restated			2022/23 As restated			N o t e	2023/24		
Expenditure	Income	Net	Expenditure	Income	Net		Expenditure	Income	Net
£000	£000	£000	£000	£000	£000		£000	£000	£000
1,295	0	1,295	1,537	0	1,537	Staff Payroll	1,522	0	1,522
4	0	4	7	0	7	Staff Overtime	3	0	3
3	0	3	9	0	9	Training	16	0	16
12	0	12	20	0	20	Other Payroll Costs	20	0	20
49	0	49	53	0	53	Premises	61	0	61
4,395	0	4,395	4,760	0	4,760	Supplies & Services	6,294	0	6,294
3	0	3	9	0	9	Transport	13	0	13
0	(2,930)	(2,930)	0	(3,177)	(3,177)	Income	0	(4,659)	(4,659)
17,048	(17,048)	0	19,264	(19,264)	0	Income for Services provided by the Chief Constable	25,915	(25,915)	0
0	0	0	0	0	0	Rounding	(1)	0	(1)
22,809	(19,978)	2,831	25,659	(22,441)	3,218	Cost of Services	33,843	(30,574)	3,269
275,578	0	275,578	276,770	0	276,770	Intra-group Funding Transfer	291,707	0	291,707
298,387	(19,978)	278,409	302,429	(22,441)	279,988	Net Cost of Services	325,550	(30,574)	294,976
1,364	0	1,364	663	0	663	³⁴ Other Operating Expenditure	554	(587)	(33)
463	(135)	328	558	(1,061)	(503)	³³ Financing and Investment Income and Expenditure	314	(2,561)	(2,247)
0	(276,565)	(276,565)	0	(291,714)	(291,714)	⁸ Taxation and Non-Specific Grant Income	0	(300,080)	(300,080)
300,214	(296,678)	3,536	303,650	(315,216)	(11,566)	(Surplus) or Deficit on Provision of Services	326,418	(333,802)	(7,384)
		(39,764)			(13,863)	(Surplus) or Deficit on revaluation of Property, Plant and Equipment			2,955
		(91)			14	(Surplus) on revaluation of Financial Instruments			(35)
		(58)			(3,332)	Re-measurement of the net defined benefit liability			287
		(39,913)			(17,181)	Other Comprehensive Income and Expenditure			3,207
		(36,377)			(28,747)	Total Comprehensive Income and Expenditure			(4,177)

Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Police and Crime Commissioner. The net assets of the Police and Crime Commissioner (assets less liabilities) are matched by the reserves held by the Police and Crime Commissioner.

31 March 2022		31 March 2023		31 March 2024			
As restated		As restated					
PCC	Group	PCC	Group				
£000	£000	£000	£000	Note			
150,432	150,432	163,114	163,114	11	Property, Plant and Equipment	161,096	161,096
16,353	16,353	18,323	18,323	16	Investment Property	17,782	17,782
2,470	2,470	1,841	1,841	12	Intangible Assets	2,442	2,442
0	0	312	16,469	26	Long Term Investments	0	0
677	677	665	665		Long Term Debtors	700	700
169,932	169,932	184,255	200,412		Long Term Assets	182,020	182,020
393	393	372	372	15	Assets Held for Sale	2,031	2,031
1,009	1,009	900	900		Inventories	1,267	1,267
19,101	19,211	26,021	26,130	13	Short-Term Debtors	29,310	29,420
26,977	26,977	34,117	34,117	14	Cash and Cash Equivalents	37,529	37,529
47,480	47,590	61,410	61,519		Current Assets	70,137	70,247
(29,754)	(31,052)	(32,680)	(34,062)	17	Short-Term Creditors	(35,983)	(37,572)
(2,966)	(3,075)	(2,877)	(2,986)	18	Provisions	(2,549)	(2,659)
(32,720)	(34,127)	(35,557)	(37,048)		Current Liabilities	(38,532)	(40,231)
(14,042)	(14,042)	(13,520)	(13,520)	38	Long-Term Borrowing	(12,999)	(12,999)
(3,088)	(2,163,613)	(278)	(1,428,068)	26	Other Long-Term Liabilities	(139)	(1,461,179)
(17,130)	(2,177,655)	(13,798)	(1,441,588)		Long Term Liabilities	(13,138)	(1,474,178)
167,562	(1,994,260)	196,310	(1,216,705)		Net Assets	200,487	(1,262,142)
(25,436)	(25,436)	(34,677)	(34,677)	19	Usable Reserves	(39,162)	(39,162)
(142,127)	2,019,696	(161,633)	1,251,382	20	Unusable Reserves	(161,325)	1,301,304
(167,563)	1,994,260	(196,310)	1,216,705		Total Reserves	(200,487)	1,262,142

I certify that the Statement of Accounts gives a true and fair view of the financial position of the Police and Crime Commissioner for Surrey and Chief Constable of Surrey Group at the accounting date and of the income and expenditure for the year ended 31 March 2024.

Kelvin Menon

Kelvin Menon FCPFA
Chief Finance Officer
Dated: 25 February 2025

Balance Sheet Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the Police and Crime Commissioner may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves is those that the Police and Crime Commissioner is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that recognise the impact of timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

The Balance Sheet tables show the value as at 31 March 2024 of the assets and liabilities recognised by the Group and the Police and Crime Commissioner (PCC). The net liabilities of the Group (assets less liabilities) are matched by the reserves held by the Group.

The Chief Constable does not own any assets. All assets are held by the PCC.

The Chief Constable's Balance Sheet does include pension fund and employee benefit entries to show the reader its accounting for employee benefit and pension liabilities.

Separate statements for the Group and the PCC have therefore been included to reflect the intra-group adjustments with the Chief Constable's Balance Sheet.

Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents of the of the Group during the reporting period.

The statement shows how the Group generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Group are funded by way of taxation and grant income or from the recipients of services provided by the Group. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the Group's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Group.

2022/23		2022/23		2023/24			
As previously stated		As restated					
PCC	Group	PCC	Group				
£000	£000	£000	£000	Note	PCC	Group	
					£000	£000	
(11,532)	70,030	(11,566)	69,996		(7,384)	28,969	
(4,591)	(86,153)	(4,557)	(86,119)		(10,698)	(47,051)	
1,308	1,308	1,308	1,308		3,383	3,383	
0	0	0	0		1	1	
(14,815)	(14,815)	(14,815)	(14,815)	35	Net cash flows from operating activities	(14,698)	(14,698)
7,675	7,675	7,675	7,675	36	Net cash flows from investing activities	10,765	10,765
0	0	0	0	37	Net cash flows from financing activities	521	521
(7,140)	(7,140)	(7,140)	(7,140)		Net (increase) or decrease in cash and cash equivalents	(3,412)	(3,412)
26,977	26,977	26,977	26,977		Cash and cash equivalents at the beginning of the reporting period	34,117	34,117
0	0	0	0		Rounding		
34,117	34,117	34,117	34,117	14	Cash and cash equivalents at the end of the reporting period	37,529	37,529

The Chief Constable does not have any cash-flows for the year, since all payments were made from the Police Fund which is held by the Police and Crime Commissioner for Surrey (PCC). Similarly all income receipts and funding are received by the PCC during the year. The financial consequences of the operational activities do impact on the net surplus/deficit on the provision of services and adjustments to that net surplus/deficit on provision of services for non-cash movements.

Note 1 - Critical Judgements in Applying Accounting Policies

The preparation of the financial statements requires the Group to make judgements, estimates and assumptions that affect the application of policies and reporting amounts of assets and liabilities, income and expenditure. The estimates and associated assumptions are based on historical experience and various other factors, the results of which form the basis of making judgements about the carrying values of assets and liabilities that are not readily apparent from other sources.

In applying the accounting policies set out in Note 39, the Group has had to make certain judgements about complex transactions or those involving uncertainty about future events. The estimates and assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised. Material estimates and assumptions are made in the following cases:

- **Future levels of funding for Local Government** – there is a degree of uncertainty about future levels of funding for Police and Crime Commissioners. However, the Group has 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.
- **Income & Expenditure** – a judgement has been made regarding the recognition of income and expenditure allocated between the Police and Crime Commissioner’s and Chief Constable’s accounts to reflect financial resources of the PCC consumed at the request of the Chief Constable. The basis adopted for this allocation was determined by the Group in accordance with the subjective activities for each corporate body included in the CIES. In arriving at this approach, interested parties, including senior management in both corporate bodies were consulted and careful consideration given to the Police Reform and Social Responsibility Act 2011 and Home Office guidance. All income/expenditure is received/paid by the PCC, and no actual cash transaction or events take place between the two entities.
- **Comprehensive Income and Expenditure Statement (CIES)** - Under CIPFA guidance the CIES is reported on the basis of organisation structure, reflecting the way in which the organisation operates or manages its services. For the Surrey Police Group the CIES has been set out to show costs subjectively, reflecting the reporting basis for the monthly corporate report that is written for both the Chief Officer Group and the PCC.
- **Estates strategy** – the timing and value of future property sales need to be considered in order to provide funds for future capital programmes and in particular the Building the Future project to develop a new Police HQ.
- **Asset values** – the PCC exercises judgement in determining the carrying value of land and buildings on the PCC/PCC Group Balance Sheet by having a policy to have valuations on a 5-year rolling basis supplied by external valuers, Wilks Head

and Eve LLP. In addition to valuations, the local market conditions and national data are assessed as to whether there should be changes in asset values on an annual basis.

- **Capitalisation** – Capitalisation of non-current assets and intangible assets requires management judgement to ensure expenditure incurred during the year is correctly capitalised as Property, Plant & Equipment (PPE) or Intangible Assets. If expenditure does not meet the capital criteria it is released as revenue.
- **Depreciation** – Depreciation is calculated based on asset value and expected useful life of the asset. If the useful life of an asset is reduced then the depreciation charge to the CIES will increase. The PCC monitors the useful life of assets to identify where changes to the depreciation charge are required during the year.
- **Leases** – the PCC has to determine whether the leases it enters should be classified as operating or finance leases. The PCC must also consider whether contractual arrangements it enters into have the substance of a lease. These judgements are made on the professional opinion of the PCC Group's accountants and procurement manager based on contract procedure rules and the strict criteria set out in International Accounting Standard 17 (IAS 17) relating to leases. These will also need to be considered for IFRS 16 compliance in future years.

IFRS 16 Lease – Since 1 April 2024

For any new contracts entered into on or after 1 April 2024, the PCC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the PCC assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the PCC.
- The PCC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The PCC has the right to direct the use of the identified asset throughout the period of use.
- The PCC assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Accruals of Income and Expenditure

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

- **Fees, charges and rents due** are accounted for as income at the date the Police and Crime Commissioner provides the relevant goods or services.
- Where **income and expenditure is recognised but cash has not been received or paid**, a debtor or creditor for the relevant year is recorded in the Balance Sheet. Estimates are used when appropriate based on expectation, experience, relevant documentary evidence and other support such as advice from specialist consultants.
- Where it is **doubtful that debts will be settled**, the balance of debtors is written down and a charge made to the CIES for the income that might not be collected.
- **Working capital** – Working capital has been judged as being attributable in full to the PCC. The PCC controls the treasury management function and all bank accounts, therefore the majority of the working capital balances (cash, current debtors and currently liabilities) are recognised in the PCC's Balance Sheet.
- **Employee benefit accrual for accumulated absences** - the PCC has to determine whether the leave accrual should be accounted for in the PCC or Chief Constables accounts. As the majority of employee costs are accounted for in the Chief Constable's accounts the leave accrual has been accordingly matched and accounted for on the Chief Constables Balance Sheet. The calculation is based on staff annual leave records and an average cost for each grade.
- **Collaboration** – the PCC has to determine how to account for collaborative arrangements. The Police and Crime Commissioners and Chief Constables of Surrey and Sussex Police have entered into a legal arrangement to provide a number of services jointly with each other and other forces. Each of these services is managed by one of the forces and includes a mix of staff from both forces. The net cost of each service agreed to be provided jointly which cannot be directly attributable to each force, is shared on a formula basis. Each force accounts for their own share of total income and expenditure and assets.
- **Insurance Actuarial Assumptions** - The Group annually reviews the appropriateness of its insurance funding. Independent Actuaries Marsh undertook a review on the adequacy of our insurance claim provision and reserves. The review utilises recognised actuarial techniques and generally accepted principles to forecast ultimate claims costs. All reviews are carried out by qualified actuaries in the core Marsh team dedicated to the contract. The underlying assumptions and methodologies used in the reports are then peer-reviewed by a colleague independent to the core team.
- **Pensions Actuarial Assumptions** – The value of the liabilities for IAS19 purposes is heavily dependent on assumptions made by the Group's actuaries, Hymans Robertson and GAD. The financial assumptions reflect market expectations at the reporting date. Changes in market conditions that result in changes in the net discount rate (essentially the difference between the discount rate and the assumed rates of increase of salaries, deferred pension revaluation or pension-in-payment) can have a significant effect on the value of the liabilities reported. A reduction in the net discount rate will increase the assessed value

of liabilities as a higher value is placed on benefits paid in the future. A rise in the net discount rate will have an opposite effect of similar magnitude. The effect of a change in the net discount rate on the value placed on the liabilities of each scheme is shown in the sensitivity analysis schedule below. There is also uncertainty around the life expectancy of the UK population. The value of current and future pension benefits will depend on how long they are assumed to be in-payment. The mortality assumptions have changed from the previous accounting period to take account of recent mortality experience. Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2018 model, an allowance for smoothing of recent mortality experience and long term rates of improvement of 1.5% p.a. for males and females.

- **Pensions Impact of McCloud/Sargeant court of appeal -**

The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes. Under the changes introduced to each scheme, members were required to transfer to the new schemes from the transition date of the new schemes, this was 1 April 2014 for the police staff scheme (LGPS) and 1 April 2015 for the Police pension scheme.

There was protection provided for older members under each scheme known as 'transitional protection'. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that 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. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and on or after 1 April to be eligible for the remedy.

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred for members until retirement which creates further uncertainty of impact for employers. The legacy pension schemes will then be removed from April 2022 and replaced by the new pension schemes originally introduced in 2015 as it was only the transitional arrangements that were found to be discriminatory, not the actual new pension schemes.

IAS 19 pension actuarial reports include these impacts and provide for them within the 2023/24 accounts of the PCC Group for both police and staff pension schemes.

Note 2 - Going Concern

Going Concern Section 1 – Underlying Principle

These accounts have been prepared on a going concern basis that the authority will continue in operational existence for the foreseeable future. The Police and Crime Commissioner for Surrey and the Chief Constable of Surrey have assessed going concern and that cash flow requirements can be met for the foreseeable future through funding arrangement.

The provisions in the Code of Audit Practice in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as policing bodies cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting. Local authorities and policing bodies carry out functions essential to the local community and are themselves revenue-raising bodies (with limits on their revenue-raising powers arising only at the discretion of central government). If a policing body were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for the financial statements of a policing body to be provided on anything other than a going concern basis. Accounts drawn up under the Code therefore assume that policing services will continue to operate for the foreseeable future. Surrey Police accounts therefore assume that Surrey Police will continue to operate for the foreseeable future.

Police funding is under the remit of the Home Office, for the period 2022/23 to 2024/25 the Home Office approved a 3 year settlement for Police Bodies. This included an additional £650m in 2023/24 and £800m in 2024/25 to be provided for Policing. In addition, PCC's were given flexibility to increase Council Tax by up to £13 without incurring a referendum for 2024/25.

Going Concern Section 2 – Current & Historical Financial Position

The 2024/25 revenue budget was set in February 2024 as a balanced budget of £309.7m. A capital and investment programme budget was also set in February 2024. The capital program for 2024/25, including prior year slippage is £40.3m to be financed by a combination of capital receipts, borrowing and revenue contributions. The capital programme supports investment in the Estate Strategy, Fleet Replacement and Equipment, Information Technology, Regional Schemes, Operations and Change Projects. This is essential to ensure fit-for-purpose services along with delivering revenue savings to balance the budget over the medium term financial plan period to 2025/26.

The Medium Term Financial Strategy forecast was revised as part of the budget setting process and includes an estimated savings requirement totalling £18.2m over the 4 year period of the strategy with £3.8m being required in 2024/25, this has

been met from tactical savings. The General Reserves are projected to remain at 3% of net budget which is the minimum level set by the s.151 finance officer. Work is ongoing within the force as part of the Joint Change Programme to identify areas to make savings and/or generate income, with the aim of setting a balanced budget in 2024/25 and beyond.

Going Concern Section 3 – Cash Position

Surrey Police had a cash equivalent balance of £41.3m at 31 Jan 2025 compared to £37.5m at 31 March 2024. This includes £40m held for investment by Surrey County Council available within 24 hours (£35.8m at 31 March 2024). Surrey Police has no long-term non-property investments. Whilst there is uncertainty on income, Surrey Police remains confident in its ability to maintain sufficient cash for its services throughout the medium term and has a borrowing strategy in place to borrow against capital investment as necessity arises. Surrey Police is also able to borrow short term for cash flow purposes if needed.

In a 'stressed' case scenario whereby income is constrained Surrey Police has sufficient levels of reserves and investments that it would not run out of cash in the short-term.

Going Concern Section 4 – Conclusion

As a result of this assessment these accounts have been prepared on a going concern basis, Surrey Police has adequate reserves and a plan to produce a balanced budget in 2025/26.

Note 3 - Events After the Balance Sheet Date

When an event occurs after the Balance Sheet date which provides evidence of conditions that existed at the Balance Sheet date an adjusting event occurs and the amounts recognised in the Statement of Accounts will be adjusted to take into account any values that reflect the adjusting event. Where an event occurs after the Balance Sheet date that is indicative of conditions that arose after the Balance Sheet date, the amounts recognised in the Statement of Accounts are not adjusted but disclosed

as a separate note to the accounts. Events after the Balance Sheet date are reflected up to the date when the Statement of Accounts is authorised for issue and published.

The Draft Statement of Accounts was authorised for issue by the Chief Finance Officer on 30 May 2024. Events taking place after this date are not reflected in the financial statements or notes. Where events taking place before this date provide information about conditions existing at 31 March 2024, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information. There are no material non-adjusted events to report.

Note 4 - Assumptions Made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made taking into account historic evidence, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Group's Balance Sheet at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment Valuations and Depreciation	Assets are independently assessed by professional valuers. Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate of austerity could lead to uncertainty that the Police and Crime Commissioner will be able to sustain its current spending on repairs and maintenance, this in turn could impact on the useful lives assigned to assets.	<p>If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge increases by £1.5m for every year that useful lives are reduced.</p> <p>A 1% market movement for valuations of the asset classes held by the PCC for Surrey would be as follows:</p> <ul style="list-style-type: none"> - Specialised Operational Property asset (Custody Suite) measured using DRC methodology £1.31m - Non-specialised Operational Property assets measured using EUV methodology £0.33m - Assets Held for Sale measured using Market Value £0.02m - Investment Property valued using Fair Value £0.18m
Intangible Assets	Intangible Assets are assessed by the business and amortised over useful lives that are dependent on assumptions about the use and potential obsolescence in relation to individual assets. The PCC carries intangible assets for purchased computer software and systems development. The standard period of amortisation noted within the Financial Regulations is 3 years.	If the useful life of assets is reduced, amortisation increases and the carrying amount of the asset falls. It is estimated that the annual amortisation charge would increase by £0.5m if useful lives reduced by 1 year.
Insurance Claims Liability	The level of potential claims facing the Police and Crime Commissioner is independently assessed by professional actuaries Arthur J Gallagher Insurance Brokers Limited (Gallagher) on an annual basis. This assesses the future potential cost on the Police and Crime Commissioner of claims both known and unknown. Claims more likely to materialise in terms of probability, cost and timing, are carried as provision on the balance sheet. Funding for more intangible claims is held in the insurance reserve. The assessment is subject to peer review.	Additional resources would be required to cover claims costs in the event that claims are higher than predicted.
Pensions Costs	There are three pension schemes for police officers, the 2006 Police Officer Pension Scheme (NPPS), the Police Pension Scheme (PPS) and the Police Pension Scheme 2015 (2015 scheme); all of which are unfunded, defined benefit schemes. An unfunded scheme treated as a defined benefit scheme has no investment assets to meet its pension liability the Group must generate cash to meet the actual pension payments as they fall due.	The benefits payable are funded by contributions from employers and police officers and any shortfall is met by a top up grant from the Home Office of £12.1m (£13.5m for 2022/23) and other Pension Grant to the PCC. Further details of the schemes can be found in the Police Officer Pension Fund Accounts.

