

**Report of the Chief Finance Officer for the PCC to the Chair
and Members of Audit Committee
26th June 2025**

**Executive and Presenting Officer: Mr M Porter, PCC CFO
Status: For Noting**

Title: Statement of Accounts 2024/25 (Subject to Audit)

1 Purpose

- 1.1 In September 2024 the Accounts and Audit Regulations 2015 were amended by The Accounts and Audit (Amendment) Regulations 2024.
- 1.2 The amendments, amongst other changes, provide revised deadlines for a Category 1 authority (which the PCC is) to publish certain accounts and statements, resulting in:
 - Draft Accounts for 2024/25 must be published by the 30th 2025
 - Audited Accounts for 2024/25 must be published by the 27th February 2026
 - The period for the exercise of public rights does not need to commence until the first working day of July
 - Category 1 authorities (which includes the PCC) are required to consider and publish annual audit letters or reports whenever they are received.
- 1.3 The role of the Audit Committee in this process is set out in the terms of reference for this Committee and includes:
 - Reviewing the Annual Statement of Accounts and make recommendations or bring to the attention of the PCC or CC, any concerns or issues.
 - To consider whether appropriate accounting policies have been followed and any changes to them.
- 1.4 Attached to this report are the Statement of Accounts for the Group and PCC, and also the Accounts for the Chief Constable.

2 Recommendations

Members are asked:

- 2.1 To note that the PCC Group Accounts and the CC Accounts for 2024/25 will be approved by the respective Chief Finance Officers following this meeting. The accounts will then be subsequently published and made available for audit prior to the statutory deadline of the 30th June 2025.
- 2.2 To note that the deadline for publishing the audited financial statements is the 27th February 2026 and therefore Members may want to make enquiries with the External Auditors of the timelines that they will be working to in respect of this.
- 2.3 To review the accounting policies as set out in the Statement of Accounts on pages 26 to 34 inclusive in the PCC Groups Accounts, which the PCC Group has followed in producing these accounts. These policies are used consistently throughout the sets of accounts attached to this report.
- 2.4 To consider the analytical review of the accounts contained within the body of this report and specifically within paragraphs 3.14 to 3.34 below, to provide Members with confidence in the financial statements.
- 2.5 To review the Annual Statement of Accounts and make recommendations or bring to the attention of the PCC or CC, any concerns or issues.

3 Reasons

- 3.1 The Statement of Accounts are a valuable source of information for a range of Stakeholders including, but not limited to:
 - Public – Accountability
 - Lenders – Security of Investments
 - Partners – spending
 - Government – spending levels and financial position
- 3.2 Preparation and publication is governed by legislation, regulations and Codes of Practice. (There continues to be a concerted effort to bring UK public sector accounting in line with International Financial Reporting Standards (IFRS))
 - Primary Legislation – eg. Local Government Finance Act
 - Statutory Regulations – eg. Account and Audit Regulations
 - Code of Practice – eg. International Financial Reporting Standards Code
- 3.3 The role of the Audit Committee in reviewing the statement of accounts is essentially to provide assurance to the PCC and CC and to the wider stakeholder base that they conform to proper practices.

- 3.4 Under the amended Account and Audit Regulations, local authorities, including Police and Crime Commissioners, are required to publish the unaudited Statement of Accounts for the financial year ending 31st March 2025 by 30th June 2025.
- 3.5 The Accounts and Audit (amendment) Regulations 2024 revised the statutory deadline for publishing the audited financial statements as follows:
- 2024/25 – 27th February 2026
 - 2025/26 - 31st January 2027
 - 2026/27 - 30th November 2027
 - 2027/28 - 30th November 2028.
- 3.6 The accounts are prepared in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom. This specifies the principles and practices of accounting required to prepare a Statement of Accounts which gives a true and fair presentation of the financial position of the PCC and CC.
- 3.7 The Statement of Accounts is presented subject to audit. The audited accounts and any amendments resulting from the audit will be presented to a future meeting of this Committee depending on the timeframes of the conclusion of the Audit.
- 3.8 Sections 25 and 26 of the Local Audit and Accountability Act 2014 ('the Act') provide local government electors, journalists and citizen journalists with the right to inspect and make copies of the statement of accounts, accounting records and all documents relating to those records, for the financial year ended 31st March 2025.
- 3.9 Rights to inspect the accounts and relevant accounting records will be advertised in accordance with the legislation, giving the public 30 working days to inspect the accounts between the 1st July 2025 to the 12th August 2025 between the hours 9.00am and 4.00pm.
- 3.10 Under section 26 of the Act, a local government elector may question the auditor about the accounting records for the financial year ended 31st March 2024 and, under section 27 of the Act, a local government elector may make an objection to the auditor which:
- concerns a matter in respect of which the auditor could make a public interest report under section 24 of the Act; or
 - concerns an item of account in respect of which the auditor could apply for a declaration that the item is unlawful under section 28 of the Act.

