



**WEST MERCIA  
POLICE**

**Chief Constable of  
West Mercia Police**

**Statement of  
Accounts  
2024/25**

# **THE CHIEF CONSTABLE OF WEST MERCIA POLICE**

## **STATEMENT OF ACCOUNTS 2024/25**

### **CONTENTS**

Foreword from the Chief Constable	3
Narrative Report	4
Statement of Accounting Policies	11
Statement of Responsibilities	18
Independent Auditor's Report	19
Financial Statements for The Chief Constable of West Mercia Police:	
• Comprehensive Income and Expenditure Statement	24
• Movement in Reserves Statement	25
• Balance Sheet	26
• Cash Flow Statement	27
Notes to the Financial Statements (see table of Notes overleaf):	28 to 53
Supplementary Financial Statement and Notes - Police Pension Fund Account	54
Glossary of Terms	56

## Table of Disclosure Notes

Note	Description	Page
1	Expenditure and Funding Analysis and related notes	28
2	Accounting standards that have been issued but have not yet been adopted	30
3	Critical judgements in applying accounting policies	31
4	Assumptions made about the future and other major sources of estimation and uncertainty	33
5	Material items of income and expenditure	34
6	Events after the Reporting Period	34
7	Adjustments between accounting basis and funding basis under regulations	34
8	Unusable Reserves	35
9	Intra-Group funding arrangements between the PCC and the Chief Constable	36
10	Pooled Budgets and joint operations	37
11	Exit Packages	38
12	Officers' Remuneration	39
13	External Audit Costs	41
14	Related Parties	41
15	Debtors	42
16	Creditors	42
17	Provisions and Contingent Liabilities	42
18	Proceeds of Crime	44
19	Cash Flow Statement Notes – Operating Activities	44
20	Defined Benefit Pension Schemes	44

## Foreword

### Message from Richard Cooper, Chief Constable of West Mercia Police

This year has marked a significant stride in our commitment to neighbourhood policing across Herefordshire, Shropshire and Worcestershire. Building upon the foundation laid in previous years, we've introduced new ways of working aimed at how we work with our communities to address the issues that matter most to them.

In September 2024, we launched ten dedicated Town Centre Policing Teams in Evesham, Hereford, Kidderminster, Leominster, Oswestry, Redditch, Ross-on-Wye, Shrewsbury, Telford, and Worcester. These teams focus on addressing issues more commonly reported in town centres, such as retail crime and anti-social behaviour, working closely with local businesses and community partners to create safer places.

We reinforced our commitment to neighbourhood policing with a refreshed Local Policing Charter. The charter focuses on prevention, protecting the vulnerable, and building trusted local relationships through partnership working—ensuring communities are heard, supported, and safer through tailored, problem-solving policing.

Other achievements this year include:

- Since its implementation in December 2023 our hotspots policing approach has achieved a 20% reduction in serious violence and notable decreases in anti-social behaviour.
- Our Online Child Sexual Exploitation Team (OCSET) safeguarded 172 children in 2024 alone, averaging three arrests per week, underscoring our commitment to protecting the most vulnerable.
- Since April 2024, our Economic Crime Unit has frozen more than £6 million from criminals' bank accounts—a 28% increase compared to the previous year.
- Officers Lee Baker, Shannon Murphy, and Tom Simmonds were honoured with a National Bravery Award for rescuing a woman from a submerged vehicle during flash flooding, showcasing exceptional courage and quick response.
- Project Rudolph, which aimed at identifying early signs of predatory behaviour towards women and girls during the festive season, won the National Police Chiefs' Council's "Making Spaces Safer" award. The project led to a decrease in offences against women and girls across all three counties.

Looking ahead to 2025/26, our focus remains on delivering excellent service and being there for people when they need us most. We will continue to build upon our successes, ensuring our approach to preventing and detecting crime evolves to meet the changing needs of the communities we serve.

Richard Cooper  
Chief Constable



## Narrative Report

### Introduction

This narrative report explains the structures and governance arrangements of the PCC and Chief Constable as well as a summary of financial and non-financial performance of West Mercia Police during financial year 2024/25. The PCC and the Chief Constable form an accounting group for reporting purposes. This set of Accounts includes the Statements for the Chief Constable as a single entity set of Accounts. The PCC and Group Accounts are published in a separate document which can be found on the Police and Crime Commissioner's website.

This Statement of Accounts sets out the overall financial position of the Chief Constable of West Mercia Police. The Statement of Accounts has been prepared following the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The accounts have been prepared following the International Financial Reporting Standards on which the accounts of the Chief Constable are required to be based.

The primary function of the Office of Chief Constable of West Mercia Police is the exercise of operational policing duties under the Police Act 1996. The role of the Office for the Police and Crime Commissioner is to hold the Chief Constable to account for the exercise of these duties thereby securing the maintenance of an efficient and effective police force in West Mercia.