Pensions Liability	<p>Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. The Government's Actuary's Department have been engaged to provide the Group with expert advice about the assumptions to be applied for the Police Pension Schemes and Hymans Robertson LLP provides the same advice for the Police Staff Pension Scheme.</p> <p>Pension assumptions now include the impact of 'McCloud/Sargeant' transitional protections for both officer and staff pension schemes to better reflect the Fund's local assumptions, particularly those for salary increases and withdrawal rates. The Fund's actuary also carried out calculations in order to estimate the impact that the Guaranteed Minimum Pension (GMP) equalisation will have on the pension fund liabilities.</p>	<p>The effects on the net pension liability of changes in individual assumptions can be measured. For instance, a 0.5% decrease in the real discount rate assumption would result in an increase in the staff scheme pension liability of £43.1m and an increase in the police officer pension scheme pension liability of £121.0m.</p>
Debtors	<p>At 31st March 2024, the Police and Crime Commissioner had a balance of trade debtors of £4.2m. A review of significant balances suggested that an impairment of doubtful debts of £0.03m was appropriate.</p>	<p>Based on the balance outstanding at 31 March 2024, if collection rates were to deteriorate, every 1% decrease would require an additional bad and doubtful debt provision of £0.042m.</p>
Income & Expenditure	<p>The majority of funding to the Group is from Government Grants and Precept income.</p>	<p>Currently 44.4% of the Net Budget Requirement is met by Government Grant Funding and 55.6% by Precept collections.</p>

Note 5 -Expenditure and Funding Analysis

The Expenditure and Funding Analysis note shows how annual expenditure is used and funded from resources (government grants and council tax) by police bodies in comparison with resources consumed or earned in accordance with generally accepted accounting practices.

Group

2022/23 As previously stated			2022/23 As restated			2023/24			
Net Expenditure Chargeable to General Fund	Adjustments	Net Expenditure in the CIES	Net Expenditure Chargeable to General Fund	Adjustments	Net Expenditure in the CIES	Net Expenditure Chargeable to General Fund	Adjustments	Net Expenditure in the CIES	
£000	£000	£000	£000	£000	£000	£000	£000	£000	
92,160	61,307	153,467	92,160	61,307	153,467	Police Payroll	92,003	36,938	128,941
7,316		7,316	7,316		7,316	Police Overtime	7,577	0	7,577
70,774	20,603	91,377	70,774	20,603	91,377	Staff Payroll	81,990	(560)	81,430
2,470		2,470	2,470		2,470	Staff Overtime	2,558	0	2,558
725		725	725		725	Agency	611	0	611
1,753		1,753	1,753		1,753	Training	1,537	0	1,537
5,108		5,108	5,108		5,108	Other Payroll Costs	3,884	0	3,884
11,937		11,937	11,937		11,937	Premises	14,473	0	14,473
38,500		38,500	38,500		38,500	Supplies and Services	41,773	0	41,773
5,580		5,580	5,580		5,580	Transport	5,240	0	5,240
0	8,057	8,057	0	8,023	7,485	Capital Charges: Depreciation, Amortisation, Impairment (Proxy) *	0	8,915	8,915
(22,441)		(22,441)	(22,441)		(22,441)	Income	(30,574)	0	(30,574)
0		0	0		0	Rounding	1		1
213,882	89,967	303,849	213,882	89,933	303,277	Net Cost of Services	221,073	45,293	266,366
(223,218)	(10,601)	(233,819)	(223,218)	(10,601)	(233,819)	Other Income and Expenditure	(227,475)	(9,921)	(237,396)
0	0	0	0	0	0	Rounding			(1)
(9,336)	79,366	70,030	(9,336)	79,332	69,458	Deficit on Provision of Services	(6,402)	35,372	28,969
(21,467)			(21,467)			Opening Combined General Fund Balance	(30,803)		
(9,336)			(9,336)			Plus/less Surplus or Deficit on the General Fund Balance for the Year	(6,402)		
(30,803)			(30,803)			Closing Combined General Fund Balance	(37,205)		

*Capital charges in 2023/24 includes a figure of £(0.082)m for downward PPE Revaluations

PCC

2022/23 As previously stated			2022/23 As restated			2023/24			
Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES	Net Expenditure Chargeable to the General Fund	Adjustments	Net Expenditure in the CIES	
£000	£000	£000	£000	£000	£000	£000	£000	£000	
1,189	348	1,537	1,189	348	1,537	Staff Payroll	1,498	25	1,523
7		7	7		7	Staff Overtime	3	0	3
9		9	9		9	Training	16	0	16
20		20	20		20	Other Payroll Costs	20	0	20
53		53	53		53	Premises	61	0	61
4,760		4,760	4,760		4,760	Supplies and Services	6,293	0	6,293
9		9	9		9	Transport	13	0	13
(8,057)	8,057	0	(8,023)	8,023	0	Depreciation/Amortisation (Proxy)	(8,915)	8,915	0
(3,177)		(3,177)	(3,177)		(3,177)	Income	(4,659)	0	(4,659)
0		0	0		0	Rounding	(1)		(1)
(5,187)	8,405	3,218	(5,153)	8,371	3,218	Net Cost of Services	(5,671)	8,940	3,269
(4,149)	(10,601)	(14,750)	(4,183)	(10,601)	(14,784)	Other Income and Expenditure	(732)	(9,921)	(10,653)
0	0	0				Rounding	1		
(9,336)	(2,196)	(11,532)	(9,336)	(2,230)	(11,566)	(Surplus) or Deficit on Provision of Services	(6,402)	(981)	(7,384)
(21,467)			(21,467)			Opening Combined General Fund Balance	(30,803)		
(9,336)			(9,336)			Plus/less (Surplus) or Deficit on the General Fund Balance for the Year (Statutory basis)	(6,402)		
(30,803)			(30,803)			Closing Combined General Fund Balance	(37,205)		

Note 6 - Adjustments between Accounting Basis and Funding Basis under Regulations

The table below details the adjustments made to the Total Comprehensive Income and Expenditure Statement recognised by the Group in the year, in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

GROUP 2023/24 ADJUSTMENTS	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited/credited to the CIES:				
Depreciation and impairment of non-current assets	(7,599)	0	0	7,599
Revaluation (Gains)/Losses on Property Plant and Equipment	82	0	0	(82)
Movements in the market value of Investment Properties	(450)	0	0	450
Amortisation of intangible assets	(948)	0	0	948
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	587	0	0	2,577
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	1,597	0	0	(1,597)
Capital expenditure charged against the General Fund	10,766	0	0	(10,766)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	219	0	(219)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,919)	0	2,137	(218)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(3,163)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	3,163	0	(3,163)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(1,330)	0	0	1,330
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(91,647)	0	0	91,647
Employers pension contributions and direct payments to pensioners payable in year	55,476	0	0	(55,476)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(207)	0	0	207
Rounding	1	0	(1)	(1)
Total Adjustments	(35,372)	0	1,917	33,455

GROUP 2022/23 ADJUSTMENTS - AS RESTATED	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited/credited to the CIES:				
Depreciation and impairment of non-current assets	(8,179)	0	0	8,179
Revaluation (Gains)/Losses on Property Plant and Equipment	(742)	0	0	742
Movements in the market value of Investment Properties	2,139	0	0	(2,139)
Amortisation of intangible assets	(1,241)	0	0	1,241
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	(133)	0	0	820
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	1,072	0	0	(1,072)
Capital expenditure charged against the General Fund	7,423	0	0	(7,423)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	621	0	(621)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	157	0	716	(873)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(687)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	687	0	(687)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,460	0	0	(1,460)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(133,447)	0	0	133,447
Employers pension contributions and direct payments to pensioners payable in year	51,620	0	0	(51,620)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(83)	0	0	83
Rounding	1			(1)
Total Adjustments	(79,332)	0	95	79,237

GROUP 2022/23 ADJUSTMENTS - AS PREVIOUSLY STATED	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited/credited to the CIES:				
Depreciation and impairment of non-current assets	(8,213)	0	0	8,213
Revaluation (Gains)/Losses on Property Plant and Equipment	(742)	0	0	742
Movements in the market value of Investment Properties	2,139	0	0	(2,139)
Amortisation of intangible assets	(1,241)	0	0	1,241
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to CIES	(133)	0	0	820
Insertion of items not debited or credited to the CIES:				
Statutory provision for the financing of capital investment	1,072	0	0	(1,072)
Capital expenditure charged against the General Fund	7,423	0	0	(7,423)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	621	0	(621)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	157	0	716	(873)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES	0	(687)	0	0
Use of the Capital Receipts Reserve to finance new capital expenditure	0	687	0	(687)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,460	0	0	(1,460)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(133,447)	0	0	133,447
Employers pension contributions and direct payments to pensioners payable in year	51,620	0	0	(51,620)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(83)	0	0	83
Rounding	1			(1)
Total Adjustments	(79,366)	0	95	79,271

PCC 2023/24 ADJUSTMENTS	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Depreciation and impairment of non-current assets	(7,599)			7,599
Revaluation (Gains)/Losses on Property Plant and Equipment	82			(82)
Movements in the market value of Investment Properties	(450)			450
Amortisation of intangible assets	(948)			948
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	587			2,577
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	1,597			(1,597)
Capital expenditure charged against the General Fund	10,766			(10,766)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	219		(219)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	(1,919)		2,137	(218)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(3,163)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		3,163		(3,163)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(1,330)			1,330
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(200)			200
Employers pension contributions and direct payments to pensioners payable in year	175			(175)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0			0
Rounding	1		(1)	(1)
Total Adjustments	981	0	1,917	(2,898)

PCC 2022/23 ADJUSTMENTS - AS RESTATED	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Depreciation and impairment of non-current assets	(8,179)			8,179
Revaluation (Gains)/Losses on Property Plant and Equipment	(742)			742
Movements in the market value of Investment Properties	2,139			(2,139)
Amortisation of intangible assets	(1,241)			1,241
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	(133)			820
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	1,072			(1,072)
Capital expenditure charged against the General Fund	7,423			(7,423)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	621		(621)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	157		716	(873)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(687)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		687		(687)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,460			(1,460)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(503)			503
Employers pension contributions and direct payments to pensioners payable in year	155			(155)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0			0
Rounding	1			(1)
Total Adjustments	2,230	0	95	(2,325)

PCC 2022/23 ADJUSTMENTS - AS PREVIOUSLY STATED	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Unusable Reserves
	£000	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account:				
Reversal of items debited or credited to the CIES:				
Depreciation and impairment of non-current assets	(8,213)			8,213
Revaluation (Gains)/Losses on Property Plant and Equipment	(742)			742
Movements in the market value of Investment Properties	2,139			(2,139)
Amortisation of intangible assets	(1,241)			1,241
Amounts of non-current assets written off on disposal/sale as part of the gain/loss on disposal to the CIES	(133)			820
Insertion of items not debited or credited to the Comprehensive Income and Expenditure Statement:				
Statutory provision for the financing of capital investment	1,072			(1,072)
Capital expenditure charged against the General Fund	7,423			(7,423)
Adjustments primarily involving the Capital Grants Unapplied Account:				
Capital grants and contributions unapplied credited to the CIES	621		(621)	0
Application of grants to capital financing transferred to the Capital Adjustment Account	157		716	(873)
Adjustments primarily involving the Capital Receipts Reserve:				
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the CIES		(687)		0
Use of the Capital Receipts Reserve to finance new capital expenditure		687		(687)
Adjustments primarily involving the Collection Fund Adjustment Account:				
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	1,460			(1,460)
Adjustments primarily involving the Pensions Reserve:				
Reversal of items relating to retirement benefits debited or credited to the CIES	(503)			503
Employers pension contributions and direct payments to pensioners payable in year	155			(155)
Adjustment primarily involving the Accumulated Absences Account:				
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	0			0
Rounding	1			(1)
Total Adjustments	2,196	0	95	(2,291)

Note 7 – Transfers to/from Earmarked Reserves

The table below sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2023/24.

	Balance at 31 March 2022	Transfers In 2022/23	Transfers Out 2022/23	Balance at 31 March 2023	Transfers In 2023/24	Transfers Out 2023/24	Balance at 31 March 2024
	£000	£000	£000	£000	£000	£000	£000
Earmarked Reserves:							
Insurance Reserve	(1,881)	(31)	0	(1,912)	(1,653)	534	(3,031)
Ill Health Reserve	(756)	(200)	347	(609)	(200)	534	(275)
PCC Operational Reserve	(1,234)	0	0	(1,234)	0	0	(1,234)
PCC Estate Strategy Reserve	(3,200)	(1,178)	0	(4,378)	(1,658)	0	(6,036)
Cost of Change Reserve	(3,164)	(2,398)	0	(5,562)	(841)	0	(6,403)
COVID19 Reserve	(2,098)	0	2,098	0	0	0	0
Delegated Budget Holder Reserve	0	(5,100)	0	(5,100)	(692)	0	(5,792)
Net Zero Reserve	0	(1,661)	0	(1,661)	0	0	(1,661)
Chief Constable Op Reserve for Op Pheasant	0	(450)	0	(450)	0	0	(450)
ICT Reserve	0	0	0	0	(259)	0	(259)
Total Earmarked Reserves	(12,333)	(11,018)	2,445	(20,906)	(5,303)	1,068	(25,141)

The following table details the usable reserves and the purpose for which are held by Surrey Police:

Reserve		Level or Target
General		
General Reserves	<p>Provides a working balance to cover day to day cash flow requirements and to cover exceptional unforeseen financial and operational risks. The target level for the reserve is reviewed as part of the annual budget setting process.</p> <p>This includes a separately identified Chief Constable Operational Reserve to provide access to funding for immediate operational policing demands without need for further approval from the PCC. Prior to 2019/20 this reserve was previously included within the earmarked reserves category.</p>	3% of Net Revenue Expenditure Budget as at 31 March each year.
Contingency and Risk		
Police Officer Ill Health Pension Reserve	<p>This reserve provides for the self-funding of police officer ill health and injury payments not covered by the pension grant funding.</p> <p>This reserve is maintained to meet the capital charge made by the Home Office for each officer that retires due to ill health. A percentage of the police officer cost as recommended by the Home Office is added to this reserve and the level will fluctuate from year to year depending on the number of police officer retirees.</p>	Assessed as part of the medium term financial planning process.
Insurance Reserve	<p>Provides for the self-funding of certain uninsurable risks, such as payments of compensation or damages, or below the excess level such as motor claims. This Reserve is funded from revenue or transfers from other reserves and is adjusted annually, following an independent actuarial review, to reflect up to date management information on inflation and risk.</p> <p>To improve consistency in funding claims, there is a need to split claims between a provision on the Balance Sheet for the cost of claims received and outstanding; and funds held in the reserve to cover claims incurred but not received or quantified. Claims that have been reported and assessed as more likely to be settled are carried as a financial provision whilst known incidents where no claim has yet been made, are covered by the insurance reserve. The revenue account makes a contribution to the reserve each year that in-year liabilities, as they arise, are charged against. The level of the reserve is reviewed annually.</p>	Assessed as part of the annual insurance actuarial review.
Investment		
Capital Receipts Reserve	This reserve holds the proceeds from the sale of assets, and can only be used for financing capital expenditure in accordance with regulations.	Receipts from the sale of assets are taken to this reserve.
Capital Grants & Contributions Unapplied Reserve	This reserve holds unused elements of grant and other external funding to be spend in the following financial year in line with the conditions of the grant or external funding.	As determined by the closure of accounts process.
Single Use		

PCC Operational Reserve	This reserve was set up to facilitate transformational change that will deliver future savings and repay investment.	Assessed as part of the medium term financial planning process.
PCC Estate Strategy Reserve	This reserve was created to manage the transition costs involved in delivering the Estate Strategy which involves rationalising some of the current estate and building a new operational headquarters.	Assessed as part of the medium term financial planning process.
PCC Cost of Change Reserve	This reserve funds projects that enhance the policing in Surrey and/or deliver savings. In practice the proposal is that any under spend from the operational budget in excess of General Reserve requirements is transferred to this reserve at the year-end subject to PCC approval.	Assessed as part of the medium term financial planning process.
Covid 19 Reserve	This reserve was set up to facilitate additional cost pressures likely to arise in 2020/21 as a result of the Coronavirus pandemic.	Closed during 2022/23.
Delegated Budget Holder Reserve	Under and Overspending on the PCC's and Chief Constable's revenue budgets are managed via this reserve in accordance with the PCC's carry forward policy	Approved by the PCC either during the year or as part of the final outturn
Net Zero Reserve	To provide funds to support the Surrey Police Commitment to achieve net zero	Created during 2022/23
Chief Constable Reserve for Op Pheasant	To provide resources for reopened historical investigations	Created during 2022/23
ICT Reserve	This reserve funds the additional charges that are arising as a result of the transfer of ICT systems, known as Memorandum Trading Account charges (MTA), from Home Office management.	Created during 2023/24

Note 8 - Taxation and Non-Specific Grant Income

The group credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement in 2023/24:

2022/23 PCC £000	2022/23 Group £000		2023/24 PCC £000	2023/24 Group £000
(152,990)	(152,990)	Council tax income	(160,483)	(160,483)
(138,051)	(138,057)	Non-ringfenced government grants	(139,378)	(139,378)
(621)	(621)	Capital grants and contributions	(219)	(219)
(291,662)	(291,668)	Total	(300,080)	(300,080)

Note 9 - Grant Income

The Police and Crime Commissioner credited the following grants, contributions and donations to the Comprehensive Income and Expenditure Statement:

31 March 2023		31 March 2023		31 March 2024		31 March 2024	
PCC	Group			PCC	Group		
£000	£000			£000	£000		
(78,491)	(78,491)	Home Office Police Grant		(81,125)	(81,125)		
(34,897)	(34,897)	DCLG Revenue Support Police Grant		(35,018)	(35,018)		
(6,758)	(6,758)	Council Tax Support Grant		(6,759)	(6,759)		
(2,461)	(2,461)	Council Tax Freeze Grant		(2,461)	(2,461)		
(1,964)	(1,964)	Police Officer Pension Grant		(1,964)	(1,964)		
(13,463)	(13,463)	Home Office Grant Payable to cost of Retirement Benefits		(12,051)	(12,051)		
(17)	(23)	Other		0	0		
(621)	(621)	Capital Grants and Contributions		(219)	(219)		
(138,672)	(138,678)	Total Non-Specific Grants		(139,597)	(139,597)		

31 March 2023		31 March 2023		31 March 2024		31 March 2024	
PCC	Group			PCC	Group		
£000	£000			£000	£000		
0	(791)	Counter Terrorism		0	(881)		
(3,116)	(3,595)	Victims Services Commissioning Grant - Victims		(4,363)	(4,930)		
0	(1,847)	HO Police Uplift Programme		0	(4,059)		
0	(534)	Safer Streets		0	(594)		
0	(89)	County Lines		0	(77)		
0	(118)	Cyber Crime		0	(421)		
0	(102)	Other Grants and Contributions		0	(522)		
(3,116)	(7,076)	Total Specific Grants		(4,363)	(11,484)		

The grants received and credited to Taxation and Non-specific Grant Income were for the following reasons:

Home Office Police Grant and DLUHC Revenue Support Grant

Non ring-fenced grants given to deliver policing services

Council Tax Support and Freeze Grants

Grants awarded to offset reductions in Council Tax income as a result of historical Council Tax freezes and introduction of local council tax support

Police Officer Pension Grant

Grant given to compensate for the increased cost of employer contributions for the Police officers as a result of the last actuarial review

Home Office grant payable to the cost of retirement benefits

A Home Office grant to cover the projected shortfall on the cost of police pensions under the new pensions financing arrangements which came into effect on 1st April 2006.