- 3.11 Formal notice will be provided on the websites of both the PCC and Force of this right.
- 3.12 The statement of accounts appended to this paper detail the Accounting Policies that the PCC has used during 2024/25 and which underpin these accounts. These accounting policies have been used consistently within the 2 sets of accounts attached to this report. There have been no changes to accounting policy for the 2024/25 financial year in comparison to 2023/24.
- 3.13 The review of the Statement of Accounts has been undertaken with the following areas highlighted for Member's information:
- 3.14 Comprehensive Income and Expenditure Statement (Page 19)
This statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from precept. Authorities (including the PCC) raise precept to cover expenditure in accordance with regulations; this may be different from the accounting cost. The amount chargeable to precept is shown in the Movement on Reserves Statement.
- 3.15 This statement is impacted to a greater extent than others from the accounting entries required in relation to Pensions and also as a result of the technical accounting entries required to meet the statutory guidelines that differ significantly from the way that precept is raised and the budgets are managed and reported.
- 3.16 The 'Expenditure and Funding Analysis Year Ending 31 March 2025' (note 2 – starting on page 35) sets out the entries included within the Comprehensive Income and Expenditure Account that are 'stripped' out to arrive at the 'actual Surplus/Deficit' for the financial year.
- 3.17 Movement on Reserves Statement (Page 21)
This statement shows the movement in the year on the different reserves held by the PCC, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local precept) and unusable reserves.
- 3.18 Usable reserves have reduced by £3,997k to £19,679k. Of this £19.7m of reserves, £8.0m is set aside to fund Capital Expenditure, of which £2.0m is in the Capital Receipts reserve.
- 3.19 The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the PCC's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charged to the General Fund Balance for council tax setting purposes.

- 3.20 The Net Increase/Decrease before Transfers to Earmarked Reserves line shows the statutory General Fund Balance before any discretionary transfers to or from earmarked reserves undertaken by the PCC.
- 3.21 Balance Sheet (Page 23)
The Balance Sheet shows the value as at 31st March 2025 of the assets and liabilities recognised by the PCC.
- 3.22 The net assets of the PCC (assets less liabilities) are matched by the reserves held by the PCC.
- 3.23 Property, Plant & Equipment, Intangible Assets and Assets held for sale has increased by £8.845m which comprises spend of £5.692m which is offset by in year depreciation charges of £6.077m, non-adding value assets of £1.555m, a revaluation net increase of £10.029m and disposals of £0.294m. Impact of IFRS 16 Right of use assets £1.050m
- 3.24 The value of Debtors (long and short term) has decreased by £2.301m, primarily as an increase in Government debtors of £1.452m (comprising decrease in Pension grant and additional Uplift Grants), and net increase in Local Authority debtors of £0.864m (mainly due to Council tax Precepts £0.674m) and Other debtors decrease of £0.838m and decrease in Prepayments £3.902m (mainly due to the Pension payroll) and a decrease in provision for bad debt of £0.165m.
- 3.25 Short term investments and cash has decreased by £2.408m
- 3.26 The value of Creditors (short and long term) has increased by £1.634m, primarily as a result of the increase Council tax precept liability of £2.600m, net decrease across Government and Other creditors £1.231m offset by a reduction in Local Authority creditors of £0.265m.
- 3.27 Provisions increased by £0.256m.
- 3.28 No new borrowing was undertaken in the year, however £0.760m was repaid, total borrowing stands at £18.760m and is well within the limits approved by the PCC.
- 3.29 The Pension Liability has decreased by £189.243m, mainly because of changes in actuarial assumptions and application of the asset ceiling test as detailed within the notes to the accounts.
- 3.30 Other Long-term liabilities have increased by £1.417m as a result of the application of IFRS 16 (Leasing).

- 3.31 The Usable Reserves of the PCC Group has seen a net overall decrease of £3.996m; a net movement on earmarked reserves and a reduction in Capital reserves of £0.027m. A detailed breakdown of the earmarked reserves can be found at Note 9 of the accounts. There has been a reduction in capital receipts reserves of £4.020m.
- 3.32 Whilst the 'Net Assets' of the PCC is showing an overall negative balance of £1,133m this is as a result of the large liability showing on the Pension Fund of £1,175m. Once the Police Pension liability, of £1,175m is removed, and it is not unreasonable to do this given that this liability is effectively underwritten by the Government, then the Net Assets would show as £42m.
- 3.33 Cash Flow Statement (Page 25)
The Cash Flow Statement shows the changes in cash and cash equivalents of the PCC during the reporting period. The statement shows how the PCC generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities.
- 3.34 The Group had a Net increase in cash in the year of £0.592m. This resulted from:
- A Net inflow of £4.8m from Operating Activities
 - And a net inflow of £3.0m from reduced investments
- Offset by:
- £0.8m of outflows on Loan repayments
 - £5.0m of outflows on Capital Activities
 - £1.4m of payments to reduce the PFI liability

4 Implications

4.1 Finance

There are no financial implications other than those mentioned above.

4.2 Diversity & Equal Opportunities

There are no issues arising from this report to bring to Members attention.

4.3 Human Rights Act

There are no Human Rights Act Implications from this report.

4.4 Sustainability

This report is part of the governance arrangements to oversee and assess the sustainable financial position of the PCC.

4.5 Risk

Incorrectly prepared Statement of Accounts may materially misrepresent the financial position of the PCC, CC and PCC Group, giving rise to risks to reputation, service and financial planning processes, as well as exposure to additional costs. Adherence to proper

practices, the closure processes undertaken within the Force, combined with reviews by the PCC CFO and CC CFO are designed to mitigate such risks.

5 Conclusion

Both the PCC and CC produced and will publish the 2024/25 Statement of Accounts by the required Statutory deadline, this is a significant achievement and is testament to the hard work of the Finance team.

The role of the Audit Committee in reviewing the statement(s) of accounts is set out in the agreed terms of reference. This report is to provide Members of the Committee with the required information for them to discharge this role.