The Statement of Accounts for the Chief Constable West Mercia Police comprise of:

- **Foreword from the Chief Constable**
- The **Statement of Accounting Policies**, which sets out the accounting policies adopted by the Group and the Chief Constable and explains the basis on which the financial transactions are presented;
- The **Statement of Responsibilities** for the Accounts, which sets out the responsibilities of both the Chief Constable and the responsible Chief Finance Officer for the preparation of the Accounts;
- **Auditor's Report** gives the auditor's opinion of the financial statements and arrangements for securing economy, efficiency and effectiveness in the use of resources;
- The **Comprehensive Income & Expenditure Statement (CIES)** is a summary of the income and expenditure received and used to provide services during the year and shows how the PCC has funded the cost of net expenditure incurred at the request of the Chief Constable by an intra-group transfer. The surplus or deficit on the provision of services line flows into the MIRS to be transferred into the balance sheet as explained below;
- The **Movement in Reserves Statement (MIRS)** shows the movement in the year on the different reserves held by the Chief Constable. A further analysis and explanation of the purpose for which these unusable reserves are held can be found at Note 9. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Chief Constable's services, more details of which are shown in the CIES.

### Statement of Accounting Policies

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This is different to the statutory amounts that can be charged against the police fund and taxation, whereas the net increase before transfers to earmarked reserves is the sum after adjustment for the entries required to comply with accounting standards, Note 7 provides detailed analysis of the adjustments contained in the MIRS;

- The **Balance Sheet**, which shows the value as at the 31 March 2023 of the assets and liabilities recognised by the Chief Constable. The net assets (assets less liabilities) are matched by the usable and unusable reserves, which hold the transfers from the CIES, which have moved through the MIRS;
- The **Cash Flow Statement**, which summarises the inflows and outflows of cash arising from transactions with third parties for revenue and capital purposes;
- **Notes to the Accounts**, these comprise a detailed analysis of the summarised financial information in the Core Financial Statements, including the Expenditure and Funding Analysis (Note 1);
- **Police Officer Pension Fund Account** - This identifies the payments in and out of the Police Officers Pension Fund Account for the year;
- The **Annual Governance Statement** – This section describes how the PCC conducts business in accordance with proper standards and presents the findings from the annual review of the effectiveness of systems of internal control. The Annual Governance Statement does not form part of the Accounts but is included here for reporting purposes.

### About West Mercia and West Mercia Police

#### Our geography

West Mercia Police is the fourth largest geographic police area in England and Wales. Our communities cover three counties: Herefordshire, Shropshire (which includes Telford and Wrekin) and Worcestershire, with more than 1.3 million people living in the areas we serve. Whilst many of our communities are rural, the urban areas we police include Hereford, Kidderminster, Redditch, Shrewsbury, Telford and Worcester.



## Statement of Accounting Policies

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### Our history

The force was formed on 1 October 1967, by the merger of four forces; Worcestershire Constabulary, Worcester City Police, Herefordshire Constabulary and Shropshire Constabulary and in May 2009 we changed our name from West Mercia Constabulary to West Mercia Police.

### Our Priorities

West Mercia Police is a people-led, tech-enabled, crime fighting service.

We support and deliver the West Mercia Safer Communities Plan in conjunction with the Police and Crime Commissioner. We focus of preventing and detecting crime and have three strategic priorities for West Mercia Police. These are:

- 1) Keeping communities safe.
- 2) Delivering an excellent service.
- 3) Being a great place to work.

### Our values

West Mercia Polices values are Public first, courage, compassion, ownership and inclusivity, underpinned by the Code of Ethics. These values form part of our current strategic approach which all officers staff and volunteers are expected to live by.

Diagram 2 shows the Control Strategy that has been in place during the financial year

## Organisation Overview

## Workforce

The workforce is key to the delivery of effective policing, an analysis of which is shown below. A Home Affairs Committee report highlighted the under representation of ethnically diverse people in police forces in England & Wales. The Force representation is 3% for ethnically diverse candidates as compared to our Force area population of 5.8%. The force seeks to take positive action to ensure that West Mercia represents the community's we police.

	Total (% change)	Ethnically Diverse %	Female %	Male %
Police Officers	2519 (-2)	3	37.5	62.5
Police Staff	1880 (-2)	4	63.6	36.4
PCSOs	205 (12)	2	53.6	46.4
Special Constables	78 (-8)	3	26.9	73.1
Total	4682 (-1)	3	48.6	51.4

\*Data as at 28<sup>th</sup> February 2025.