Redmond

Grant given to offset the expected increase in external audit costs as a result of the Redmond reforms

Capital Grants and contributions

This includes external contributions towards capital projects with mutual benefits e.g. ANPR cameras and installations.

The grants received and credited to Services Income were for the following reasons:

Counter Terrorism

A Home Office grant to cover the costs of specific counter terrorist and royalty protection posts.

Victim Support Grant

A grant provided by the Ministry of Justice to provide funding for organisations and charities who are supporting victims of crime.

Home Office Police Uplift Grant

Grant given to enable the recruitment of 20,000 new police officers nationwide over 3 years

Safer Street, County Lines, Cyber crime and Other Grants

Discretionary ring fenced grants given by Government in order to address particular issues

Grant Receipts in Advance

The Police and Crime Commissioner sometimes receives grants, contributions and donations that have yet to be recognised as income because they have conditions attached to them that will require the monies or property to be returned if not spent. These receipts are noted in the accounts as liabilities for Grant Receipts in Advance or Grants Unapplied and the balances at the year-end would be detailed here.

The PCC for Surrey does not currently hold any Grants Receipts in Advance or Grants Unapplied liabilities on the balance sheet and has no donated assets with conditions.

Please note there is a usable reserve for capital grants unapplied reserve movements for current and prior years.

Note 10 - Capital Expenditure and Capital Financing

This table shows details of expenditure on capital items as defined within the Accounting Policies, together with the resources that have been used to finance it. Capital expenditure increases the asset worth of the Group, as shown in the Balance Sheet and associated Property, Plant and Equipment (Note 11).

Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Group, this results in an increase in the Capital Financing Requirement, a measure of capital expenditure incurred historically by the Group that has yet to be financed.

Capital Expenditure and Capital Financing

31 March 2023		31 March 2024
£000		£000
25,838	Opening Capital Financing Requirement	24,766
8,371	Capital Investment:	12,599
612	Property Plant and Equipment	1,549
8,983	Total Capital Spending	14,148
	Sources of Finance:	
(687)	Capital receipts	(3,163)
(873)	Government Grants and other contributions	(218)
	Sums set aside from revenue:	
(7,423)	- Direct revenue contributions	(10,767)
(1,072)	- Minimum revenue provision	(1,597)
(10,055)	Total Sources of Finance	(15,745)
24,766	Closing Capital Financing Requirement	23,169

Note 11 - Property, Plant and Equipment

The balance sheet shows assets at fair value by considering their initial valuation plus additions for capital expenditure in the year, revaluation adjustments less disposals and depreciation. This value is shown for the purposes of capital accounting requirements and does not purport to represent the market values of the assets. Changes in Non-Current Assets are summarised below:

Movements to 31 March 2024	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2023 as restated	141,614	38,620	0	5,219	185,453
Additions	166	5,401		7,032	12,599
Revaluation inc/(dec) recognised in Revaluation Reserve	(4,784)				(4,784)
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	81				81
Derecognition – disposals	(1,980)	(4,031)			(6,011)
Reclassifications and transfer	113	1,852		(1,965)	0
Assets reclassified (to)/from Held for Sale	(1,940)				(1,940)
at 31 March 2024	133,270	41,842	0	10,286	185,398
Accumulated Depreciation and Impairment					
at 1 April 2023 as restated	(267)	(22,072)	0	0	(22,339)
Depreciation charge	(1,891)	(5,708)			(7,599)
Depreciation written out to the Revaluation Reserve	1,829				1,829
Depreciation written out to Revenue	1				1
Derecognition – disposals	23	3,784			3,807
Rounding	(1)				(1)
at 31 March 2024	(306)	(23,996)	0	0	(24,302)
Net Book Value					
at 31 March 2024	132,964	17,846	0	10,286	161,096
at 31 March 2023 as restated	141,347	16,548	0	5,219	163,114

Movements to 31 March 2023	Land and Buildings	Vehicles, Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total Property, Plant and Equipment
	£000	£000	£000	£000	£000
Cost or Valuation					
at 1 April 2022 as restated	130,219	42,328		3,031	175,578
Additions	968	2,980		4,423	8,371
Revaluation inc/(dec) recognised in Revaluation Reserve	11,520				11,520
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(746)				(746)
De-recognition – disposals	0	(8,880)			(8,880)
Reclassifications and transfer	43	2,192	0	(2,235)	0
Assets reclassified (to)/from Investment Properties	0		0		0
Assets reclassified (to)/from Held for Sale	(390)		0		(390)
at 31 March 2023 as restated	141,614	38,620	0	5,219	185,453
Accumulated Depreciation and Impairment					
at 1 April 2022	(282)	(24,864)			(25,146)
Depreciation charge	(2,349)	(5,829)			(8,178)
Depreciation written out to the Revaluation Reserve	2,343				2,343
Depreciation written out to Revenue	4				4
De-recognition – disposals	0	8,621			8,621
Reclassifications and transfers	0				
Eliminated on reclassification to Held for Sale	18				18
Rounding	(1)				(1)
at 31 March 2023	(267)	(22,072)	0	0	(22,339)
Net Book Value					
at 31 March 2023 as restated	141,347	16,548	0	5,219	163,114
at 31 March 2022 as restated	129,937	17,464		3,031	150,432

Total downward revaluations of property, plant and equipment recognised in cost of services within the CIES (surplus)/deficit on provision of services is £(0.082)m. This is made up of cost revaluation increases/(decreases) of £0.081m and depreciation written out to revenue of £0.001m.

Total (surplus)/deficit on revaluation of property, plant and equipment recognised in Other CIES is (£2.955m). This is made up of cost increases of £4.784m and depreciation written out to the revaluation reserve of £1.829m.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated life of the asset. Although it is calculated on the estimated life of the specific individual asset concerned, the approximate average depreciation periods are as follows:

Buildings	25-60 years (as assessed by the valuer)
Plant, Furniture & Equipment	5 years (or as assessed by the business)
Vehicles	5 years (or as assessed by the Transport Manager)

Effects of Changes in Estimates

Assets are depreciated over useful lives that are dependent on assumptions about the level of repair and maintenance that will be incurred in relation to individual assets. If the useful life of an asset is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge would increase by £1.5m for every year that the useful lives had to be reduced.

Land and Buildings

The entire Surrey Police estate was revalued for 2023/24 Statement of Accounts on 31 March 2024. Surrey Police carries out a rolling programme that ensures that all property, plant and equipment required to be measured at current value is revalued at least every five years.

The valuations were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors (RICS) Valuations - Professional Standards 2014 (Revised 2015) & RICS Valuation – Global Standards 2017 ('The Standards'), International Financial Reporting Standards (IFRS) and Chartered Institute of Public Finance and Accounting Code of Practice on Local Authority Accounting ('The CIPFA Code'). The valuation

was prepared by Guy Harbord MA MRICS IRRV (Hons), partner in Wilks Head and Eve LLP, who are an external organisation and have no ties to Surrey Police.

The significant assumptions applied in estimating the current values of property are:

- Operational purpose-built Police Buildings with integral active Custody to be valued to Depreciated Replacement Cost and Market Value – This reflects the specialised nature of these assets and that they are not traded in the open market – and that we need to identify any significant variation from DRC to MV.
- Operational purpose-built Police Buildings with non-integral active Custody to be valued to Depreciated Replacement Cost for Custody elements and Existing Use Value for non-Custody elements. – The DRC element reflects the specialised nature of these

Custody assets and that they are not traded in the open market. The EUV elements reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.

- Operational purpose-built Police Buildings with closed Custody to be valued to Existing Use Value – This reflects the continuing operational use of the assets but that they are no longer so specialised that they could not be traded in the open market.
- Operational non-purpose-built Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
- Residential Police Buildings to be valued to Existing Use Value - This reflects the continuing operational use of the assets but that they are not so specialised that they could not be traded in the open market.
- Surplus buildings to be valued to Market Value - This reflects that the assets could be traded in the open market.

Assets under Construction (AUC)

When an asset is initially purchased it is coded to a Capital Project and classed as AUC until complete. For example, when a new car is purchased it has to have livery added and any additional equipment installed. Once that is complete and the car is operational, the asset is transferred from AUC to the Vehicles category. The same principle is true for other classes of PPE including IT projects and Equipment.

AUC for the 2023/24 year of £10.3m, comprised of £4.3m Vehicles, £5.0m Land & Buildings and £1.0m ICT and equipment.

Physical Assets Held

Physical assets excluding furniture and equipment owned by the PCC as at 31 March 2024 comprised:

	2022/23	2023/24
	No	No
Operational Buildings*	15	14
Police Houses	40	36
Police Vehicles	816	839
Total	871	889

*Operational Buildings comprise police stations and offices, including custody

Note 12 - Intangible Assets

The Police and Crime Commissioner classifies computer software and systems development as intangible assets, to the extent that the software is not an integral part of a particular IT system or accounted for as part of the hardware of the asset which is classified under Property, Plant and Equipment.

Intangible assets expenditure during the year include purchased computer software and systems development, the PCC for Surrey does not currently have any internally generated assets capitalised. All intangible assets are given a finite useful life and amortised on a straight-line basis over the economic life of the investment to reflect the pattern of consumption of benefits.

The useful lives are assessed on an individual basis and are generally for 3 years (or as assessed by the business).

Amortisation of £0.9m (2022/23 £1.2m) was charged to the Net Expenditure of Services within the Comprehensive Income and Expenditure Statement in 2023/24.

The movement on Intangible Asset balances during the year is illustrated in the following table.

Other Assets	31 March 2023				31 March 2024		
	Intangible Assets Under Development	Total			Other Assets	Intangible Assets Under Development	Total
	£000	£000	£000		£000	£000	£000
				Balance at start of year:			
6,588	520	7,108		Gross carrying amounts	4,852	252	5,104
(4,638)	0	(4,638)		Accumulated amortisation	(3,263)	0	(3,263)
1,950	520	2,470		Net carrying amount at start of year	1,589	252	1,841
				Additions:			
0	612	612		Purchases	0	1,549	1,549
(2,616)		(2,616)		Other disposals	0	0	0
880	(880)	0		Reclassifications and transfers	488	(488)	0
(1,241)	0	(1,241)		Amortisation for the period	(948)	0	(948)
2,616	0	2,616		Amortisation written off on disposal	0	0	0
1,589	252	1,841		Net carrying amount at end of year	1,129	1,313	2,442
				Comprising:			
4,852	252	5,104		Gross carrying amounts	5,340	1,313	6,653
(3,263)	0	(3,263)		Accumulated amortisation	(4,211)	0	(4,211)
1,589	252	1,841		Total	1,129	1,313	2,442

Note 13 - Debtors

31 March 2023			31 March 2024	
PCC	Group	Category of Debtor	PCC	Group
£000	£000		£000	£000
1,951	1,951	Trade Receivables	4,202	4,202
5,867	5,867	Prepayments	7,058	7,058
18,203	18,313	Other Receivable Amounts	18,049	18,159
0	(1)	Rounding	1	1
26,021	26,130	TOTAL DEBTORS	29,310	29,420

The following tables provide further detail on items included within the debtor categories above.

Analysis of Other Receivable Amounts:

31 March 2023			31 March 2024	
PCC	Group		PCC	Group
£000	£000		£000	£000
2,292	2,292	Collaboration	1,075	1,075
6,442	6,442	Council Tax Debtors	6,304	6,304
336	336	Other	5	5
0	110	Restructuring Provision	0	110
230	230	Partnership Monies	0	0
4,398	4,398	Payroll/Pension	3,622	3,622
0	0	Secondments	0	0
614	614	VAT	1,981	1,981
636	636	Estates	346	346
3,255	3,255	Grants/Contributions	4,716	4,716
0	0	Rounding	0	0
18,203	18,313	Total Other Receivable Amounts	18,049	18,159

Analysis of Prepayments:

31 March 2023			31 March 2024		
PCC	Group		PCC	Group	
£000	£000		£000	£000	
150	150	Estates	4	4	
869	869	Insurance/Legal/Property	779	779	
3,801	3,801	Payroll/Pension	4,422	4,422	
377	377	Capital	243	243	
0	0	Partnership Money	407	407	
670	670	IT Costs-Leases	1,203	1,203	
5,867	5,867	Total Prepayments	7,058	7,058	

Note 14 - Cash and Cash Equivalents

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

31 March 2023		31 March 2024	
	£000		£000
1,344		Cash and Bank balances	1,719
32,773		Short Term Investments	35,810
34,117		Total Cash and Cash Equivalents	37,529

The Group's treasury management function is carried out in conjunction with Surrey County Council. Daily transfers of cash are made between the PCC and Surrey County Council in the form of loans.

Note 15 - Assets Held for Sale

As at 31 March 2024, 5 properties, including one piece of land, met the criteria of being held for sale. The following chart summarises the transactions that took place in 2023/24 and the chart shows the closing balance as of 31 March 2024:

31 March 2023		31 March 2024
£000		£000
393	Balance outstanding at start of year	372
	Assets newly classified as held for sale:	
372	Property, plant and equipment	1,940
0	Investment property	91
(393)	Asset sold	(372)
372	Balance outstanding at start of year	2,031

Note 16 – Investment Properties

These properties are held for the purpose of capital appreciation. Therefore they fall under the definition of investment properties as per the CIPFA code of Practice whereby they are used solely to earn rentals or for capital appreciation or both.

The following table summarises the movements within the investment properties as of 31 March 2024.

31 March 2023		31 March 2024
£000		£000
16,353	Balance outstanding at start of year	18,323
0	Asset transferred to Held for Sale	(91)
2,139	Net gains/losses from fair value adjustments	(450)
(169)	Asset sold	0
18,323	Balance outstanding at year end	17,782

Note 17 - Creditors

31 March 2023			31 March 2024	
PCC	Group	Category of Creditor	PCC	Group
£000	£000		£000	£000
(1,953)	(1,953)	Trade Payables	(2,359)	(2,359)
(30,727)	(32,109)	Other Payables	(33,624)	(35,213)
(32,680)	(34,062)	TOTAL CREDITORS	(35,983)	(37,572)

The following table provides further detail on items included within the “Other Payables” creditor category above:

31 March 2023			31 March 2024	
PCC	Group	Other Payables	PCC	Group
£000	£000		£000	£000
(1,169)	(1,169)	Capital	(1,550)	(1,550)
(2,866)	(2,866)	Collaboration	(788)	(788)
(4,671)	(4,671)	Council Tax Creditors	(5,862)	(5,862)
(1,680)	(1,680)	Estates	(2,714)	(2,714)
(2,932)	(2,932)	Forfeiture Monies	(3,441)	(3,441)
(497)	(497)	Insurance/Legal/Property	(711)	(711)
(1,139)	(1,139)	Other	(1,424)	(1,424)
(6,611)	(6,611)	Partnership Monies	(6,954)	(6,954)
0	(1,382)	Holiday Pay	0	(1,589)
(3,275)	(3,275)	Payroll/Pension	(3,696)	(3,696)
(1,147)	(1,147)	IT	(1,305)	(1,305)
(4,740)	(4,740)	Tax	(5,178)	(5,178)
0	0	Rounding	(1)	(1)
(30,727)	(32,109)	Total Other Payables	(33,624)	(35,213)

Note 18 - Provisions

Provisions held at 31 March 2024 are as follows:

Current Provisions

2023/24	Restructuring Provision	Insurance Provision	Airwave Provision	Undercover Claims Provision	Total
	£000	£000	£000	£000	£000
Opening Balance	(110)	(2,876)	0	0	(2,986)
(Increase)\Decrease in provision during year		872	(322)	(223)	327
Utilised during the year	0	0	0		0
Closing Balance	(110)	(2,004)	(322)	(223)	(2,659)

2022/23	Restructuring Provision	Insurance Provision	Airwave Provision	Undercover Claims Provision	Total
	£000	£000	£000	£000	£000
Opening Balance	(110)	(2,965)	0	0	(3,075)
(Increase)\Decrease in provision during year	0	89	0		89
Rounding	0	0	0		0
Closing Balance	(110)	(2,876)	0	0	(2,986)

Restructuring Provision

The restructuring provision has been created for restructuring costs in accordance with Strategic Change Programmes that had formal plans or supporting business cases as at the 31 March 2024. These change programmes are either in the process of being implemented or will be implemented during 2024/25. This provision is held in the Chief Constable's balance sheet and is shown here as part of the Group position.

Insurance Provision

The insurance provision is to cover the anticipated costs of covering the excess on reported claims in line with Group estimates and the actuarial report produced by Gallagher (Arthur J. Gallagher Insurance Brokers Ltd). This provision is held in the PCC's balance sheet and is shown here as part of the Group position.

Airwave Provision

During 2023/24 Surrey Police has applied Airwave credit notes amounting to £322k. This discount has been denominated "CMA discount" and the Home Office has requested Motorola to issue the discount to Police Forces in 2023/24. However, in March 24, the Home Office has advised Police Forces to recognise a potential liability risk as the Airwave company (Motorola's subsidiary) is legally appealing the decision and it is likely to be a transfer of economic benefits from Surrey Police.

Undercover Claims Provision

Based on the fact the test cases have shown that there is likely to be a transfer of economic benefit from Chief Constables to claimants, as claims are made, it is suggested that Surrey Police shows their share (£223k) of the total cost as a Provision rather than a Contingent Liability.

This provision relates to undercover officers in Devon and Cornwall Police claiming under Police Regulations that they were entitled to on-call payments due to having to respond to communications outside their normal working hours. The basis of the claim was that they had been 'recalled to duty' and were therefore entitled to overtime payments. The case was upheld against Devon and Cornwall at the High Court and the ruling applies to all other Home Office forces.

Note 19 - Usable Reserves

Movements in the Group's usable reserves are detailed in the Movements in Reserves Statement. The balances are as follows:

31 March 2023	Usable Reserves	31 March 2024
£000		£000
(9,897)	General Fund Balance	(12,065)
(20,906)	Earmarked General Fund Balance	(25,140)
0	Capital Receipts Reserve	0
(3,874)	Capital Grants Unapplied	(1,957)
(34,677)	Total Usable Reserves	(39,162)

31 March 2023	Capital Receipts Reserve	31 March 2024
£000		£000
0	Balance 1 April	0
(687)	Capital Receipts in year	(3,163)
687	Capital Receipts used for financing	3,163
0	Balance 31 March	0

This reserve comprises net proceeds arising from the sale of capital assets e.g. houses & vehicles. The use of these receipts is limited by regulation (Part 1 of the Local Government Act 2003 and the Local Authorities Regulations 2003, Capital Finance and Accounting, England). The receipts can only be used to finance capital expenditure or the repayment of debt.

31 March 2023	Capital Grants Unapplied	31 March 2024
£000		£000
(3,969)	Balance 1 April	(3,874)
(621)	Capital grants recognised in year	(219)
873	Capital grants and contributions applied	218
(157)	Other movements	1,918
(3,874)	Balance 31 March	(1,957)

The Capital Grants Unapplied balance represents capital grants or contributions that have been recognised as income in the Comprehensive Income and Expenditure Statement, but the expenditure to be financed from those grants or contributions has not been incurred.

Note 20 - Unusable Reserves

31 March 2022		31 March 2023			31 March 2024	
As restated		As restated				
PCC	Group	PCC	Group	Unusable Reserves	PCC	Group
£000	£000	£000	£000		£000	£000
(85,853)	(85,853)	(97,825)	(97,825)	Revaluation Reserve PPE *	(92,347)	(92,347)
(334)	(334)	(320)	(320)	Revaluation Reserve Equity Instruments *	(355)	(355)
(58,301)	(58,301)	(61,404)	(61,404)	Capital Adjustment Account	(68,181)	(68,181)
2,672	2,163,196	(312)	1,411,321	Pension Reserve	0	1,461,040
(312)	(312)	(1,771)	(1,771)	Collection Fund Adjustment Account	(442)	(442)
0	1,299	0	1,382	Accumulated Absences Account	0	1,589
1	1	(1)	(1)	Rounding	0	0
(142,127)	2,019,696	(161,633)	1,251,382	Total Unusable Reserves	(161,325)	1,301,304

Revaluation Reserve PPE

31 March 2022	31 March 2023		31 March 2024
As restated £000	As restated £000		£000
(47,678)	(85,853)	Balance 1 April	(97,825)
(42,297)	(20,262)	Upward revaluation of assets	(3,598)
2,533	6,399	Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	6,552
(39,764)	(13,863)	Surplus or deficit on revaluation of non-current assets not charged to the Surplus or Deficit on the Provision of Services	2,954
1,436	1,449	Difference between fair value depreciation and historical cost depreciation	1,280
154	442	Accumulated gains on assets sold or scrapped	1,244
1,590	1,891	Amount written off to the Capital Adjustment Account	2,524
(1)	0	Rounding	
(85,853)	(97,825)	Balance 31 March	(92,347)

The Revaluation Reserve contains the gains made by the Police and Crime Commissioner arising from increases in the value of its Property, Plant and Equipment and Intangible Assets.

The Revaluation Reserve balance is reduced when assets with accumulated gains are:

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

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

This reserve records the accumulated gains on non-current assets held by the Group

Revaluation Reserve Equity Instruments

31 March 2023 £000		31 March 2024 £000
(334)	Balance 1 April	(320)
(11)	Upward revaluation of investments	(36)
25	Downward revaluation of investments	1
(320)	Balance 31 March	(355)

The revaluation reserve for equity investments contains the gains made by the authority arising from increases in the value of its investments in equity loans to police officers to assist in the purchase of their properties. These are measured at fair value and movements put through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- revalued downwards or impaired and the gains are lost
- disposed of and the gains are realised.

Capital Adjustment Account

31 March 2022 As restated £000	31 March 2023 As restated £000		31 March 2024 £000
(66,174)	(58,301)	Balance 1 April	(61,404)
8,507	8,179	Charges for depreciation and impairment of non-current assets	7,599
7,060	743	Revaluation losses on non-current assets	(82)
1,500	1,241	Amortisation of intangible assets	948
1,281	820	Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,577
18,348	10,983	Reversal of Items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement	11,042
(1,590)	(1,891)	Adjusting Amounts written out of the Revaluation Reserve	(2,524)
16,758	9,092	Net written out amount of the cost of non-current assets consumed in the year	8,518
(527)	(687)	Use of Capital Receipts Reserve to finance new capital expenditure	(3,163)
(586)	(873)	Capital Grants and Contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(218)
(1,153)	(1,073)	Statutory provision for financing of capital investment charged against the General Fund	(1,597)
(6,554)	(7,423)	Capital expenditure charged against the General Fund and HRA balances	(10,766)
(8,820)	(10,056)	Capital financing applied in year:	(15,744)
(65)	(2,139)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement	449
(58,301)	(61,404)	Balance 31 March	(68,181)

The Capital Adjustment Account accumulates the write down of the historical cost of non-current assets as they are consumed by depreciation and impairments, or written off on disposal. The written down historical cost is offset by the resources that have been set aside to finance capital expenditure. The account balance will reflect the timing difference between the cost of non-current assets consumed and the capital financing set aside to pay for them.

Pension Reserve				
31 March 2023			31 March 2024	
PCC	Group		PCC	Group
£000	£000		£000	£000
2,672	2,163,196	Balance 1 April	(312)	1,411,321
		Transfer from CC to PCC		
2,672	2,163,196	Revised Balance 1 April	(312)	1,411,321
(3,332)	(833,702)	Re-measurements of the net defined benefit (liability)/asset	287	13,548
503	133,447	Reversal of items relating to retirement benefits debited or credited to Surplus/Deficit on the Provision of Services in the CIES	200	91,647
(155)	(51,620)	Employer's pensions contributions and direct payments to pensioners payable in the year	(175)	(55,476)
(312)	1,411,321	Balance 31 March	0	1,461,040

The pension reserve is an accounting reserve included in the Group Accounts that equals the total pension liability and the pension asset. (Police Officers and Police Staff).

The Pensions Reserve reflects the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions [Statutory Instrument No. 2010/454]. The group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating 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 Group maker employer contributions to pension funds, or eventual payment of any pensions for which it is directly responsible.

Where the pension payments made for the year in accordance with the scheme requirements do not match the change in the Group's recognised liability for the same period, the recognised cost of pensions will not match the amount to be raised in taxation. This is represented by an appropriation to or from the pension reserve, which equals the net change in the pension liability recognised in the Group Comprehensive Income and Expenditure Statement.

The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources 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. Actuarial gains and losses are also recognised as movements on reserve above.

Collection Fund Adjustment Account

31 March 2023		31 March 2024
£000		£000
(312)	Balance 1 April	(1,771)
(1,459)	Amount by which council tax and non-domestic rates income credited to the CIES differs from council tax income calculated for the year in accordance with statutory requirements	902
(1,771)	Balance 31 March	(869)

The Collection Fund Adjustment Account reflects the differences arising from the recognition of council tax income in the Comprehensive Income and Expenditure Statement for the PCC and Group as it falls due for council tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

Accumulated Absences Account

31 March 2023		31 March 2024
£000		£000
1,299	Balance 1 April	1,382
(1,299)	Settlement or cancellation of accrual made at the end of the preceding year	(1,382)
1,382	Amounts accrued at the end of the current year	1,589
83	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in year in accordance with statutory requirements	207
1,382	Balance 31 March	1,589

The Accumulated Absences Account reflects the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account. The above figures are for the Group and come from the Chief Constable accounts as the PCC had no material balances for accumulated absences at the end of the 2023/24 year.

Note 21 - Collaborations

The PCC and the Chief Constable for Surrey continues to develop joint working arrangements with other agencies principally with other south east region Police and Crime Commissioners and in particular the Sussex PCC and Chief Constable.

The Police and Crime Commissioners and Chief Constables of Surrey and Sussex Police have entered into a legal arrangement (section 22A agreement) to provide a number of services jointly with other police forces. Each of these services is managed by one of the forces and includes a mix of staff from both forces. The net cost of each service agreed to be provided jointly under the Section 22A agreement, which cannot be directly attributable to each force, are shared on a formula basis of Surrey 45%; Sussex 55%. In 2023/24 the services provided jointly, included the Operations and Specialist Crime departments along with a number of support functions and projects. Each Force accounts for their share of total income and expenditure and assets in the Comprehensive Income and Expenditure Statement and Balance Sheet respectively.

The table below illustrates the Surrey share of the collaborated service costs.

Surrey Share 2022/23 £m	Collaboration Area	Surrey Share 2023/24 £m
1.0	Change Delivery	1.1
0.4	Chief Officers	0.5
0.3	Enterprise Resource Planning (ERP)	0
1.0	Finance	1.1
0.6	Estates and Facilities	0.6
0.0	Estates and Facilities Projects	0.1
0.1	Insurance	0.1
10.5	Digital Data and Technology	11.1
1.2	Digital Data and Technology Projects	1.6
0.3	Procurement	0.3
4.6	Transport	4.7
17.9	Operations Department	19.1
0.1	Operations Department Investment Projects	0.3
21.5	Specialist Crime Department	23.4
0.0	Specialist Crime Department Projects	0.1
3.7	People Services	4.3
0.8	Digital Transformation*	0
0.0	Digital Transformation Investment Projects*	0
0.4	Professional Standards	0.5
0.3	Corporate Services**	0.2
64.7	Total	69.1

*Now included within Digital Data and Technology

**Previously Corporate Development

Note 22 - Leases

The Group as a Lessee

As at the 31 March 2024 the Group had the following future obligations in respect of operating leases:

Vehicles, Plant, Furniture and Equipment

The Group entered into 8 new operating vehicle leases for this category during 2023/24 and the mobile phone contract has expired. Payments due in 2024/25 total £0.155m (2021/22 £0.45m).

Land and Buildings

The Group entered into 3 new leases for this category in 2023/24. For these and existing arrangements held under operating leases during 2023/24 rental payments were £1.818m (2022/23 £1.10m).

Commitments Under Operating Leases

The Group was committed at 31 March 2024 to making payments of £1.4m under operating 21 operating leases in 2024/25, £4.2m payment commitment for 13 operating leases that will take place in the period from 2025/26 to 2028/29, and £3.4m payment commitment for 8 operating leases that will be taking place from 2029/30 to 2039/40, therefore the Group has future commitments of £9.1m for leasing premises for policing purposes:

Authority as Lessee - Operating Leases

The future minimum lease payments due under non-cancellable operating leases in future years are set out below:

31 March 2023		31 March 2024
£000		£000
1,550	Not later than one year	1,446
4,344	Later than one year and not later than five years	4,196
3,864	Later than five years	3,415
9,758	Total	9,056

The Group as a Lessor

The Group leases sites under operating lease arrangements to other public organisations and/or partnerships such as Surrey County Council.

The group is expecting a rental income from its sites of £272k in 2023/24.

Authority as Lessor - Operating Leases

31/03/2023		31/03/2024
£000		£000
261	Not later than one year	271
0	Later than one year and not later than five years	271
0	Later than five years	0
261	Total	542

The minimum lease payments receivable do not include rents that are contingent on events taking place after the lease was entered into, such as adjustments following rent reviews. There were no contingent rents receivable by the Group 2023/24 (2022/23 £Nil).

IFRS 16 Leases – New Standard

From 1st April 2024, a new International Financial Reporting Standard, IFRS 16, is coming into effect for Local Authorities. IFRS 16 introduces a new 'Right of Use' asset class to the balance sheet, and also recognises the corresponding lease liability. This applies to all leases - property, land, vehicles, plant and equipment.

The Surrey PCC is required to prepare a full impact assessment for implementation of IFRS 16 by 31 March 2024.

IFRS 16 was primarily intended to bring more transparency to leases in companies' financial statements. By reducing the number of leases that are off balance sheet and allowing users of financial statements to make more informed comparisons between companies in particular sectors, the result is greater transparency. For instance, some airlines choose to lease and some to buy their fleet of aircraft. Under the previous approach, an airline that preferred to use operating leases for its aircraft could look very different to a competitor that had borrowed to buy most of its fleet even when, in reality, their financing obligations might be similar. The differing treatment affected financial ratios, impacting a company's attractiveness to investors and its ability to raise finance.

Despite not having the same comparative and investment requirements as the private sector, IFRS 16 will also apply to the public sector. So, whilst finance leases are already accounted for as an asset and corresponding lease liability, from 1st April 2024 any operating leasing commitments must also be accounted for on the balance sheet (aside from some exemptions). The majority of existing operating leases will come on to the balance sheet.

Any operating lease agreements (new and existing) now create a new debt in the Surrey PCC's accounts, over the life of the lease. This has financial implications for the Surrey PCC's Treasury Management Strategy, its Capital Programme, and its Financial Statements. Under IFRS 16, all leases are now classified as capital expenditure, and must be included in the Capital Programme (requiring approval).

IFRS 16 Leases This standard changes the recognition, measurement, presentation and disclosure of leases. In particular it requires lessees to record all leases on the balance sheet with exception available for value and for short term leases. At the commencement of a lease, a lessee will recognise lease payments (lease liability) and an asset representing the right to use

the asset during the lease term (right of use asset). Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of use asset.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the right of use asset.

The standard has no impact on the actual cash flows of a group. However the standard requires the capitalisation, and subsequent depreciation of costs that are currently expenses as paid which impacts disclosures of cash flows within the cash flow statement. The amounts currently expensed as operating cash outflows which will instead be capitalised are presented as financing cash outflows.

IFRS16 Leases - Presentation and disclosure

Accounting policies

Leased assets

The Force as a lessee

For any new contracts entered into on or after 1 April 2024, the Force considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the Force assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the Force.
- The Force has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The Force has the right to direct the use of the identified asset throughout the period of use.
- The Force assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the Force recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the Force, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The Force depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Force also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the Force measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the Force's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The Force has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets will be included in property, plant and equipment and lease liabilities will be in current liabilities and non-current liabilities.

Materiality of implementing Leases

This standard, which is mandatory for periods commencing on or after 1 April 2021, will require lessees to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an “in-year” expense. This will include leases of retail and commercial property, equipment and vehicles. Accordingly, affected Local Authorities will see:

- The assets and liabilities on their balance sheets increase significantly, with a potentially material impact on covenant calculations;
- The cost profile of their income statements change, with costs skewed towards the early years of leases and greater volatility due to the frequency of recalculation;
- The nature of costs in the comprehensive income and expenditure statements change, with a greater weighting to finance costs and depreciation, again potentially impacting calculations of covenants.

Estimated value of leases under IFRS 16

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1 April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- Lease liabilities are measured at the present value of the remaining lease payments at 1 April 2024,
- Discounted by the authority’s incremental borrowing rate at that date.
- A single discount rate has been applied to portfolios of leases with reasonably similar characteristics
- The weighted average of the incremental borrowing rates used to discount liabilities was 4.56%
- Right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31 March 2024 – any initial direct costs have been excluded
- All leases were assessed as to whether they were onerous at 31 March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31 March 2024 balance sheet.

This has resulted in the following additions to the balance sheet:

- £7.81m Property, plant and equipment – land and buildings (right-of-use assets)
- £0 Intangible assets (right-of-use assets)

- £6.554m Non-current creditors (lease liabilities)
- £1.256m Current creditors (lease liabilities)

The newly recognised lease liabilities of £7.81m compare with the operating lease commitments of £12.4m at 31 March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £7.81m (using the incremental borrowing rate at 1 April 2023).

Accounting Consequences for 2024/25

- CFR to be increased by £7.81m
- Asset Right to use to be increased by £7.81m
- Liability for Leases to be increased by £7.81m
 - £6.554.m Non-current creditors (lease liabilities)
 - £1.256m Current creditors (lease liabilities)
- MRP increase of £0.967m because of IFRS 16 Leases
- Depreciation annual charge £1.038m

Table of MRP for 5 Years and Interest vs Current Payments

	MRP	Interest	Total Payment
Year 1	£967,648	£352,524	£1,320,172
Year 2	£1,002,431	£308,834	£1,311,265
Year 3	£1,010,353	£263,572	£1,273,926
Year 4	£966,126	£217,954	£1,184,079
Year 5	£760,985	£174,332	£935,316

Note 23 - Service Concession Arrangements

The Group has no assets recognised under a PFI arrangement and therefore has no outstanding contractual commitment with external organisations.

Note 24 - Joint Audit Committee

Under the governance arrangements for policing, the Chief Constable and the PCC have a Joint Audit Committee to provide independent and effective assurance about the adequacy of financial management and reporting. The Committee help to raise the profile of internal control, risk management and financial reporting issues within Surrey Police and provide a forum for discussion with internal and external auditors.

Members' Allowances for the Joint Audit Committee are:

Members' Allowances	£2,051.77 per annum
Chair Allowance	£2,837.83 per annum

Note 25 - Officers' Remuneration

The Accounts and Audit Regulations 2015 requires the disclosure of remuneration details for police officers and police staff whose gross remuneration exceeded £50,000. In addition, remuneration details for senior employees, those earning a salary of over £150,000 and those in command of the Police and Crime Commissioner for Surrey organisations are also required to be disclosed. Remuneration is defined, by the regulations, as all sums subject to income tax, including expenses, but excluding employer pension contributions. This includes payments of accrued overtime, as well as annual increments, allowances, bonuses and pay awards. There are a small number of employees included that are seconded to other agencies. These costs are fully recovered.

The table below shows the numbers of police officers and police staff with remuneration in excess of £50,000. This table excludes the senior employee positions which are shown separately further in this note.