### Achievements in 2024/25

During the financial year there has been many positive outcomes across the force. These include:



Statement of Accounting Policies

- Recorded crime has reduced for the second year in a row following a long-term downward trend in crime. Total recorded crime has reduced by 6% to the end of March 2025.
- As of September 2024, Town Centre Teams are embedded across 10 locations. These teams focus on matters specific to the town centre, and work alongside partners to reduce ASB, business and retail crime, and crime and disorder associated with the nighttime economy.
- Redditch Police and Fire station has officially opened and is operationally active. Feedback from those stationed now at Redditch is that it is a great place to work.
- Full transition to a new digital infrastructure has been completed creating a modern digital environment.
- Home Office funded Hot Spot Policing has been developed this year with in-depth analysis to identify areas of disproportionately high anti-social behaviour and serious violence. After 30,000 patrols within these areas this year, there has been an impact on all crime, but there has been a marked reduction in serious violence in these areas along with reductions in sexual offences in these and surrounding areas. Hotspot policing is now embedded in the force and will continue into this year.
- The Local Policing Communities Charter has been fully reviewed and relaunched for the year ahead. The charter, which has been created in conjunction with Police and Crime Commissioner, is the force's commitment to engagement with the communities in West Mercia to keep them safe and it sets out the steps taken to deliver on that.
- There has been a fundamental review of the force operating model to focus resources on responding to calls for service and to provide a resilient frontline policing service with a focus on improving the quality of investigations. The new model will go live during 2025/26.

**Financial Review****Funding Sources 2024/25**

The Police and Crime Commissioner is responsible for setting the annual budget within which the Chief Constable is expected to operate and against which financial performance is measured. The annual budget is funded mainly through government grants and the council tax precept charge on Council Tax Payers of £277.50 (Band D equivalent) which is an increase of 4.92% (£13.00) on the 2023/24 charge.

Table 1 provides a breakdown of the funding sources allocated to the Police and Crime Commissioner:

<b>Funding Source</b>	<b>Revised Budget</b>
<b>Operational budgets</b>	<b>£m</b>
Central Government Funding	153.837
Locally Raised Funding – Precept (Council Tax)	129.775
	<b>283.612</b>
Funding (from) / to Reserves	5.377
<b>Total Funding (including reserves)</b>	<b>288.989</b>

The original budget in 2024/25 allocated from the Police and Crime Commissioner to the Chief Constable was £262.969m. Further funding announcements and agreement to utilise carry forward from prior year underspend increased the revenue operational budget to £263.478m.

### **Chief Constable Revenue Outturn 2024/25**

Table 2 provides an analysis of the West Mercia Police budget, and the outturn based on the expenditure incurred:

The Chief Constable was provided with a budget of 263.478m, at the end of 2024/25 there is a reported revenue overspend of £7.413m.

An Outturn Report was presented to the West Mercia Governance Board on the 22nd May 2025 The 2024/25 financial position is showing the following areas of overspend

- Police Officer pay - £2.995m - There were several issues that contributed to the overspend, including overage in numbers from the start of the year, the level of recruitment being higher than predicted through the year, a shortfall in funding from the government for the pay award, and lower than expected turnover of officers.
- Officer and Staff Overtime - £0.521m - Demand was high at the start of the financial year, which created pressure through the rest of the year, as vacancies within teams and the operating model required overtime to continue.
- Injury and ill health retirement - £0.811m - The requests for injury and ill health retirements have continued to rise in recent years to a level higher than the budget has been set at.
- Income under recovery - £1.611m – the budget assumed that there would be an increase in the firearms fee early in the financial year. It wasn't increased by the government



## Statement of Accounting Policies

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until February 2025 which resulted in less income being received than expected. There has also been a pressure created from the income recovery from the ROCU regional collaboration agreement due to less officers working in the unit.

- Exceptional Items - £2.589m – there was a number of incidents that occurred in the year for which the police force is assessed to have a potential financial liability. An assessment has been made of the likelihood that the force is liable and the potential cost, and a provision made for this.

There were underspends reported during the year that offset some of the overspend. Action was taken by the force to control costs during the second half of the year to offset the identified risks above and ensure that the outturn overspend position was not even higher.

- Staff and PCSO pay – (£0.785m)
- Supplies and services – (£1.158m) [does not including exceptional items]

### Events after the reporting period

There are no material events to report after 31 March 2025

### Future Outlook

West Mercia recognise the challenging financial landscape and continues to prioritise efficiency and productivity savings.

The uncertainty in the economy makes planning over the medium-term challenging. Currently there is no commitment made on future funding levels, but we look forward to receiving the Comprehensive Spending Review. The 2025/26 Budget Report sets out the assumptions regarding funding and cost changes. This has highlighted that not only the current year, but also future years will be a challenging, as further savings and efficiencies will be required to be able to operate within the financial resources available. Planning for the 2026/27 budget has already begun to provide the maximum opportunity to respond to this challenge and ensure that the services provided are focused on delivering the outcomes as set out in the PCC's Safer West Mercia Communities Plan and the force objectives.

Consideration has been given as to whether the overspend is an indication of a systemic risk, recognising a range of pressures and uncertainties:

- Uncertainty as to the level of funding from central government (no multiple year funding settlement)
- Revenue impact of increasing reliance on borrowing, with limited options for capital receipts especially in relation to short life assets
- Inflexibility within the revenue budget, as funding is linked to police officer numbers.