No. Employees 31 March 2023	Gross Remuneration £	No. Employees 31 March 2024
472	50,000 to 54,999	468
276	55,000 to 59,999	313
145	60,000 to 64,999	181
47	65,000 to 69,999	117
18	70,000 to 74,999	40
15	75,000 to 79,999	16
11	80,000 to 84,999	21
9	85,000 to 89,999	12
8	90,000 to 94,999	14
7	95,000 to 99,999	8
1	100,000 to 104,999	3
0	105,000 to 109,999	2
0	110,000 to 114,999	0
1	115,000 to 119,999	3
0	120,000 to 124,999	1
0	125,000 to 129,999	1
2	130,000 to 134,999	0
1	135,000 to 139,999	1
1	150,000 to 154,999	0
0	155,000 to 159,999	0
1	180,000 to 184,999	0
1,015	Total	1,201

Remuneration for Senior Officers with the responsibility for the management of Surrey Police were:

			2023/2024				
Position	Position Start Date	Position End Date	Salary, Fees & Allowances	Employers Pension Contribution	Benefit in kind	Annual Leave not yet taken	Total Remuneration
			£	£	£	£	£
Police Officers							
Chief Constable (T De Meyer)	01/04/2023		173,677	49,804		6,386	229,867
Deputy Chief Constable	23/09/2019		145,834	41,417		1,585	188,836
Assistant Chief Constable	07/10/2019	31/12/2023	111,828	29,037			140,865
Assistant Chief Constable	16/12/2019	29/02/2024	127,025	35,072			162,097
Assistant Chief Constable	10/01/2024		28,751	8,052		1,438	38,241
Assistant Chief Constable	10/01/2024		28,751	8,052		1,106	37,909
Assistant Chief Constable	10/01/2024		32,927	9,072			41,999
Chief Superintendent	01/04/2021		101,733	30,766			132,499
Chief Superintendent	09/06/2014	31/03/2023	106,663			10,692	117,355
Chief Superintendent	14/10/2019		107,151	30,766			137,917
Chief Superintendent	16/12/2019		106,876	30,766			137,642
Chief Superintendent	01/05/2022		100,936	29,548			130,484
Chief Superintendent	01/07/2023		73,951	21,733			95,684
Chief Superintendent	04/01/2024		24,073	7,132			31,205
Police Staff							
Head of Corporate Communications	16/07/2018		84,166	13,000			97,166
Chief Information Officer	01/07/2021		156,598	24,057			180,655
TOTAL CHIEF CONSTABLE			1,510,940	368,274	0	21,207	1,900,421
Officers of the PCC							
PCC	12/05/2021		73,647	12,094			85,741
PCC Chief Executive Officer	27/09/2010		89,568	14,681			104,249
PCC Chief Finance Officer	01/04/2020		97,308	15,787			113,095
Deputy PCC	01/06/2021		56,586	9,071			65,657
TOTAL PCC			317,109	51,633	0	0	368,742
TOTAL GROUP			1,828,049	419,907	0	21,207	2,269,163

Remuneration for Senior Officers with the responsibility for the management of Surrey Police were:							
			2022/2023				
Position	Position Start Date	Position End Date	Salary, Fees & Allowances	Employers Pension Contribution	Benefit in kind	Annual Leave not yet taken	Total Remuneration
			£	£	£	£	£
Police Officers							
Chief Constable (G Stephens)	20/01/2019	31/03/2023	180,029	48,129	1,886		230,044
Deputy Chief Constable	23/09/2019		139,869	39,546		492	179,907
Assistant Chief Constable	07/10/2019		133,337	37,302			170,639
Assistant Chief Constable	16/12/2019		132,758	37,302			170,060
Chief Superintendent	01/04/2021		94,026	28,443	3,233		125,702
Chief Superintendent	09/06/2014		97,188	27,199		343	124,730
Chief Superintendent	14/10/2019		97,015	28,786			125,801
Chief Superintendent	16/12/2019		96,297	28,786	4,441		129,524
Chief Superintendent	01/05/2022		85,952	25,058			111,010
Police Staff							
Head of Corporate Communications	16/07/2018		80,744	12,477		37	93,258
Chief Information Officer	01/07/2021		150,366	23,260			173,626
TOTAL CHIEF CONSTABLE			1,287,581	336,288	9,560	343	1,634,301
Officers of the PCC							
PCC	12/05/2021		74,908	12,068		2,812	89,788
PCC Chief Executive Officer	27/09/2010		87,813	14,372		3,317	105,502
PCC Chief Finance Officer	01/04/2020		95,888	15,558		10	111,456
Deputy PCC	01/06/2021		56,901	9,051		2,109	68,061
TOTAL PCC			315,510	51,049	0	8,248	374,807
TOTAL GROUP			1,603,091	387,337	9,560	8,591	2,009,108

In line with the Trade Union (Facility Time Publication Requirements) Regulations 2017 the Chief Constable of Surrey Police has an obligation to report annually on paid time off provided to trade union representatives for trade union duties and activities. The following details relate to 2023/2024. There were 10 employees (9.11 full time equivalents) who were union officials during the period 1 April 2023 to 31 March 2024. Two representatives spent 100% of their working hours on facility time and the other eight spent less than 50%. The total cost of this facility time was £110,218.75 which represents 0.12% of the total pay bill and 2.25% of the total paid facility time in hours was spent on paid trade union activities.

Exit Packages

The 2023/24 Code requires disclosure of the number and cost of exit packages agreed, including:

- Number of packages agreed (in bands of £20k up to £100k and £50k thereafter)
- Analysis between compulsory redundancies and "other" agreed departures
- Total cost for each band

Exit Packages				
Total number of exit packages by cost band	Total cost of exit packages in each band (£)	Exit cost band (including special payments)	Total number of exit packages by cost band	Total cost of exit packages in each band (£)
2022/23	2022/23		2023/24	2023/24
1	13,265	£0-£20,000	4	27,373
1	30,492	£20,001-£40,000	0	0
1	42,324	£40,001-£60,000	2	95,498
0	0	£100,001-£150,000	1	129,291
3	86,081	TOTAL	7	252,162

For the numbers and total amounts of exit packages paid to employees of the Group shown in the table above, all payments were for redundancies.

There were no exit packages paid to employees of the PCC as there were no redundancies.

Note 26 - Defined Benefit Pension Scheme

As part of the terms and conditions of employment of its officers and other employees, the Group offers retirement benefits. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments that need to be disclosed at the time that employees earn their future entitlement. These commitments are included in the Chief Constable's Accounts and consolidated into the Group Accounts.

The Group participates in separate pension schemes for police staff and police officers:

- **The Local Government Pension Scheme (LGPS) for police staff employees**, administered locally by Surrey County Council – this is a funded defined benefit scheme, meaning that the Group and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. Up to 31 March 2014 the scheme was based on final salary but from 1 April 2014 the scheme has been based on career average.
- **The Police Pension Scheme for police officers** – this is an unfunded defined benefit final salary scheme, the funding arrangements of which are contained in the Police Pension Fund Regulations 2007 (SI 2007/1932). The Group and employees pay contributions into the fund during the year, but there is no investment assets built up to meet the pension liabilities and payments as they fall due. The regulations require that if the pension fund does not have enough funds to meet the cost of pensions in any year, the amount required to meet the deficit must be transferred from the Group to the pension fund. Subject to Parliamentary scrutiny and approval, up to 100% of this amount is then recouped by the Group in the form of a top-up grant paid by Central Government. Conversely, if the police pension fund is in surplus for the year, the surplus is required to be transferred from the pension fund to the Group, which in turn is required to pay the amount to central Government.

The costs of retirement benefits are recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. In accordance with IAS 19 requirements, the amount includes current and past service costs, curtailments and settlements, together with the gains/losses on the police injury pension. The current service cost and valuation of the Schemes as at 31 March 2022 have been produced by actuaries. The following transactions reflect the total charges in the Chief Constable's Comprehensive Income and Expenditure Statement. Although these benefits will not actually be payable until employees retire, the Group has a commitment to make the payments for those benefits and to disclose them at the time the employee earns them.

Benefit changes

From 1 April 2015 the new benefit structure came into effect for the Police Pension Scheme. All active members on that date were moved into the new scheme from 1 April 2015 unless they qualified for protections that allowed them to remain in their

previous scheme. These changes were taken into account in the prior year Statements of Account within the balance sheet, revenue account disclosures and project pension expense for the following financial year. The McCloud judgement declared this fell within age discrimination legislation and has since been adjusted for in the 2022/23 accounts.

McCloud / Sargeant Judgement

The Chief Constable of Surrey, along with the other Chief Constables and the Home Office, currently has a number of 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.

The McCloud and Sargeant judgements concerned the introduction of career average revalued earnings (CARE) pension schemes to replace the former final salary based pension schemes as part of the Hutton recommendation to reform public service pension schemes. Under the changes introduced to each scheme, members were required to transfer to the new schemes from the transition date of the new schemes, this was 1 April 2014 for the police staff scheme (LGPS) and 1 April 2015 for the Police pension scheme. There was protection provided for older members under each scheme known as 'transitional protection'. The McCloud and Sargeant judgements have upheld the claimants' cases that the method of implementation of the new schemes discriminated against younger members. The government was refused leave to appeal the McCloud and Sargeant Judgements on 27 June 2019. This means various parties return to the respective employment tribunals to formulate a remedy which will resolve the age discrimination of the pension changes.

In respect of the Police pension schemes, a case management was held in October 2019 resulted in an Order including an interim declaration that 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. The Government later issued a Ministerial Statement on 25 March 2020 that non-claimants would also be treated in the same way. On 16 July 2020, HM Treasury issued a consultation on transitional arrangements for public sector pensions to eliminate discrimination identified via McCloud/Sargeant cases. This meant that members of the pension scheme on or before 31 March 2012 and on or after 1 April to be eligible for the remedy.

On 4 February 2021, HM Treasury issued a response to the consultation confirming remedy arrangement requirements that were set out in the consultation with members being given a choice as to whether they retain benefits from their legacy pension scheme, or their new scheme, during the remedy period of 2015 to 2022 so as not to disadvantage any of those members. This choice will be deferred for members until retirement which creates further uncertainty of impact for employers. The legacy pension schemes will then be removed from April 2022 and replaced by the new pension schemes originally introduced in 2015 as it was only the transitional arrangements that were found to be discriminatory, not the actual new pension schemes.

IAS 19 pension actuarial reports include these impacts and provide for them within the 2023/24 accounts of the PCC Group for both police and staff pension schemes.

Virgin Media Judgement

In June 2023, the UK High Court (Virgin Media Limited v NTL Pension Trustees II Limited) ruled that certain historical amendments to contracted-out defined benefit schemes were invalid unless accompanied by the appropriate actuarial confirmation. This judgment has now been upheld by the Court of Appeal.

The Local Government Pension Scheme is a contracted-out defined benefit scheme, and amendments were made between 1996 and 2016 that may affect member benefits. The Government Actuary's Department, as the Local Government Pension Scheme actuary, is currently assessing whether section 37 certificates are in place for all amendments. Some of these have already been confirmed; however, at the date of these financial statements, the full assessment is not complete. Until this analysis is concluded, we are unable to determine whether there is any impact on the liabilities or if it can be reliably estimated. As a result, SPCC does not consider it necessary to make any allowance for the potential impact of the Virgin Media case in its financial statements.

General Fund Transactions

2022/23				2023/24			
PCC LGPS	CC LGPS	Police Officers	Total	PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000	£000	£000	£000	£000
Comprehensive Income and Expenditure Statement							
Cost of Services							
426	26,750	48,320	75,496				
0	132	0	132				
(156)	(10,793)	0	(10,949)				
233	15,575	52,960	68,768				
503	31,664	101,280	133,447				
				Service cost comprising:			
				Current service cost			
				214	11,945	14,460	26,619
				Past service cost			
					79	0	79
				Financing and Investment			
				(275)	(18,725)	0	(19,000)
				Income and Expenditure			
				261	17,958	65,730	83,949
				Net interest expense			
				200	11,257	80,190	91,647
				Total charged to Surplus and Deficit on Provision of Services			
<hr/>							
2022/23				2023/24			
Other post-employment benefits charged to the Comprehensive Income and Expenditure Statement							
£000	£000	£000	£000	£000	£000	£000	£000
233	16,109		16,342				
370	33,749	109,270	143,389				
(34)	(2,825)	(39,880)	(42,739)				
(3,901)	(249,763)	(697,030)	(950,694)				
0	0	0	0				
(3,332)	(202,730)	(627,640)	(833,702)				
				Re-measurement of the net defined benefit liability comprising:			
				Return on plan assets (excluding the amount included in the net interest expense)			
				(416)	(28,383)		(28,799)
				Actuarial gains and losses - experience			
				137	12,607	22,740	35,484
				Actuarial gains and losses - arising on changes in demographic assumptions			
				(29)	(2,103)	0	(2,132)
				Actuarial gains and losses - arising on changes in financial assumptions			
				(456)	(27,538)	(29,980)	(57,974)
				Asset Ceiling Adjustment			
				1,051	65,918	0	66,969
				287	20,501	(7,240)	13,548
				Total charged to Surplus and Deficit on Provision of Services			
<hr/>							
(2,829)	(171,066)	(526,360)	(700,255)	487	31,758	72,950	105,195
				Total charged to the Comprehensive Income and Expenditure Statement			

2022/23					2023/24			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
Movement in Reserves Statement								
£000	£000	£000	£000		£000	£000	£000	£000
(503)	(31,664)	(101,280)	(133,447)	Reversal of net charges made to the Surplus or Deficit on the Provision of Services	(200)	(11,257)	(80,190)	(91,647)
155	11,465	40,000	51,620	Employers' contributions payable to scheme	175	11,981	43,320	55,476
(348)	(20,199)	(61,280)	(81,827)		(25)	724	(36,870)	(36,171)

2022/23				Pensions Assets and Liabilities Recognised in the Balance Sheet	2023/24			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000		£000	£000	£000	£000
(5,370)	(375,115)	(1,427,790)	(1,808,275)	Present value of the defined obligation	(6,571)	(447,934)	(1,457,420)	(1,911,925)
5,682	391,272	0	396,954	Fair value of plan assets	6,571	444,314	0	450,885
312	16,157	(1,427,790)	(1,411,321)	Net (liability) / asset arising from the defined benefit obligation	0	(3,620)	(1,457,420)	(1,461,040)

2022/23				Movements in the Value of Scheme Assets		2023/24			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total	
£000	£000	£000	£000		£000	£000	£000	£000	
5,580	388,940	0	394,520	Opening fair value of scheme assets	5,682	391,272		396,954	
156	10,793	0	10,949	Interest income	275	18,725	0	19,000	
				Re-measurement gain / (loss):					
(233)	(16,109)	0	(16,342)	- The return on plan assets, excluding the amount included in the net interest expense	416	28,383	0	28,799	
155	11,465	40,000	51,620	Contributions from employer	175	11,981	43,320	55,476	
75	3,784	10,570	14,429	Contributions from employees into the scheme	80	4,090	10,890	15,060	
0	0	40	40	Transfers in	0	0	140	140	
(51)	(7,601)	(50,610)	(58,262)	Benefits Paid/Fair Value	(57)	(10,137)	(54,350)	(64,544)	
5,682	391,272	0	396,954	Net (liability) / asset arising from the defined benefit obligation	6,571	444,314	0	450,885	

2022/23				Movements in the Value of Scheme Liabilities	2023/24			
PCC LGPS	CC LGPS	Police Officers	Total		PCC LGPS	CC LGPS	Police Officers	Total
£000	£000	£000	£000		£000	£000	£000	£000
(8,252)	(555,314)	(1,994,150)	(2,557,716)	Opening balance at 1 April	(5,370)	(375,115)	(1,427,790)	(1,808,275)
(426)	(26,750)	(48,320)	(75,496)	Current service cost	(214)	(11,945)	(14,460)	(26,619)
(233)	(15,575)	(52,960)	(68,768)	Interest cost	(261)	(17,958)	(65,730)	(83,949)
(75)	(3,784)	(10,570)	(14,429)	Contributions from scheme participants	(80)	(4,090)	(10,890)	(15,060)
				Re-measurement gains and losses:				
(370)	(33,749)	(109,270)	(143,389)	- Actuarial gains / (losses) experience:	(137)	(12,607)	(22,740)	(35,484)
34	2,825	39,880	42,739	- Actuarial gains / (losses) from changes in demographic assumptions	29	2,103	0	2,132
3,901	249,763	697,030	950,694	- Actuarial gains / (losses) from changes in financial assumptions	456	27,538	29,980	57,974
0	(132)	0	(132)	Past service cost	0	(79)	0	(79)
0	0	(40)	(40)	Transfers in	0	0	(140)	(140)
51	7,601	50,610	58,262	Benefits / transfers paid	57	10,137	54,350	64,544
0	0	0	0	Asset Ceiling Adjustments	(1,051)	(65,918)	0	(66,969)
(5,370)	(375,115)	(1,427,790)	(1,808,275)	Net (liability) / asset arising from the defined benefit obligation	(6,571)	(447,934)	(1,457,420)	(1,911,925)
312	16,157	(1,427,790)	(1,411,321)		0	(3,620)	(1,457,420)	(1,461,040)

LGPS – Pension Scheme – Assets comprised of:

Fair value of scheme assets

2022/23	2022/23		2023/24	2023/24
PCC	CC		PCC	CC
£000	£000		£000	£000
		EQUITY SECURITIES		
79	6,144	Consumer	87	5,855
59	5,129	Manufacturing	105	7,089
25	1,967	Energy and Utilities	0	0
116	6,958	Financial Institutions	87	5,882
91	6,085	Health and Care	89	6,047
156	8,619	Information Technology	158	10,657
0	0	Other	0	0
526	34,902	Subtotal EQUITY SECURITIES	526	35,530
		DEBT SECURITIES		
0	0	UK Government	0	0
0	0	Subtotal DEBT SECURITIES	0	0
		PRIVATE EQUITY		
832	55,410	All	1,006	68,005
832	55,410	Subtotal PRIVATE EQUITY	1,006	68,005
		REAL ESTATE		
198	14,390	UK Property	207	14,043
119	9,188	Overseas Property	115	7,779
317	23,578	Subtotal REAL ESTATE	322	21,822
		INVESTMENT FUNDS & UNIT TRUSTS		
3,270	227,869	Equities	3,662	247,586
609	42,364	Bonds	958	64,753
3,879	270,233	Subtotal INVESTMENT FUNDS & UNIT TRUSTS	4,620	312,339
		DERIVATIVES		
24	(1,043)	Foreign Exchange	(4)	(254)
24	(1,043)	Subtotal DERIVATIVES	(4)	(254)
		CASH and CASH EQUIVALENTS		
103	8,192	All	101	6,872
103	8,192	Subtotal PRIVATE EQUITY	101	6,872
1		Rounding		
5,682	391,272	Total Assets	6,571	444,314

The significant assumptions used by the actuary have been:

2022/23	LGPS	2023/24
Long term expected rate of return on assets		
-1.4%	EQUITY SECURITIES	12.0%
-1.4%	DEBT SECURITIES	12.0%
-1.4%	PRIVATE EQUITY	12.0%
-1.4%	REAL ESTATE	12.0%
-1.4%	INVESTMENT FUNDS & UNIT TRUSTS	12.0%
-1.4%	DERIVATIVES	12.0%
Mortality assumptions - current pensioners		
21.5	Men	23.2
24.5	Women	25.0
Mortality assumptions - future pensioners		
22.5	Men	23.6
26.1	Women	26.5
Financial assumptions		
3.0%	Rate of inflation	2.8%
4.0%	Rate of increase in salaries	3.8%
3.0%	Rate of increase in pensions	2.8%
4.8%	Rate for discounting scheme liabilities	4.9%

Investment returns have been significantly lower than expected (compared to last year's accounting discount rate assumption), this results in an increase of £53.0m compared to a prior year increase of £2.4m on the 'Return on assets excluding amounts included in net interest expense' line within the Balance Sheet movements in the Value of Scheme Assets table above.

2022/23	Police Officer Schemes	2023/24
Mortality assumptions		
Longevity at retirement for 65 year old current pensioners		
21.9	Men	23.0
23.5	Women	25.0
Longevity for 45 year old future normal health pensioner at 65		
23.5	Men	23.6
25	Women	26.5
2.6%	Rate of inflation	2.6%
3.9%	Rate of increase in salaries	3.9%
2.6%	Rate of increase in pensions	2.6%
4.7%	Rate for discounting scheme liabilities	4.8%

Impact of assumptions on the LGPS obligation:

2022/23 Increase by 0.5%	2022/23 Increase by 0.5%	LGPS	2023/24 Increase by 0.5%	2023/24 Increase by 0.5%
PCC £000	CC £000		PCC £000	CC £000
145	3,915	Rate of increase in salaries	50	1,240
520	38,855	Rate of increase in pensions	690	43,490
(660)	(42,150)	Rate for discounting scheme liabilities	725	(43,915)

Impact of assumptions on the police pension fund obligation:

2022/23 Increase by 0.5%	Police Officers		2023/24 Increase by 0.5%
£000	Assumption		£000
17,000	Rate of increase in salaries		17,000
115,000	Rate of increase in pensions		118,000
(117,000)	Rate for discounting scheme liabilities		(121,000)
Increase by 1 year	Police Officers		Decrease by 1 year
£000	Assumption		£000

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The transactions in the preceding table have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year.

The liabilities show the underlying commitments that the Group has in the long run to pay retirement benefits. The total liability of £1,457m has a substantial impact on the net worth of the Group as recorded in the Balance Sheet, resulting in a negative overall balance of £1,461m. However statutory arrangements for funding the deficit mean that the financial position of the Group remains healthy.

The deficit on the Local Government Pension Scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the Scheme actuary.

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date. Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.

Finance is only required to be raised to cover police pensions when the pensions are actually paid and is restricted to the level of employers' contribution payable by the Chief Constable and funded by the PCC.