These risks are not exclusive to West Mercia and are impacting across the whole sector. The PCC and force are cognisant of the risks and actions are being taken to mitigate them. The budget for 2025/26 includes provision to replenish the reserves depleted by the overspend. The force has a good track record of delivering savings based on costed options. At present there is no indication that the force lacks financial stability.



## Statement of Accounting Policies

### i. General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2024/25 financial year and its position at the year-end. The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Chief Constable when preparing and presenting the financial statements. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 supported by International Financial Reporting Standards (IFRS).

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments. The principal accounting policies have been applied consistently throughout the year. The Statement of Accounts have been prepared on the basis that the Force is a going concern.

### ii. Changes in Accounting Policies

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions in the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. The only change to accounting policies is the mandatory adoption of IFRS 16 from 1<sup>st</sup> April 2024. This standard governs the treatment of leases and replaced IAS 17. This standard does not impact the Chief Constable accounts as all leases are owned by the PCC, more information on this is available in the group accounts under note 19.

### iii. Income and Cost Recognition and Intra-group Adjustment

The PCC is responsible for the Police Fund into which all income is received including the main funding streams of Police Grant, Revenue Support Grant and Council Tax as well as income from charges and from which all costs are met. The Police Fund is held in a single bank account: the Chief Constable does not have a separate bank account into which money can be received or from which payments can be made.

The Chief Constable's Accounts show the cost of undertaking day to day operational policing under the direction and control of the Chief Constable. Expenditure shown in the Comprehensive Income and Expenditure Statement (CIES) includes the salaries of police officers, PCSOs and police staff as well as the cost of purchases. In addition, a charge is shown for the Chief Constable's use of assets, which are strategically controlled by the PCC. The capital charge is equal to depreciation of property, plant and equipment and amortisation of intangible assets plus any charge for impairment through obsolescence or physical damage. To fund the operational expenditure, the Chief Constable's Accounts show income by way of funding or financial guarantee provided by the PCC to the Chief Constable. This treatment forms the basis of the intra-group adjustment between the Accounts of the PCC and the Chief Constable. However, because the Chief Constable does not have a bank account there is no actual transfer of cash between the PCC and the Chief Constable.

**Statement of Accounting Policies**

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The cost of post employment benefits accrued by serving and ex-police officers and police staff and the cost of accrued absences is also shown in the Chief Constable's Accounts.

**iv. Accruals of Income and Expenditure**

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

- Supplies are recorded as expenditure when they are consumed. Where there is a gap between the date supplies are received and their consumption they are carried as inventories on the Balance Sheet.
- Expenses in relation to services received (including services provided by police officers, police staff and PCSOs) are recorded as expenditure when the services are received rather than when payments are made.
- Manual accruals of expenditure are not made where the value of the item is less than £1,000.

Notional transactions between the PCC and the Chief Constable are assumed to be settled immediately. The effect is to minimise the debtors within the Chief Constable's Balance Sheet. Where revenue and expenditure has been recognised but cash has not been paid a creditor for the relevant amount is recorded in the Balance Sheet. However, the PCC has not given consent to the Chief Constable to enter into contracts; therefore, creditors for purchases are not shown in the Chief Constable's Accounts. However, accruals for police officers, PCSOs and police staff under the control of the Chief Constable are reflected in the Chief Constable's Accounts.

**v. Cash and Cash Equivalents**

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 no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

However, the Chief Constable does not have their own bank account, therefore the cash figure is a notional figure derived from the PCC's cash and cash equivalents to balance with corresponding items held on the Balance Sheet.

**vi. Charges to Revenue for Non-Current Assets**

Services under the direction and control of the Chief Constable are debited with the following amounts to record the cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible non-current assets attributable to the service.

**vii. Employee Benefits**



## **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, rest days, time off in lieu, paid sick leave 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 Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at the start of the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement In Reserve Statement (MIRS) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accumulated cost is carried to the Chief Constable's Balance Sheet where it is held as a liability and is matched by an unusable reserve.

## **Termination Benefits**

This policy only applies to members of police staff, including PCSOs.

Termination benefits are amounts payable to employees as a result of a decision by the Chief Constable to terminate their employment, before the normal retirement date, or an employee's decision to accept voluntary redundancy. Termination benefits are charged on an accruals basis to the Cost of Services in the CIES, at the earlier of when the employer can no longer withdraw the offer of those benefits, or when the employer recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the Police Fund Balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the MIRS, 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.

## **Post-Employment Benefits**

Police officers and police staff, including PCSOs, have the option of belonging to one of two separate pension schemes relevant to them:

- Police Pension Scheme (PPS) for Police Officers.
- Local Government Pension Scheme (LGPS) for Police Staff administered by Worcestershire County Council.

Both schemes provide index-linked defined benefits to members (retirement lump sums and pensions) and are determined by the individuals' pensionable pay and pensionable service.

The LGPS and the PPS are accounted for as defined benefits schemes as follows:

- the liabilities of the pension fund attributable to the Chief Constable 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



Statement of Accounting Policies

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earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of anticipated earnings for current employees.

- International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds.
- PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin and the LGPS liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields as at 31 March 2025.
- The discount rates used by the actuaries and other principal assumptions are set out in Note 20.
- The assets of the LGPS fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
  - Quoted securities – current bid price
  - Unquoted securities – professional estimate
  - Unitised securities – current bid price
  - Property – market value

The change in the net pension's liability is analysed into the following components:

- **Current service cost** – the increase in liabilities as a result of years of service earned in the current 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.
- **Net interest on the net defined benefit liability** i.e. net interest expense for the Group – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.
- **Re-measurements comprising:**
  - **the return on plan assets** – excluding amounts included in net interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure
  - **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

Statement of Accounting Policies

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because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

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

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

A difference between the two schemes is that the PPS is an unfunded, defined benefit, career average salary scheme, whereas the LGPS is a funded, defined benefit, career average scheme. With effect from 1 April 2014, the LGPS became a career average (CARE) rather than final salary scheme. The PPS became a career average scheme from the introduction of the 2015 scheme, however officers currently retiring have the option to take their benefits under the 1987 or 2006 scheme, which were final salary schemes, due to the judgement in the McCloud case. The 1987 and 2006 schemes were closed as at the 31<sup>st</sup> March 2023 and all new officers will be enrolled in the 2015 scheme.

As the PPS is unfunded there are no investment assets built up to meet the pensions' liabilities and cash has to be generated to meet the actual pensions payments as they eventually fall due. This is further explained in the notes to the Police Pension Fund Account on page 55.

It should be noted that the Chief Constable has not exercised powers to make discretionary awards of retirement benefits in the event of early retirements. The approach set out in the joint Government Actuary's Department (GAD)-CIPFA paper "Assessment of Pension Liabilities Disclosures" as realised in the GAD model has been followed in order to satisfy the disclosure requirements of the Code.

The Chief Constable has powers to make awards to Police Officers who have ceased to be members of the police force and are permanently disabled as a result of an injury received without his/her own default in the execution of his/her duty. These payments are made in accordance with the Police (Injury Benefit) Regulations 2006.

#### **viii. Inventories and Long-Term Contracts**

Inventories are required to be included in the Balance Sheet at the lower of cost or current replacement value. Inventories are included on the Balance Sheet and are valued at actual cost price.

#### **ix. Jointly Controlled Operations and Jointly Controlled Assets**



## Statement of Accounting Policies

Jointly controlled operations are activities undertaken by the PCC and / or Chief Constable in conjunction with other ventures or organisations that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity.

A full explanation of the treatment of transactions and balances has been explained fully in Note 10 to the Accounts 'Pooled Budgets and Joint Operations'.

### **x. Leases**

Rentals paid under operating leases are charged to the CIES as an expense of the services benefiting from use of the leased property, plant or equipment. Charges are made on a straight-line basis from the commencement of the lease term over the life of the lease; even if this does not match the pattern of payments (e.g. there is a rent-free period at the inception of the lease).

IFRS 16 replaced IAS 17 on 1<sup>st</sup> April 2024 as the standard governing the treatment of leases. More information is provided in note 19 of the Group Accounts.

### **xi. Segmental Analysis**

Income and Expenditure is reported in the CIES on the basis of the Chief Constable's organisational structure. This requirement arose from CIPFA's "Telling the Story" review that revised the presentation of Public Sector financial statements so that the CIES reflects the way that organisations operate and manage services. The Chief Constable monitors and manages its financial performance on the basis of a single segment, Policing Services, to reflect this distinct service area. The costs of overheads and support services are charged to the segment on the same basis as they are reported in the financial performance reports. That is, the costs fall in the segment that is responsible for the support service and that directly monitors and manages that service.

The Expenditure and Funding Analysis (EFA) emanated from the Telling the Story review and brings together performance reported on the basis of expenditure measured under proper accounting practices (including depreciation and the value of pension benefits earned by the employees) with statutorily defined charges to the Police Fund. The EFA reconciles the net expenditure chargeable to council tax to the CIES, analysed by service segment and thereby provides a direct link between the CIES and the budget i.e. the Police Fund.

### **xii. Prior Year Adjustments**

Prior year adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes are applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

### **xiii. Provisions, Contingent Liabilities and Contingent Assets**

Provisions are made where an event has taken place that gives the Chief Constable 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. For instance, the Chief Constable may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.