Note 27 - External Audit Costs

2022/23				2023/24		
CC	PCC	Group		CC	PCC	Group
£000	£000	£000		£000	£000	£000
25.0	40.4	65.4	Fees payable to Ernst & Young with regard to external audit services carried out by the appointed auditor for the year	44.2	105.2	149.4
36.7	36.7	73.4	20/21 additional EY fee PSAA approved	0.0	0.0	0.0
(18.8)	0.0	(18.8)	Adjustment to Standard EY Fees 21/22	0.0	0.0	0.0
42.9	77.1	120.0	Total	44.2	105.2	149.4

Note 28 - Related Parties

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

Officers of the Police and Crime Commissioner for Surrey and Chief Constable of Surrey

Officers of the Police and Crime Commissioner have direct control over financial and operating policies.

Details of all related party transactions are recorded in the Register of Members' Interest. Officers and Chief Officers of the Force and the Police and Crime Commissioner are required to declare whether they or any member of their immediate family, have had any related party transactions (i.e. significant financial dealings) with the Police and Crime Commissioner for Surrey and or the Chief Constable's Force during the financial year.

The Chief Executive has written to all Officers and Chief Officers of the Force and the Police and Crime Commissioner to collect this information. Responses were received from all recipients of the letter and the following related party transactions are disclosed for the 2023/24 year in respect of the Police and Crime Commissioner and Group.

Legal services are provided to the Surrey Police Group of £1,917,011 (2022/23: £1,795,033) by Weightmans LLP Solicitor in the normal course of business during the year, Ms Hannah Walsh (Solicitor to the Surrey Police from 1 April 2017) is employed by Weightmans LLP.

Central Government and Other Public Organisations

The Police and Crime Commissioner also has business relationships with the Government and a number of other public organisations such as some local authorities in Surrey.

These include the Home Office, the Department for Communities and Local Government, and Surrey County Council.

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

Details of grants received from government departments are set out in the subjective analysis Grant Income Note 9. Details of Joint working arrangements are included in the Collaboration Arrangements Note 21.

Note 29 - Contingent Liabilities

Although the accounts include (through the establishment of provisions and creditors) known liabilities faced by the Group at 31 March 2024, they exclude potential costs where the liability is not yet established and/or the amounts are uncertain.

In respect of the McCloud Pension case, claimants have lodged claims for compensation under two active sets of litigation, Aarons and Penningtons. Government Legal Department settled the injury to feelings claims for Aarons on behalf of Chief Officers without seeking any financial contributions. Pecuniary loss claims have been stayed until the remedy is bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Note 30 - Contingent Assets

The Group has no contingent assets to disclose at 31 March 2024.

Note 31 - Financial Instruments

	Non Current Financial Assets			
	Debtor		Total	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Amortised Cost	0	0	0	0
Fair Value OCI	665	700	665	700
Total financial assets	665	700	665	700
Non - financial Assets	234,425	194,572	234,425	194,572
Total non current assets	235,090	195,272	235,090	192,272

Current Financial Assets

	Debtor		Cash		Total	
	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000
Amortised Cost	2,020	4,255	34,117	37,529	36,137	41,785
Total financial assets	2,020	4,255	34,117	37,529	36,137	41,785
Non - financial Assets	25,382	28,642	0	0	25,382	28,462
Total current assets	27,402	32,717	34,117	37,529	61,519	70,247

Non Current Financial Liabilities

	Borrowing		Total	
	31-Mar-23 £000	31-Mar-24 £000	31-Mar-23 £000	31-Mar-24 £000
Amortised Cost	(13,798)	(13,138)	(13,798)	(13,138)
Total financial assets	(13,798)	(13,138)	(13,798)	(13,138)
Non - Financial Liabilities	(1,427,790)	(1,461,040)	(1,427,790)	(1,461,040)
Total non current liabilities	(1,441,588)	(1,474,178)	(1,441,588)	(1,474,178)

The loan from the PWLB Board was borrowed for capital purposes in line with the CIPFA Prudential Code for Capital Finance.

The year-end balance represents totals for long term finance borrowing and loans.

- For the loan from the Public Works Loan Board (PWLB), premature repayment rates from the PWLB have been applied to provide the fair value under PWLB debt redemption procedures.
- Estimated interest rates at 31 March 2024 for loans from the PWLB are based on a loan rate of 2.34% discounted at a rate of 3.97%.
- No early repayment or impairment is recognised.

The fair value of the PWLB loan is calculated at £11.1m as at 31 March 2024.

The fair values of short term trade payables and receivables, cash and cash equivalents are assumed to equal the book values. These are exempt from IFRS13.

The fair value of the PWLB loan is lower than the carrying amount because the fixed rate loan's interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional future gain (based on economic conditions at 31 March 2024) arising from a commitment to pay interest to lenders below current market rates.

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

Assets and Liabilities are measured at fair value using the IFRS13 Fair Value market approach which uses prices and other relevant information (inputs) generated by market transactions involving similar assets or liabilities. The IFRS on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

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

We have therefore categorised the valuations of the long term PWLB borrowing as a Level 1 input in the IFRS 13 fair value hierarchy.

Current Financial Liabilities				
	Creditors		Total	
	31-Mar-23	31-Mar-24	31-Mar-23	31-Mar-24
	£000	£000	£000	£000
Fair Value through profit & loss	0	0	0	0
Amortised Cost	(1,978)	(2,379)	(1,978)	(2,379)
Total financial assets	(1,978)	(2,379)	(1,978)	(2,379)
Non - Financial Liabilities	(35,070)	(37,852)	(35,070)	(37,852)
Total current liabilities	(37,048)	(40,231)	(37,048)	(40,231)

Note 32 - Nature and Extent of Risks Arising from Financial Instruments

The Group's activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties might fail to pay amounts due to the Group
- Liquidity Risk – the risk that the Group might not have funds available to meet its commitment to make payments
- Market Risk/Interest Rate Risk – the possibility that financial loss might arise for the Group as a result of changes in such measures as interest rates and stock market movements.
- Market Failure Risk – the risk that financial loss might arise as a result of a failure in financial markets.

The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. The Head of Financial Accounting is responsible for implementing the Group's approved Treasury Management Strategy which specifies the arrangements for specific areas such as interest rate risk, credit risk and the investment of surplus cash.

Day-to-day treasury management activity is undertaken on behalf of the Group by Surrey County Council under the terms of a service level agreement.

Credit and Counterparty Risk

A prime objective of the Group's treasury management activities is the security of the principal sums it invests. The Group maintains a formal counterparty policy in respect of those organisations from which it may borrow, or with whom it may enter into other financing arrangements, which includes all organisations included on Surrey County Council's counterparty lists.

The Group's only direct counterparty in relation to treasury management is Surrey County Council. All investments made by Surrey County Council are made in accordance with that Council's investment policies and prevailing legislation and regulations. If the list of counterparties and their time or value limits need to be revised, amendments are presented to the Surrey County Council Audit & Governance Committee. It is considered that these arrangements minimise the risk in this area.

The maximum exposure to credit risk at the Balance Sheet date was as follows: trade receivables £4.2 (2022/23 £2.0m), and cash and temporary loan investments £37.5m (2022/23 £34.1m). The Group does not have any material exposure to concentrations of credit risk with any single counterparty.

Liquidity Risk

The Group aims to ensure that it has adequate but not excessive cash resources, borrowing arrangements, overdraft or standby facilities to enable it to have the level of funds available to it that are necessary to achieve the objectives stated in its Policing Plan.

Day-to-day cash balances are monitored on behalf of the Group under a service level agreement by Surrey County Council, whose remit is to aggregate and invest any surpluses with its own balances, and to pay interest based on its quarterly internal borrowing rate.

The Group has had sufficient available cash balances to meet its daily requirements. In March 2019 The PCC entered into an external Loan with PWLB for £15.6m in order to purchase land for Building the Future.

All trade and other payables are due to be paid in less than one year.

Interest Rate Risk

The Group aims to protect itself against the risk that fluctuations in the levels of interest rates create an unexpected or unbudgeted burden on the Group's finances.

Since the Group investment activity is undertaken by Surrey County Council, fixed and variable rate exposure limits are set so as not to conflict with that Council's prevailing limits. In order to achieve this, both fixed and variable rate upper and lower exposure limits have been set at 100% and 0% respectively.

Surrey County Council employs a treasury consultant to advise on treasury strategy, provide economic data and interest rate forecasts. This information feeds into the Group's annual budget setting process, and allows for any adverse changes to be accommodated.

As at 31 March 2024, the Group has borrowing of £13.0m (2022/23 £13.5m) and hold £35.8m in variable rate loan investments (2022/23 £32.8m).

Note 33 - Financing and Investment Income and Expenditure

2022/23			2023/24	
PCC	Group		PCC	Group
£000	£000		£000	£000
325	325	Interest payable and similar charges	314	314
77	57,819	Net interest on the net defined benefit liability (asset)	(14)	64,949
(905)	(905)	Interest receivable and similar income	(2,547)	(2,547)
(503)	57,239	Total	(2,247)	62,716

Note 34 - Other Operating Expenditure

2022/23			2023/24	
PCC	Group		PCC	Group
£000	£000		£000	£000
530	530	Levies	554	554
133	133	Gains/losses on the Disposal of Non-Current Assets	(587)	(587)
663	663	Total Other Operating Expenditure	(33)	(33)

Note 35 - Cash Flow from Operating Activities

The cash flows for operating activities include the following items:

2022/23			2023/24	
PCC	Group		PCC	Group
£000	£000	OPERATING ACTIVITIES - INTEREST	£000	£000
(905)	(905)	Interest received	(2,547)	(2,547)
326	326	Interest paid	314	314
(579)	(579)	Total	(2,233)	(2,233)

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements:

2022/23		2022/23		OPERATING ACTIVITIES ADJUSTMENTS FOR NON-CASH	2023/24	
As previously stated		As restated			PCC	Group
PCC	Group	PCC	Group			
£000	£000	£000	£000			
(8,213)	(8,213)	(8,179)	(8,179)	Depreciation	(7,599)	(7,599)
1,397	1,397	1,397	1,397	Impairment and downward valuations	(368)	(368)
(1,241)	(1,241)	(1,241)	(1,241)	Amortisation	(948)	(948)
(2,871)	(2,871)	(2,871)	(2,871)	(Increase)/decrease in creditors	(3,371)	(3,371)
6,920	6,920	6,920	6,920	Increase/(decrease) in debtors	3,289	3,289
(109)	(109)	(109)	(109)	Increase/(decrease) in inventories	366	366
(348)	(81,827)	(348)	(81,827)	Movement in pension liability	(25)	(36,171)
(820)	(820)	(820)	(820)	Carrying amount of non-current assets and non-current assets held for sale, sold or derecognised	(2,577)	(2,577)
694	611	694	611	Other non-cash movements charged to the (surplus)/deficit on provision of services	535	328
(4,591)	(86,153)	(4,557)	(86,119)	Total	(10,698)	(47,051)

The surplus or deficit on the provision of services has been adjusted for the following items which are investing and financing activities:

2022/23		OPERATING ACTIVITIES ADJUSTMENTS INVESTING/FINANCING	2023/24	
PCC	Group		PCC	Group
£000	£000			
687	687	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	3,163	3,163

621	621	Other items for which the cash effects are investing or financing cash flows	219	219
1,308	1,308	Total	3,382	3,382

Note 36 - Cash Flow from Investing Activities

2022/23			2023/24	
PCC	Group		PCC	Group
£000	£000	INVESTING ACTIVITIES	£000	£000
8,983	8,983	Purchase of property, plant, equipment, investment property and intangible assets	14,148	14,148
(687)	(687)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(3,163)	(3,163)
(621)	(621)	Other receipts from investing activities	(219)	(219)
0	0	Rounding	(1)	(1)
7,675	7,675	Total	10,765	10,765

Note 37 - Cash Flow from Financing Activities

2022/23			2023/24	
PCC	Group		PCC	Group
£000	£000	FINANCING ACTIVITIES	£000	£000
0	0	Repayments of short-term and long-term borrowing	521	521
0	0	Total	521	521

Note 38 - Reconciliation of Liabilities Arising from Financing Activities

Reconciliation of Liabilities Arising from Financing Activities					
	01 April 2023	Financing cash flows	Non-cash changes		31 March 2024
			Acquisition	Other non- cash changes	
	£000	£000	£000	£000	£000
Long-term borrowings	(13,521)	0	0	0	(12,999)
Total liabilities from financing activities	(13,521)	0	0	0	(12,999)

Reconciliation of Liabilities Arising from Financing Activities					
	01 April 2022	Financing cash flows	Non-cash changes		31 March 2023
			Acquisition	Other non- cash changes	
	£000	£000	£000	£000	£000
Long-term borrowings	(14,042)	0	0	0	(13,521)
Total liabilities from financing activities	(14,042)	0	0	0	(13,521)

Note 39 - Accounting Policies

General Principles

The Statement of accounts summarises the organisation's transactions for the financial year and its position at the year-end of 31 March. The organisation is required to prepare an annual statement of accounts by the Accounts and Audit Regulations 2015, which require to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (the Code).

The financial statements have been prepared in accordance with the Code, issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) and reviewed by the Financial Reporting Advisory Board (FRAB). The Code is based on approved accounting standards issued by the International Accounting Standards Board (IASB) and interpretations of the International Financial Reporting Interpretations Committee, except where these are inconsistent with specific statutory requirements. The Code also draws on approved accounting standards issued by the International Public Sector Accounting Standards Board (IPSAS) and the UK Accounting Standards Board (ASB) where these provide additional guidance.

Following the passing of the Police Reform and Social Responsibility Act 2011 the Police and Crime Commissioner for Surrey (PCC) and the Chief Constable of Surrey (CC) were set up as two 'corporation sole' bodies. Both bodies are required to prepare separate Statement of Accounts.

The Financial Statements (Statement of accounts) included here represent the accounts for the PCC and also those for the PCC Group. The term 'Group' is used to indicate individual transactions and policies of PCC and CC for the year ended 31 March. Under the Police Reform and Social Responsibility Act 2011 the powers and responsibilities attributed to the PCC as the holding organisation identifies the requirement to produce group accounts.

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

Fundamental Accounting Policies

The Statement of Accounts has been prepared in accordance with the following accounting concepts and principles:

- **Accruals** – the accrual basis of accounting establishes that the non-cash effects of transactions are reflected in the accounting period in which those effects occur, even if the resulting cash receipts and payments occur in a different period.
- **Going Concern** – the Accounts have been prepared on the assumption that the functions of the Group will continue in operational existence for the foreseeable future. This means in particular that the Comprehensive Income and Expenditure Statement and Balance Sheet assume no intention to curtail significantly the scale of operation.
- **Understandable** – to ensure that the Statements of Accounts produced can be understood by readers who have a reasonable knowledge of business and economic activities.
- **Relevance** – to ensure that the information provided about the Group’s financial position, performance and cash flow is useful for assessing stewardship of public funds and for making economic decisions.
- **Materiality** – provides a threshold or cut-off point to ensure that the information included in the Financial Statements is of such significance as to justify its inclusion. Omissions or misstatements of items are material if they could, individually or collectively, influence users decisions or assessment of the Financial Statements.
- **Reliability** – to ensure that the financial information provided accurately reflects the substance of the transactions and other events that have taken place.
- **Comparability** – the information contained in the Financial Statements has been prepared so that it can be readily compared with similar information about the same entity for different accounting periods and with similar information about other entities.
- **Primacy of Legislative Requirements** – the PCC derives powers from statute and the financial and accounting framework is closely controlled by primary and secondary legislation. Where specific legislative requirements and accounting principles conflict, the legislative requirement is applied. However, the Code deals with such conflicts by showing the position required by the Code’s accounting requirements in the Comprehensive Income and Expenditure Statement, and the effect of the legislative requirements in the Movement in Reserves Statement.

The following sections set out the Group’s principal accounting policies that have been reviewed and adopted in 2023/24.

Income & Expenditure Recognition

Revenue (Income) is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods or services provided in the normal course of business less discounts and VAT.

Revenue is recognised when goods are delivered and title has passed. The provision of services contains many accounting aspects and revenue is only recognised when all related work has been completed or when the percentage of completion of the transaction can be reliably measured and it is probable that economic benefits or service potential associated with the transaction will flow to the PCC and group. Whilst all income is received by the PCC and all expenditure is paid for by the PCC including wages of police staff and officers, the actual recognition in the respective Police and Crime Commissioner and Chief Constable Accounts is based on economic benefit.

Supplies are recorded as expenditure when they are consumed – where there is a gap between the date on which supplies are received and when they are consumed, they are carried as inventories or stocks on the Balance Sheet.

Income and Expenditure are credited and debited to the relevant revenue account, unless they properly represent capital receipts or capital expenditure. Works of a capital nature are charged as capital expenditure when they are completed, before which they are carried as Assets Under Construction on the Balance Sheet.

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received, thus the accounts reflect the normal accruals concept for both capital and revenue. Exceptions to this can be made for utilities (gas, electricity, telephones, etc.), where invoices may be accounted for in the year they fall, providing that only four quarterly or twelve monthly invoices are charged in any one year.

Where revenue or expenditure have been recognised by cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Creditors are included within the Balance Sheet for goods and services received and risks and rewards of ownership transferred, but not paid for at the year end. Debtors are included within the Balance Sheet where services have been provided but not yet reimbursed at the year end.

The above recognition policy complies with IFRS 15 *Revenue from Contracts with Customers*.

Cash & Cash Equivalents

Cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. All investments due in 1 day or less are therefore treated as "cash and cash equivalents", and are not therefore included within Investments.

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in one day or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value. Investments held by Surrey County Council on behalf of the Group are classified as cash equivalents as they are low risk, short term and readily available.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand.

Prior Period Adjustments, Changes in Accounting Policies, Estimates and Errors

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

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

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

Events after the Balance Sheet Date

Events after the Balance Sheet reporting 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

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

Government Grants and Contributions

Government grants and third-party contributions are recognised as income at the date the Group satisfies the conditions of entitlement to the grant or contribution and where there is reasonable assurance that the monies will be received.

Net expenditure is expressed before deducting government grants in support of the overall expenditure of the Group, e.g. specific police grants, revenue support grants and national non domestic rates. Other smaller revenue grants are shown as income in arriving at net expenditure, and can be matched against specific items of expenditure.

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

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement. Grants and contributions in excess of £20,000 are considered material.

Funding of Capital Expenditure to purchase Non-Current Assets

Capital expenditure is funded by government grants, capital receipts, revenue contributions, third party contributions and borrowing.

Capital contributions and grants are accounted for in the Comprehensive Income and Expenditure Statement on an accruals basis (unless the grant or contribution has an unsatisfied condition); they are then transferred to the Balance Sheet as follows:

- When a capital grant or contribution has been recognised in the Comprehensive Income and Expenditure Statement, and the expenditure to be financed from that grant or contribution has been incurred, the grant or contribution is transferred from the General Fund to the Capital Adjustment Account, reflecting the application of capital reserves to finance expenditure.
- When a grant or contribution has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Account, reflecting its status as a capital resource available to finance expenditure. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.
- When a capital grant or contribution has been received with conditions that the Group has not met, the grant or contribution is recognised in the Balance Sheet as Capital Grants Receipts in Advance. Once the condition has been met, the grant or contribution is transferred from the Capital Grants Receipts in Advance Account and recognised as income in the Comprehensive Income and Expenditure Statement and accounted for as above depending on whether expenditure has been incurred.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

At the year end the Police and Crime Commissioner reviews all material grants and considers whether any existing conditions are outstanding, and the appropriate accounting policy treatment is then applied accordingly. Capital grants and contributions in excess of £20,000 are considered material.

Non-Current Assets – Property, Plant and Equipment

Assets that have physical substance, are used to supply services and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

The cost of acquisition, creation or enhancement of Property, Plant and Equipment is capitalised, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Police and Crime Commissioner for a period of more than one year, and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. When a component is replaced, restored or enhanced, the carrying amount of the old component is de-recognised, and the new component reflected in the carrying amount.

The Police and Crime Commissioner has the following de-minimis limits for capitalisation whereby items above these amounts must be capitalised:

- Land and buildings £100,000
- ICT and other equipment £25,000
- Vehicles £Nil

Measurement

Items of Property, Plant and Equipment are initially measured at cost, comprising all expenditure that is directly attributable to bringing the assets into working condition for their intended use.

The Police and Crime Commissioner does not capitalise its borrowing costs.

The Code stipulates that assets and liabilities should be measured and disclosures provided in accordance with IFRS 13 *Fair Value Measurement*. There are no adaptations to IFRS 13 for the public sector context. However, section 4 of the Code adapts IAS 16 to require that items of property, plant and equipment that are operational and therefore providing service potential for the authority are measured for their service potential at existing use value or depreciated replacement cost, and not fair value. Surplus assets of property, plant and equipment are measured at fair value.

Property, plant and equipment assets are therefore measured at current value as follows:

- Assets under construction - depreciated historical cost
- Land and Buildings - current value, determined using the following bases:
 - Operational properties – Existing Use Value (EUV) in accordance with RICS valuation standards
 - Operational specialised properties such as police custody centres – Depreciated Replacement Cost (DRC)
 - Non-operational properties such as police houses – Fair Value (based on Market Value)
 - All other assets – (EUV)

Depreciated Replacement Cost (DRC) is used for assets where there is no market-based evidence of current value and/or the asset is specialised.

Non-property assets that have short useful lives or low values (or both) are valued using the depreciated historical cost basis (DHC) as a proxy for current value. This is on the assumption that the useful life is a realistic reflection of the life of the asset and the depreciation method used is a realistic reflection of the consumption of that asset class.

Assets included in the Balance Sheet at fair value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their fair value at the year-end, but as a minimum every five years.

Increases in valuations are recognised in the Revaluation Reserve to recognise unrealised gains unless the increase is reversing a previous impairment loss in which case it would be charged to the Comprehensive Income and Expenditure Statement. Decreases in valuations are recognised in the Revaluation Reserve to the extent of previous revaluation increases recognised in the Revaluation Reserve in respect of that asset, and decreases in excess of that amount are recognised in the Comprehensive Income and Expenditure Statement.

Component Assets

The Police and Crime Commissioner recognises and records component assets separately from the main asset with which they are associated where the component life differs significantly. The Police and Crime Commissioner has agreed an accounting policy stating that for accounting purposes, the value of the component must be above a minimum material level of £200,000 and the value of the component constitutes more than 20% of the main asset category value. Where a component asset is identified it is written down on a straight line basis over its useful economic life in line with the depreciation policy for that class of asset.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Examples of events and changes in circumstances that indicate impairment may have incurred include:

- Significant decline in a specific asset's carrying amount during the period;
- Evidence of obsolescence or physical damage of an asset;
- Commitment by the Group to undertake a significant reorganisation
- Significant adverse change in the statutory or other regulatory environment in which the Group operates.

Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and all impairment losses are recognised in the Revaluation Reserve up to the amount in the Revaluation Reserve for each respective asset and thereafter written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Depreciation

Depreciation is provided for on all Property, Plant and Equipment assets by allocation of their depreciable amounts over their useful lives. An exception is made for assets without a determinable finite useful life (e.g. freehold land), assets that are not yet available for use (i.e. assets under construction) and assets held for sale.

Where an item of Property, Plant and Equipment asset has major components whose cost is significant in relation to the total cost of the item, the components are depreciated separately.

Approximate average depreciation periods are as follows:

- | | | |
|--------------------------------|-------------|--|
| • Buildings | 25-60 years | (or as assessed by the valuer) |
| • Plant, Furniture & Equipment | 5 years | (or as assessed by the business) |
| • Vehicles | 3-5 years | (depending on vehicle type as assessed by the Transport Manager) |
| • Intangibles | 3 years | (or as assessed by the business) |

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

Disposal

When a non-current asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Comprehensive Income and Expenditure Statement. Disposal proceeds are credited to the Comprehensive Income and Expenditure Statement and netted off against the asset's carrying value. The resulting balance represents either the gain or loss on disposal. Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account. Assets of £Nil Net Book Value are routinely disposed of as being end of useful life assets unless exceptional circumstances determine they should be kept on the asset register whilst still in active use.

Receipts in excess of £10,000 from the sale of non-current assets are defined as capital receipts and are used to fund future capital expenditure. These receipts are transferred to the Capital Receipts Reserve via the Movement in Reserves Statement. Individual receipts of less than £10,000 remain in the Comprehensive Income and Expenditure Statement.

The disposal value is not a charge against council tax, as the cost of non-current assets is fully provided for under a separate arrangement for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Movement in Reserves Statement.

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

Assets Held for Sale

Non-current assets are classified as Held for Sale only if they meet all of the following criteria:

- The asset must be available for immediate sale in its present condition;
- The sale must be highly probable. This means the appropriate level of management within the Group must be committed to a plan to sell the asset and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset must be actively marketed for sale at a price that is reasonable in relation to its current fair value.
- The sale should be expected to qualify for recognition as a completed sale within one year from the date of classification and actions required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

The asset is re-valued immediately before reclassification and then carried at the lower of carrying value and fair value less costs to sell. Fair Value for Assets Held for Sale is the market value.

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

Assets Held for Sale are not depreciated.

Inventories (Stock) and Long Term Contracts

Inventories are included in the Balance Sheet at cost. All other expenditure on stock and stores is charged to the revenue account in the year of purchase.

This policy is a departure from the IFRS standard IAS2 which requires inventories to be valued at the lower of cost or net realisable value. For many inventory items, particularly uniforms, net realisable value would be minimal and does not accurately reflect the value to the Group of holding these items. The variation from IAS2 does not have a material impact on these financial statements.

Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale.

Investment properties are measured initially at cost and subsequently at fair value, being the price that would be received to sell the asset in an orderly transaction between market participants at the measurement date, this is assessed using the IFRS13 Fair Value market approach. As a non-financial asset, investment properties are measured at highest and best use.

Properties are not depreciated but are re-valued annually according to market conditions at the year-end. The IFRS13 Fair Value market approach uses prices and other relevant information (inputs) generated by market transactions involving similar properties and applies the valuer's professional judgement in accordance with RICS valuation (professional standards published by the Royal Institution of Chartered Surveyors).

The IFRS on Fair Value includes a fair value hierarchy that categorises the inputs to valuation techniques used to measure fair value into three input levels as follows:

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

Property market conditions in the South East of England are such that similar properties are actively purchased and sold and the level of observable inputs are significant. We have therefore categorised the valuations of the investment portfolio as Level 2 inputs in the IFRS 13 fair value hierarchy.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Jointly Controlled Operations and Jointly Controlled Assets

Joint operations are arrangements where the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement. Activities undertaken in conjunction with other joint operators involve the use of the assets and resources of those joint operators. In relation to its interest in a joint operation, the PCC/Group recognises the following as a joint operator:

- Its assets, including its share of any assets held jointly
- Its liabilities, including its share of any liabilities incurred jointly
- Its revenue from the sale of its share of the output arising from the joint operation
- Its share of the revenue from the sale of the output by the joint operation
- Its expenses, including its share of any expenses incurred jointly

Intangible Assets

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

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible and is intended to be completed (with adequate resources being available) and the Group will be able to generate future economic benefits or deliver service potential by being able to sell or use the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase (research expenditure cannot be capitalised).

Intangible assets are included in the Balance Sheet at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. Useful life of intangible assets is generally 3 years or as assessed by the business. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service revenue accounts in the Comprehensive Income and Expenditure Statement. Any gains or losses arising on the disposal or abandonment of an intangible asset are posted to Other Operating Expenditure in the Comprehensive Income and Expenditure Statement. Gains or losses are not permitted to have an impact on the General Fund Balance therefore they are moved out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

Charges to Revenue for Non-Current Assets

The Group is not permitted to raise council tax to cover charges for depreciation, impairment losses or amortisation. However it is required to make an annual provision from revenue towards the repayment of borrowing, known as the Minimum Revenue Provision (MRP).

Depreciation, impairment losses and amortisation are reversed from the General Fund via the Movement in Reserves Statement and MRP is charged as a contribution to the Capital Adjustment Account.

Debts Outstanding

Income is accounted for on an accruals basis. Debts that cannot be collected are written off via the Comprehensive Income and Expenditure Statement to the command team or department that raised the debt. The level of any bad debt provision is reviewed annually.

The writing off of bad debt can be authorised by either the PCC's CFO or the CC's Executive Director of Commercial & Finance Services in respect of their own corporations up to a value of £10,000 for individual bad debt cases and £25,000 cumulatively in any one financial year. The write off of bad debts greater than these limits requires the approval of both CC's Executive Director of Commercial & Finance Services and PCC's CFO up to a maximum of a cumulative value of £50,000 in any one financial year. The PCC will approve where appropriate the writing off of debts in excess of the CFOs delegated authority.

Reserves

The PCC maintains reserves to finance future commitments, unforeseen circumstances, fluctuations in annual grant settlements and council tax precepts and emergency expenditure which cannot be contained within the approved budget. The approved Reserves Policy sets a target for the level of General Reserve of 3% of net budgeted expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, retirement benefits and other employee benefits and do not represent usable resources for the Group.

The nature and purpose of each reserve set up by the Group is described in the Notes to the Financial Statements.

The classification of reserves is consistent with the CIPFA Code of Practice and is reviewed annually by the Police and Crime Commissioner.

Overheads and Support Services

The costs of overheads and support services are charged to the Comprehensive Income and Expenditure Statement in accordance with the PCC/Group arrangements for accountability and financial performance.

Provisions and Contingent Liabilities

Provisions

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation, but where the timing of transfer is uncertain. Provisions are recognised on the Balance Sheet.

Contingent Liabilities

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

Precept Income

Precept income from relevant local authorities is fixed for the year and not subject to revision.

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.

A single VAT return is submitted on behalf of the Group.

IFRS 16 Leases

This standard changes the recognition, measurement, presentation and disclosure of leases. In particular it requires lessees to record all leases on the balance sheet with exception available for value and for short term leases. At the commencement of a lease, a lessee will recognise lease payments (lease liability) and an asset representing the right to use the asset during the

lease term (right of use asset). Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of use asset.

A lease liability is re-measured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The re-measurement normally also adjusts the right of use asset.

The standard has no impact on the actual cash flows of a group. However the standard requires the capitalisation, and subsequent depreciation of costs that are currently expenses as paid which impacts disclosures of cash flows within the cash flow statement. The amounts currently expensed as operating cash outflows which will instead be capitalised are presented as financing cash outflows.

IFRS16 Leases - Presentation and disclosure

Accounting policies

Leased assets

The PCC as a lessee

For any new contracts entered into on or after 1 April 2024, the PCC considers whether a contract is, or contains a lease. A lease is defined as 'a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration'. To apply this definition the PCC assesses whether the contract meets three key evaluations which are whether:

- The contract contains an identified asset, which is either explicitly identified in the contract or implicitly specified by being identified at the time the asset is made available to the PCC.
- The PCC has the right to obtain substantially all of the economic benefits from use of the identified asset throughout the period of use, considering its rights within the defined scope of the contract.
- The PCC has the right to direct the use of the identified asset throughout the period of use.
- The PCC assess whether it has the right to direct 'how and for what purpose' the asset is used throughout the period of use.

Measurement and recognition of leases as a lessee

At lease commencement date, the PCC recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which is made up of the initial measurement of the lease liability, any initial direct costs incurred by the PCC, an estimate of any costs to dismantle and remove the asset at the end of the lease, and any lease payments made in advance of the lease commencement date (net of any incentives received).

The PCC depreciates the right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The PCC also assesses the right-of-use asset for impairment when such indicators exist.

At the commencement date, the PCC measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the interest rate implicit in the lease if that rate is readily available or the PCC's incremental borrowing rate.

Lease payments included in the measurement of the lease liability are made up of fixed payments (including in substance fixed), variable payments based on an index or rate, amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to initial measurement, the liability will be reduced for payments made and increased for interest. It is re-measured to reflect any reassessment or modification, or if there are changes in in-substance fixed payments.

When the lease liability is re-measured, the corresponding adjustment is reflected in the right-of-use asset, or profit and loss if the right-of-use asset is already reduced to zero.

The PCC has elected to account for short-term leases and leases of low-value assets using the practical expedients. Instead of recognising a right-of-use asset and lease liability, the payments in relation to these are recognised as an expense in profit or loss on a straight-line basis over the lease term.

On the statement of financial position, right-of-use assets will be included in property, plant and equipment and lease liabilities will be in current liabilities and non-current liabilities.

Materiality of implementing Leases

This standard, which is mandatory for periods commencing on or after 1 April 2021, will require lessees to account for all leases on their balance sheets, including those which had previously been treated as operating leases and accounted for in the P&L account as an "in-year" expense. This will include leases of retail and commercial property, equipment and vehicles. Accordingly, affected Local Authorities will see:

- The assets and liabilities on their balance sheets increase significantly, with a potentially material impact on covenant calculations;
- The cost profile of their income statements change, with costs skewed towards the early years of leases and greater volatility due to the frequency of recalculation;
- The nature of costs in the comprehensive income and expenditure statements change, with a greater weighting to finance costs and depreciation, again potentially impacting calculations of covenants.

The Police and Crime Commissioner as Lessee

Finance Leases

Property, Plant and Equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor.

Lease payments are apportioned between a charge for the acquisition applied to write down the lease liability and the interest costs of the lease are charged to the Comprehensive Income and Expenditure Statement.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement on a straight-line basis over the life of the lease.

The Police and Crime Commissioner as Lessor

Operating Leases

Where the Police and Crime Commissioner grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

Employee Benefits Payable During Employment

Short-term employee benefits are those due to be settled wholly 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 (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Police and Crime Commissioner. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is charged to Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement to the short term accumulated absences reserve so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits / Exit Packages

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

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace

them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end.

Long-term Employee Benefits – Pension Arrangements

The Chief Constable operates, on behalf of the Group, three pension schemes for police officers and a single scheme for police staff:

- The Police Pension Scheme (PPS), regulated under the Police Pensions Act 1976
- The New Police Pension Scheme (NPPS), regulated under the Police Pension Regulations 2006
- The Police Pension Scheme 2015 (the 2015 scheme)
- The Local Government Pensions Scheme (LGPS), administered by Surrey County Council

All police schemes are contributory occupational pension schemes with officers making contributions.

A Police Pension Account was set up on 1st April 2006 to administer the police pension schemes. All police schemes are unfunded schemes which are treated as defined benefit schemes and provide defined benefits to members (retirement lump sums and pensions), earned as employees worked.

All police pension schemes are unfunded schemes which are treated as defined benefit schemes paid from revenue (without managed pension assets). Accrued net pension liabilities have been assessed on an actuarial basis in accordance with IAS19 Employee Benefits, the net liability and a pensions reserve for both Pension Schemes has been recognised on the Balance Sheet, as have entries in the CIES for movements in the asset/liability relating to the defined benefit scheme. Transfers into and out of the Scheme representing joining and leaving police officers, are recorded on a cash basis in the Pension Fund, because of the length of time taken to finalise the sums involved.

Following the Code's requirements, IAS19 has been fully recognised in the Chief Constable and Group accounts.

- The liabilities of the police schemes attributable are included in the Balance Sheet on an actuarial basis using the projected unit method - i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc. and projections of projected earnings for current employees

- Liabilities are discounted to their value at current prices, using a discount rate based on the indicative rate of return on high quality corporate bond

Police Staff are eligible to join the Local Government Pension Scheme (LGPS) administered by Surrey County Council. This is a funded scheme. The employer's contribution rate is determined by the Fund's actuary based on valuations every three years.

Additional contributions are payable to cover the cost of any early retirements except those due to ill-health. In addition the Chief Constable is responsible for all pension payments relating to any added years' benefits, together with the related increases.

- The assets of the LGPS attributable to Surrey Police 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

The change in the net pension liability is analysed into seven components:

- **current service cost** - the increase in liabilities as a result of years of service earned this year allocated in the CIES to the services for which the employees worked
- **past service cost** - the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years - debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs
- **interest cost** - the expected increase in the present value of liabilities during the year as they move one year closer to being paid - debited to the Financing and Investment Income and Expenditure line in the CIES
- **expected return on assets** - the annual investment return on the fund assets attributable to the Group, based on an average of the expected long-term return - credited to the Financing and Investment Income and Expenditure line in the CIES
- **gains or losses on settlements and curtailments** - the result of actions to relieve the Group of liabilities or events that reduce the expected future service or accrual of benefits of employees - debited or credited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non Distributed Costs

- **actuarial gains and losses** - changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions - debited to the Pensions Reserve
- **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 General Fund balance to be charged with the amount payable by the Group 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 General 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 Police and Crime Commissioner has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant Pension Scheme.

The Police and Crime Commissioner also has restricted powers to make material payments in relation to injury awards. Any liabilities estimated to arise as a result of an award to any member of staff or police officer are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the relevant pension scheme.

Fair Value Measurement of non-financial assets

The Police and Crime Commissioner measures some non-financial assets, surplus assets and assets held for sale at fair value at each reporting date using the IFRS13 Fair Value market approach. Fair value is the price that would be received to sell an asset or be paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or

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

The Police and Crime Commissioner uses External Valuers to measure the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

This fair value measurement takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use. The Valuers use valuation techniques that are appropriate to the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

The Police and Crime Commissioner follows the fair value hierarchy prescribed by IFRS13 to increase consistency and comparability in fair value measurements and related disclosures. This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value as follows:

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

Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For the PCC borrowings held, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

The Group has adopted CIPFA's Treasury Management in the Public Services: Code of Practice and has set treasury management indicators to control key financial instrument risks in accordance with CIPFA's Prudential Code.

Financial Assets

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

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI) if or when any financial instruments are held at fair value through other comprehensive income or has designated assets as such financial instruments. The PCC doesn't currently hold any FVOCI assets.

The authority's business model is to hold investments to collect contractual cash flows. Financial assets are therefore classified as amortised cost, except for those whose contractual payments are not solely payment of principal and interest (i.e. where the cash flows do not take the form of a basic debt instrument).

Financial Assets Measured at Amortised Cost

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

Soft Loans are offered at less than market rates, where an objective would justify the authority making a concession. The authority does not hold any soft loans.

Expected Credit Loss

The authority will recognise material expected credit losses on all of its financial assets held at amortised cost [or where relevant FVOCI], either on a 12-month or lifetime basis.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit of Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price
- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

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

Any gains and losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

Financial Assets Measured at Fair Value through Other Comprehensive Income

Financial assets that are measured at FVOCI are recognised on the Balance Sheet when the authority becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Movements in amortised cost are recognised in the Surplus or Deficit on the Provision of Services, but movements in the fair value are recognised as Other Comprehensive Income and Expenditure.

Interest is credited to the Surplus or Deficit on the Provision of Services using the effective interest rate method. Movements in impairment loss allowances are recognised in the Surplus or Deficit on the Provision of Services, with a compensating amount to Other Comprehensive Income and Expenditure to offset the movements against gains/losses on fair value (i.e. not against the carrying amount of the asset).

Loans and Receivables

Loans and receivables are recognised on the Balance Sheet when the PCC becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. The Police and Crime Commissioner does not currently make any soft loans.