Statement of Accounting Policies

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Provisions are charged as an expense to the Cost of Services in the CIES in the year that the Group becomes aware of the obligation and are measured at the best estimate as at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year and where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made); the provision is reversed and credited back to the Cost of Services.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income if it is virtually certain that reimbursement will be received if the Chief Constable settles the obligation.

A contingent liability or a contingent asset arises where an event has taken place that gives the Chief Constable a possible obligation or asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Chief Constable. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities and contingent assets are not recognised in the Balance Sheet but disclosed in Note 17 to the Accounts.

#### **xiv. Reserves**

The Chief Constable does not hold any usable reserves as all such reserves are retained by the PCC.

Unusable reserves are held by the Chief Constable to manage the accounting processes for retirement and employee benefits and do not represent usable resources for the Chief Constable. These reserves are explained in the relevant disclosure notes to the accounts.

#### **xv. Value Added Tax**

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

## Statement of Responsibilities

### Responsibilities of the Chief Constable of West Mercia Police

The Chief Constable is required to:

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

I accept the above responsibilities and approve this Statement of Accounts for 2024/25.

**Richard Cooper**  
Date:

**Chief Constable of West Mercia Police**

### Responsibilities of the Director of Commercial Services

The Director of Commercial Services is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code).

In preparing this Statement of Accounts, the Director of Commercial Services has:

- Selected suitable accounting policies and applied them consistently.
- Made judgements and estimates that were reasonable and prudent.
- Complied with the Code.

The Director of Commercial Services has also:

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

The unaudited Statement of Accounts for the Chief Constable of West Mercia Police were issued on 30<sup>th</sup> May 2025 by authority of the Director of Commercial Services.

I certify that the Statement of Accounts represents a true and fair view of the financial position of the Chief Constable of West Mercia Police at the accounting date and of the income and expenditure for the year ended 31<sup>st</sup> March 2025.

**Richard Muirhead**  
Date:

**Director of Commercial Services**

**Independent auditor's report to the Chief Constable of West Mercia**

**Report on the Audit of the Financial Statements**















## Comprehensive Income and Expenditure Statement (CIES)

This Statement recognises the financial resources belonging to the PCC consumed at the request of the Chief Constable in exercising day to day direction and control of the police force for the financial year, presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The CIES includes the intra-group transfer, whereby the PCC provides resources to meet the cost of day-to-day policing provided by the Chief Constable.

2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000		Notes	2024/25 Gross Expenditure £000	2024/25 Gross Income £000	2024/25 Net Expenditure £000
273,381	0	273,381	Policing Services		289,081	0	289,081
273,381	0	273,381	Cost of Policing Services	1	289,081		289,081
(288,442)	0	(288,442)	PCC's funding for Resources Consumed	9	(314,575)	0	(314,575)
		(15,061)	Net Cost of Policing Services			0	(25,494)
		90,679	Financing and investment net expenditure (Note 20)				91,946
		(35,563)	Home Office Grant Towards the Cost of Retirement				(35,347)
		40,055	Deficit on Provision of Services				31,105
		(15,275)	Re-measurement of the net defined benefit liability (Notes 5 and 20)				(223,766)
		(15,275)	Other Comprehensive (Income) & Expenditure				(223,766)
		24,780	Total Comprehensive (Income) & Expenditure				(192,661)

## Movement in Reserves Statement (MIRS)

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into Usable Reserves (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The Surplus or (Deficit) on the Provision of Services line shows the true economic cost of providing the Group's services, more details of which are shown in the Comprehensive Income and Expenditure Statement. This is different to the statutory amounts charged to the General Fund Balance for council tax setting purposes. 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 are undertaken by the Chief Constable.

	Notes	Police Fund Balance £000	Unusable Reserves £000	Total Chief Constable Reserves £000
Opening Balance at 1 April 2023				(1,989,149)
Movement in reserves during 2023/24				
Total Comprehensive Income and Expenditure		(40,055)	15,275	(24,780)
Adjustments between accounting basis and funding basis under regulations	7	40,055	(40,055)	0
Net Increase before transfers to Earmarked Reserves			(24,780)	(24,780)
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	(24,780)	(24,780)
Balance at 31 March 2024 Carried Forward				(2,013,929)
Movement in reserves during 2024/25				
Total Comprehensive Income and Expenditure		(31,105)	223,766	192,661
Adjustments between accounting basis and funding basis under regulations	7	31,105	(31,105)	0
Net Increase before transfers to Earmarked Reserves			192,661	192,661
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	192,661	192,661
Balance at 31 March 2025 Carried Forward				(1,821,268)

## Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The Chief Constable holds employment liabilities, which is associated with the Chief Constable's day-to-day direction and control of police officers and police staff, the costs of which are shown in the CIES. The net liabilities are matched by an unusable reserve held at the bottom of the balance sheet.