Foreign currency translation

Where transactions are entered into that are denominated in a foreign currency, the transactions is converted into sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement.

Interests in Companies and Other Entities

All the financial transactions incurred during the year for policing Surrey have been recognised and recorded within the Statement of Accounts of the PCC for Surrey, which sets out the overall financial position of the PCC and Chief Constable Group for the year ended 31 March.

The Group position therefore reflects the consolidated accounts of the PCC and its 100% subsidiary the Chief Constable. Where the Group position differs from the PCC position this is made clear within the statements and notes. Separate statutory accounts are prepared for the Chief Constable.

The Group has no other subsidiaries, associates or joint ventures.

Note 40 - Accounting Standards issued but not yet adopted

Paragraph 3.3.2.13 of the Code requires changes in accounting policy to be applied retrospectively unless alternative transitional arrangements are specified in the Code. Paragraph 3.3.4.3 requires an authority to disclose information relating to the impact of an accounting change that will be required by a new standard that has been issued but not yet adopted by the Code for the relevant financial year.

74. Paragraph 3.3.4.3 and Appendix C of the Code adapt IAS 8 *Accounting Policies, Changes in Accounting Estimates and Errors* on an annual basis to limit the impact of standards that have been issued but not yet adopted to those listed in Appendix C of the Code in the relevant year of account (in this case the 2024/25 Code). This means that only the standards listed in paragraph 75 below are included in the requirements for IAS 8 for standards that have been issued and not yet adopted.

75. The standards introduced by the 2024/25 Code where disclosures are required in the 2023/24 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

a) **IFRS 16 Leases** issued in January 2016 (but only for those local authorities that have not decided to voluntarily implement IFRS 16 in the 2023/24 year).

b) **Classification of Liabilities as Current or Non-current (Amendments to IAS 1)** issued in January 2020. The amendments:

- specify that an entity's right to defer settlement must exist at the end of the reporting period
- clarify that classification is unaffected by management's intentions or expectations about whether the entity will exercise its right to defer settlement
- clarify how lending conditions affect classification, and
- clarify requirements for classifying liabilities an entity will or may settle by issuing its own equity instruments.

c) **Lease Liability in a Sale and Leaseback (Amendments to IFRS 16)** issued in September 2022. The amendments to IFRS 16 add subsequent measurement requirements for sale and leaseback transactions.

d) **Non-current Liabilities with Covenants (Amendments to IAS 1)** issued in October 2022. The amendments improved the information an entity provides when its right to defer settlement of a liability for at least 12 months is subject to compliance with covenants.

e) **International Tax Reform: Pillar Two Model Rules (Amendments to IAS 12)** issued in May 2023. Pillar Two applies to multinational groups with a minimum level of turnover. The amendments introduced:

- a temporary exception to the requirements to recognise and disclose information about deferred tax assets and liabilities related to Pillar Two income taxes, and
- targeted disclosure requirements for affected entities.

f) **Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)** issued in May 2023. The amendments require an entity to provide additional disclosures about its supplier finance arrangements. The IASB developed the new requirements to provide users of financial statements with information to enable them to:

- assess how supplier finance arrangements affect an entity's liabilities and cash flows, and
- understand the effect of supplier finance arrangements on an entity's exposure to liquidity risk and how the entity might be affected if the arrangements were no longer available to it.

76. Note that a) will only be applicable to local authorities that have not voluntarily implemented IFRS 16 in 2023/24. It is likely that though they provide clarifications, items b), c) and d) will not have a significant impact on the amounts anticipated to be reported in the financial statements. There will be limited application of items e) and f).

Police Pensions Fund Account Statements as at 31 March 2024

These statements show the contributions and benefits payable for the year. The Chief Constable is responsible for administering the Police Pension Fund in accordance with the Police Reform and Social responsibility Act 2011. During the year all payments and receipts are made to and from the PCC Police Fund. This standalone statement shows income and expenditure for the police pension schemes and does not form part of the Chief Constable or the PCC Group's statement of accounts.

Surrey Police Pension Fund Account Statement

As at March 2023			As at March 2024	
£000	£000		£000	£000
(24,704)		Contributions Receivable		
(347)		From Employer:	(27,569)	
(10,626)		- Normal	(534)	
		- Early Retirements	(11,927)	
	(35,677)	From Members		(40,030)
	(38)	Transfers In		
		Individual Transfers in From Other Schemes		(158)
	(35,715)	Total Inflows		(40,188)
42,470		Benefits Payable	46,643	
6,106		Pensions	5,058	
112		Commutations and Lump Sums	113	
253		Lump Sum Death Benefits	228	
	48,941	Lump Sum Ill-health Benefits		52,042
185		Payments To and On Account of Leavers	110	
51		Refund of Contributions	87	
	236	Individual Transfers Out To Other Schemes		197
	49,177	Total Outflows		52,239
	13,462	Net amount payable for the year from the Group (equal to deficit amount)		12,051
	(13,462)	Additional contribution from the Group to fund the deficit for the year *		(12,051)
	0	Net Amount Payable for the Year		0

* The annual deficit on the Police Pensions Account is funded by the Home Office Pension's Top-up grant. This income is shown in the PCC and Group Income and Expenditure account.

Police Pension Fund Net Assets Statement

2022/23	Net Current Assets And Liabilities	2023/24
£000		£000
	Current Assets:	
0	Contributions due from the PCC	0
0	Recoverable overpayments of pensions	0
	Current Liabilities:	
0	Unpaid pensions benefits	0
0	Surplus for the year owing to the PCC	0
0	Net Assets / (Liabilities)	0

Police Pension Funds - Notes

Accounting Policies

The Police Pension Account Statements have been prepared to meet the requirements of Regulation 7(1) (d) of the Accounts and Audit Regulations 2003, which states that Chief Constables are obliged to include the police pensions account in their statement of accounts. They also meet the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 based on International Financial Reporting Standards IAS19. The Accounts have been prepared on an accruals basis. The statements do not take account of liabilities to pay pensions and other benefits in the future. This is reported upon separately in the Actuary's statement.

Explanatory Notes to the Police Pension Fund Account Statements

The Chief Constable is required to include a separate police pension account in their Statement of Accounts and is responsible for paying the pension of its former police officers. The Pension Fund is administered by the Chief Constable in accordance with the Police Pension Fund Regulations 2007 (SI 2007 No 1932).

On 1 April 2006 new arrangements came into being for funding and accounting for the Police Pension Schemes. Before 1 April 2006 these pensions were paid from the Revenue Account and the Authority (preceding the Police Reform and Social Responsibility Act 2011 creating the two corporation sole bodies; the Police and Crime Commissioner for Surrey and the Chief Constable of Surrey) received funding from central government as part of the general funding formula to support payments of pensions. Prior to 1 April 2006, there were no employer contributions based on pensionable pay and no top-up grants.

From 1 April 2006 pensions are paid from a separate local police pensions account, rather than direct from the Income and Expenditure Account. Overall, the change to the financial arrangements for police officer pensions is intended to be 'cost neutral' with no impact on either the national or local council tax payer.

There are currently three Police Officer pension schemes. Officers in the 'old scheme' currently contribute between 14.25% and 15.05% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'old scheme' contributed 11% of pensionable pay). Officers in the 'new scheme' currently contribute between 11.0% and 12.75% depending upon level of basic annual salary (prior to 1 April 2012 officers in the 'new scheme' contributed 9.5% of earnings or 6% if ineligible for ill-health benefits). From 1 April 2015 the Police Pensions Scheme 2015 came into effect and all current active members were transferred to this scheme – with the exception of those qualifying for protections allowing them to remain in their current scheme. Officers contribute between 12.44% and 13.78% depending on their basic salary. The Chief Constable makes an employer's contribution of 31% of pensionable pay. Employee's and Employer's contribution levels are based on percentages of pensionable pay set nationally by the Home Office and are subject to triennial revaluation by the Government Actuary's Department. The Police Pension scheme has no assets to cover its liabilities, therefore the total payments to pensioners in any year must be paid for by current officer and employer contributions.

Under the current financing arrangements the Pension Account is balanced to nil at the end of the year. In the event that the Pension Account is in deficit, the Home Office partially reimburses the Police and Crime Commissioner and the remaining amount required to balance it to nil is met from the Police Operating Account.

The Net Asset Statement does not include liabilities to pay pensions and other benefits after the balance sheet date.

Liabilities to pay future pension benefits have been disclosed separately at Note 17 in accordance with IAS 19 'Employee Benefits'.

The New Police Pension Scheme (NPPS) applies to police entrants who joined the service on or after 6 April 2006 up to 31 March 2015, or who chose to transfer from the previous Police Pension Scheme (PPS) to the NPPS. The Police Pensions Scheme

2015 applies to all current active members who do not qualify for any protections allowing them to remain in their original scheme. Benefits payable under all three schemes are shown in tabular form below:

	Police Pension Scheme (PPS) (1987)	New Police Pension Scheme (NPP) (2006)	Police Pensions Scheme 2015
What is maximum pension	2/3 final salary, with option to exchange part of the pension for a lump sum	½ final salary plus fixed lump sum of 4 times the pension, with option to exchange part or all of lump sum for extra pension	Pension at retirement is the sum of each of the accrued pension pots, subject to revaluation at a rate of CPI +1.25% per year
Final salary basis	Pensionable remuneration is normally the average remuneration in the employee's final year	Earnings over the last ten years are taken into account via best average over 3 consecutive years	Scheme is a Career Average Revalued Earnings scheme
Length of service for maximum pension	30 years	35 years	No maximum length of membership
Earliest age to receive pension	Age 50 after 25 years of service Any age after 30 years of service Age 55 for less than 25 years of service Age 60 if leave service before compulsory retirement age with less than 25 years of service	Age 55 if remain in police service until that age Age 65 if leave police service before age 55 or opting out of the scheme	Age 60 if remain in police service until that age. State pension age if leave police service before age 60.
Pension increases	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.	All pensions in payment, deferred pensions and children's pensions are increased annually in line with the Consumer Price Index.
How is pension accumulated	1/60 of final salary for first 20 years of service, plus 1/30 for final 10 years of service up to a maximum pension entitlement of 40/60.	1/70 of final salary for each year of service up to a maximum 50% of final pensionable after 35 years of service.	1/55.3th of pensionable earnings each year is added to the members' pension pot for each year of membership.

Glossary of Accounting Terms

ACCRUAL

An accrual is a liability for expenditure relating to goods and services that have been received or supplied but are not invoiced until the following financial year.

ACCRUED INCOME

Income earned in the financial year which has not yet been received.

ACTUARIAL GAINS AND LOSSES (PENSIONS)

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

AMORTISATION

An annual charge made to the overall PCC budget, reducing the value of an asset to zero, over a period of time.

ASSET

Tangible or intangible resources owned by the force and which have future economic value that can be measured and can be expressed in pounds.

BILLING AUTHORITY

The local authority is responsible for administering the collection fund. These are district and borough councils in Surrey.

CAPITAL EXPENDITURE

Expenditure spent on the acquisition of a non-current asset or expenditure which adds to, and not merely maintains, the value of an existing non-current asset.

CAPITAL PROGRAMME

A statement of proposed capital and revenue investment projects for current and future years. Included in this category are the purchase of land and buildings, the erection of new buildings and works, design fees and the acquisition of vehicles and major equipment items.

CAPITAL RECEIPTS

Proceeds of not less than £10,000 received from the disposal of buildings or other assets. They cannot be used to finance normal day to day revenue spending.

CC

Chief Constable

CIPFA

The Chartered Institute of Public Finance and Accountancy is one of the professional accountancy bodies in the UK. CIPFA specialises in the public services and has responsibility for setting accounting standards for these services. More details can be found on the CIPFA website: www.cipfa.org.uk

COMPREHENSIVE INCOME AND EXPENDITURE STATEMENT

The main revenue fund of the PCC receiving the precept, government grants and other income receipts, and from which the costs of providing services are met.

CREDITORS

Individuals or organisations, to whom money is owed at the end of the financial year.

CODE

These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom (The Code) and the Service Reporting Code of Practice, both issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and supported by International Financial Reporting Standards (IFRS) and statutory guidance issued under section 7 of the 2011 Regulations. More details can be found on the CIPFA website: www.cipfa.org.uk

COLLECTION FUND

A fund administered by each Billing Authority. Council tax monies are paid into the fund whilst part of the net revenue spending of the Police and Crime Commissioner, County, Unitary Authority and District Councils are met from the fund.

CONTINGENCY PROVISION

An amount set aside for exceptional budget requirements in the financial year.

COUNCIL TAX

Council tax payable locally is based upon house values. Each dwelling is valued and placed into one of eight bands, which determines the level of Council Tax payable.

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.

CURTAILMENT (PENSIONS)

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:-

- Termination of employees' services earlier than expected, and
- Termination of or amendment to the terms, of a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

DEBTORS

Individuals or organisations, who owe the PCC money at the end of the financial year.

DEFINED BENEFIT SCHEME (PENSIONS)

A defined benefit scheme is a pension or other retirement benefit scheme other than a defined contribution scheme. Usually, 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 or unfunded.

DEFINED CONTRIBUTION SCHEME (PENSIONS)

A pension or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount or as a percentage of pay and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

DEPRECIATION

The measure of the cost, or re-valued amount of the benefit, of a non-current asset, that has been consumed during the period. Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset, whether arising from the use, passage of time or obsolescence through either changes in technology or demand for the goods and services produced by the asset.

EXPECTED RATE OF RETURN ON PENSION 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.

EXPENSE

Money spent or cost incurred by the force to police and protect the county, representing the cost of policing.

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. For land and buildings, fair value is the amount that would be paid for the asset in its existing use.

FINANCE LEASE

A finance lease is one that transfers substantially all of the risks and rewards of ownership of a non-current asset to a lessee.

FIXED ASSET (NON-CURRENT ASSET)

The value of fixed (non-current) assets for capital accounting purposes represents depreciated replacement cost or open market value for land and buildings and the depreciated historic cost of other assets.

GENERAL FUND BALANCES

Accumulated surpluses maintained to meet expenditure, pending the receipt of income, and to provide a cushion against expenditure being higher, or income lower, than expected.

GOING CONCERN

The concept that the PCC will remain in operational existence for the foreseeable future, in particular that the revenue accounts and Balance Sheet assume no intention to curtail significantly the scale of the operations.

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 in return for past or future compliance with certain conditions relating to the activities of the PCC.

IAS19

International Accounting Standard 19 (IAS19) for Employee Benefits sets out the accounting treatment and disclosure for employee benefits and pensions.

IFRS

International Financial Reporting Standards

IMPAIRMENT

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet due to a significant decline in its market value during the period, evidence of obsolescence or significant physical damage to the non-current asset or a significant adverse change in the statutory or regulatory environment in which the PCC operates.

INCOME

Income is money (or some equivalent value) that the force, usually receives in exchange for providing a police service.

INTANGIBLE ASSETS

Intangible assets occur when capital expenditure does not result in the acquisition of a non-current asset, for example software licenses and training for development purposes etc.

INTEREST COSTS (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.

INVESTMENTS (PENSION FUND)

The investments of the pensions fund will be accounted for in the statement of that fund. However, authorities are also required to disclose, as part of the disclosures relating to retirement benefits, the attributable share of pension scheme assets associated with their underlying obligations.

JOINT AUDIT COMMITTEE (JAC)

The JAC is an independent Joint External Audit Committee of the Surrey Police and Crime Commissioner and the Chief Constable of Surrey providing a key component of corporate governance arrangements for both corporations sole.

LAAP

The Local Authority Accounting Panel issues LAAP Bulletins to assist practitioners with the application of the requirements of the Code of Practice on Local Authority Accounting and Prudential Code, and to provide advice on emerging or urgent accounting issues. Bulletins provide influential guidance that is intended to be best practice, but are not prescriptive and do not have the formal status of the Code or Prudential Code.

LEVIES

A levy is an amount of money a local authority is compelled to collect (and include in its budget) on behalf of another organisation – for example, a government agency – and which appears as a separate item on the council tax bill.

LIABILITY

An obligation that legally binds an individual or company to settle a debt.

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 statutory minimum amount set aside on an annual basis, as a provision to redeem debt.

NATIONAL NON DOMESTIC RATE (NNDR) – or BUSINESS RATES

The rate in the pound charged on non-domestic properties. It is the same for all businesses in England and is set annually by Government, on whose behalf it is collected by billing authorities. The Police and Crime Commissioners then receive a share of the national pool as part of its resources used to meet Total Net Expenditure.

NET BOOK VALUE

The amount at which non-current assets are included in the Balance Sheet, i.e. their historic cost or current value less the cumulative amounts provided for depreciation.

NET CURRENT REPLACEMENT COST

The cost of replacing an asset or the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

NET OPERATING EXPENDITURE

The total net expenditure before financing from Central Government grants or local Council Tax and before the movements shown in the Statement of Movement on the General Fund Balance.

NON-CURRENT ASSETS (FIXED ASSETS)

Tangible assets that yield benefits to the PCC and the services it provides for a period of more than one year.

OPERATING LEASE

An operating lease is a lease other than a finance lease.

PAST SERVICE COSTS (PENSIONS)

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.

PCC

Police and Crime Commissioner

POLICE GRANT

A specific grant paid to the PCC by the Home Office to support its revenue expenditure. It is a fixed sum calculated by the Government on an assumed needs basis.

PRECEPT

An amount determined by the PCC (the preceptor) which is collected on its behalf by the local District Councils (the billing authorities) as part of the Council Tax.

PREPAYMENT

Any amounts that have been paid for goods and services not received by the end of an accounting period are shown as prepayments in the debtors section of the balance sheet.

PROJECTED UNIT METHOD

A Projected Unit Method is an accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- The accrued benefits for member in service on the valuation date.

PROVISION

An amount set aside to provide for a liability which is likely to be incurred but the exact amount and the date on which it will arise is uncertain.

RELATED PARTIES

Two or more parties are related parties when at any time during the financial period:

- one party has direct or indirect control of the other party, or
- the parties are subject to common control from the same source, or

- one party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests, or
- the parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interests.

RELATED PARTY TRANSACTION

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made.

RESERVE

An amount set aside for a specific purpose and carried forward to meet expenditure in future years. General reserves represent accumulated balances which may be used to support future spending. Earmarked reserves are those reserves set aside to meet specific policy purposes.

RESIDUAL VALUE

The residual value is the net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future price changes.

REVENUE BUDGET

The Revenue Budget estimates annual income and expenditure requirements, and sets out the financial implications of the PCC Group policies and the basis of the annual precept to be levied on collection funds.

REVENUE SUPPORT GRANT

Central Government grant supporting the cost of public services.

SCHEME LIABILITIES (PENSIONS)

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflects the benefits that the employer is committed to provide for service up to the valuation date.

SETTLEMENT (PENSIONS)

An irrevocable action that relieves the employer (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:-

- a lump sum cash payment to scheme members in exchange for their rights to receive specified pension benefits
- the purchase of an irrevocable annuity contract sufficient to cover vested benefits, and
- the transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

SONIA (Sterling Overnight Index Average)

SONIA is the effective reference overnight rate for unsecured transactions in the Sterling market. SONIA is now the key reference rate for most market transactions, effectively replacing LIBOR.

SPECIFIC GRANTS

Central Government grants towards specific services, usually on a fixed percentage for a particular service such as Police. These are included as income on the Income & Expenditure Account.

TOTAL NET EXPENDITURE

Total net spending requirement after deducting specific grants and other local income is financed by Central Government grants and local Council Tax

WORK IN PROGRESS/ASSETS UNDER CONSTRUCTION

Completed and continuing work required on an incomplete project.