31 March 2024		Notes	31 March 2025
£000			£000
0	<b>Long Term Assets</b>		0
15,050	Short Term Debtors	15	9,023
811	Inventories	15	1,169
408	Intra-Group Debtor	9	2,768
16,269	<b>Current Assets</b>		12,960
(21,852)	Short Term Creditors	16	(15,851)
(2,225)	Provisions	17	(4,001)
0	Intra-Group Creditor	9	0
(24,078)	<b>Current Liabilities</b>		(19,852)
(2,006,121)	Liability Relating to Defined Benefit Pension Schemes	20	(1,814,376)
(2,006,121)	<b>Long Term Liabilities</b>		(1,814,376)
(2,013,929)	<b>Net Liabilities</b>		(1,821,268)
2,013,929	Unusable Reserves	8	1,821,268
2,013,929	<b>Total Reserves</b>		1,821,268

The unaudited Statement of Accounts were issued on 30<sup>th</sup> May 2025.



Richard Muirhead

Director of Commercial Services



## Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. The statement shows how the Chief Constable 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 Chief Constable are funded by the PCC.

2023/24 £000		Notes	2024/25 £000
40,055	Net deficit on the provision of services		31,105
(40,055)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	19	(31,105)
0	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		0
0	Net cash flows from Operating Activities		0
0	Investing Activities		0
0	Financing Activities		0
0	Net increase or decrease in cash and cash equivalents		0
0	Cash and cash equivalents at the beginning of the reporting period		0
0	Cash and cash equivalents at the end of the reporting period		0

## Notes to the Financial Statements

The following notes contain information which is in addition to that contained in the main financial statements and are intended to provide a fuller explanation and description of specific figures to aid the reader's understanding of the Statement of Accounts.

### 1. Expenditure and Funding Analysis (EFA)

This Statement shows how annual expenditure is used and funded from resources (government grants and council tax) by Chief Constables (CCs) in comparison with those resources consumed or earned by CCs in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the CC's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

	2024/25 Net Expenditure Chargeable to the Police Fund Balances £000	2024/25 Adjustments between the Funding and Accounting Basis £000	2024/25 Net Expenditure in the CIES £000
Policing Services	312,521	(23,440)	289,081
<b>Net Cost of Policing Services</b>	<b>312,521</b>	<b>(23,440)</b>	<b>289,081</b>
Funding from the PCC	(312,521)	(2,054)	(314,575)
Other income and expenditure	0	56,599	56,599
<b>(Surplus) or deficit on provision of Services</b>	<b>0</b>	<b>31,105</b>	<b>31,105</b>

Opening Police Fund at 31 March 2024	0
Less Deficit on Police Fund in Year	0
<b>Closing Police Fund at 31 March 2025</b>	<b>0</b>

	2023/24 Net Expenditure Chargeable to the Police Fund Balances £000	2023/24 Adjustments between the Funding and Accounting Basis £000	2023/24 Net Expenditure in the CIES £000
Policing Services	287,801	(14,420)	273,381
<b>Net Cost of Policing Services</b>	<b>287,801</b>	<b>(14,420)</b>	<b>273,381</b>
Funding from the PCC	(287,801)	(641)	(288,442)
Other income and expenditure	0	55,116	55,116
<b>(Surplus) or deficit on provision of Services</b>	<b>0</b>	<b>40,055</b>	<b>40,055</b>

Opening Police Fund at 31 March 2023	0
Less Deficit on Police Fund in Year	0
<b>Closing Police Fund at 31 March 2024</b>	<b>0</b>



## Notes to the Financial Statements

## 1(a) Note to the EFA

## Adjustments between Funding and Accounting Basis

2024/25					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i) £000	Net Change for the Pensions Adjustments (note ii) £000	Financing and Investment Adjustments (note iii) £000	Other Adjustments (note iv) £000	Total Adjustments £000
Policing Services	4,141	(24,578)	(3,049)	46	(23,440)
<i>Net Cost of Services</i>	4,141	(24,578)	(3,049)	46	(23,440)
Funding from the PCC	(4,141)	0	3,049	(962)	(2,054)
Other income and expenditure from the Funding Analysis	0	56,599	0	0	56,599
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	32,021	0	(916)	31,105

  

2023/24					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i) £000	Net Change for the Pensions Adjustments (note ii) £000	Financing and Investment Adjustments (note iii) £000	Other Adjustments (note iv) £000	Total Adjustments £000
Policing Services	1,324	(17,705)	(1,574)	3,535	(14,420)
<i>Net Cost of Services</i>	1,324	(17,705)	(1,574)	3,535	(14,420)
Funding from the PCC	(1,324)	0	1,574	(891)	(641)
Other income and expenditure from the Funding Analysis	0	55,116	0	0	55,116
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	37,411	0	2,644	40,055

## Note (i) Adjustments for Capital Purposes

This column adds in depreciation and amortisation in the services line. MRP and other revenue contributions to capital expenditure are deducted because they are not chargeable under generally accepted accounting practices.

## Note (ii) Net Change for Pensions Adjustments

This column reflects the net change for the removal of pension contributions and the addition of IAS19 Employee Benefits pension related expenditure and income:

- For services this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs.



## Notes to the Financial Statements

- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.

**Note (iii) Financing and Investment Income and Expenditure Adjustments** – this column adjusts for borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services.

**Note (iv) Other Adjustments** – this column reflects timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account). Also included is £0.962m (£0.891m in 2023/24) in respect of the training costs funded by the government from the Apprenticeship Levy.

## 1(b) Expenditure and Income Analysed by Nature

2023/24 £000		2024/25 £000
148,093	Police officers pay	162,414
79,545	Police staff pay	83,029
5,161	Police pensions	4,753
3,538	Other Employee Expenses	3,285
26,606	Pensions current cost of service	26,727
(44,513)	Cost of pensions based on cash flows	(51,675)
2,644	Accumulated absences	(915)
202	Non distributed costs	47,989
43,562	Other service expenditure	370
8,712	Depreciation, Amortisation, Revaluation Loss and REFCUS (see glossary)	20,521
(170)	Capital Charges from the PCC to the Chief Constable – net	(7,417)
90,679	Net interest on the net defined benefit liability	91,946
<b>364,059</b>	<b>Total Expenditure</b>	<b>381,027</b>
(288,442)	Funding from the PCC for financial resources consumed	(314,575)
(35,563)	Government grants and contributions	(35,347)
0	Capital Charges from the PCC to the Chief Constable – net	0
<b>(324,004)</b>	<b>Total Income</b>	<b>(349,922)</b>
<b>40,055</b>	<b>Deficit on the Provision of services</b>	<b>31,105</b>

## 2. Accounting standards that have been issued but have not yet been adopted

The Code requires the Group 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. The annual IFRS improvement programme notes three changed standards:

- IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of

Notes to the Financial Statements

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information that enables users of financial statements to understand the impact of a currency not being exchangeable.

- IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- IAS 16 and IAS 38 – changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets*.

None of the above are expected to have a material impact on the Accounts of the Group.

### **3. Critical judgements in applying accounting policies**

The financial statements are prepared using the accounting policies set out in the earlier section; however, the Chief Constable is required to exercise judgement and make estimates and assumptions, based on a range of factors including experience or expert valuation, which affects the application of these policies and the value of transactions and balances reported in the financial statements. This is often the case where there are complex transactions or uncertainty about future events and/or figures are not readily available from another source. The estimates and assumptions are kept under review and revisions, where appropriate, are recognised in the period in which they are made. The critical judgements that have a material impact on the Accounts are as follows:

#### **PCC and Chief Constable group relationship**

The Police Reform and Social Responsibility Act 2011 came into effect on 22 November 2012, creating two corporation soles: The Police and Crime Commissioner for West Mercia (PCC) and the Chief Constable of West Mercia Police (CC).

The allocation of transactions and balances between the PCC and the CC affects the values reported in the two entities' Accounts. The allocation of transactions and balances is a judgement in light of the legislation, accounting standards and the substance of the local arrangements that are in place rather than the legal form underpinning the arrangements.

The approach taken to the accounts is that:

- Revenue expenditure directly relating to those budgets delegated to the CC for the provision of policing services is predominantly included within their Accounts.
- The CC's accounts have been charged with the expense associated with IAS19 pensions and accumulated staff absences as well as the current value of non-current assets consumed during the year and the CC's Balance Sheet contains the net liabilities associated with these items offset by unusable reserves as required by the Code of Practice.
- An intra-group transfer has been made between the CC's and the PCC's CIES offsetting the above expenses.
- Within the Group accounts, where material, a distinction is made between the transactions and balances of the Group and the PCC.
- The Chief Constable's Balance Sheet contains employment-related debtors, creditors, and provisions together with all material inventories.

#### **Post-employment benefits (pension liability)**



Estimation of the pension liability depends on a number of complex judgements and assumptions relating to the discount rate, the future value of the assets and liabilities of the Police Pension Schemes (PPS) and Local Government Pension Scheme (LGPS), the rate of increase in pay, changes in retirement ages and mortality rates. Two actuaries are engaged to provide the Chief Constable with expert advice about the assumptions to be applied to the pension schemes.

The assumptions used to value the pension assets and liabilities are reviewed annually when the actuaries prepare the figures for inclusion in the Accounts. They will vary year on year based on experience and changes to the pension schemes e.g. scheme profiles and the most appropriate inflation index. A variance in the assumptions compared to reality can produce material changes to the assets and liabilities of the pension schemes. The actuary produces sensitivity analysis to show the impact of a plus or minus 1% variation in key assumptions. The impact of these changes is dampened by the fact that only employer contributions, the cost of ill health retirements and injury awards are charged against the General Fund. The impact on the employer's contributions is smoothed over time by the valuation of the schemes, which is undertaken every three years.

West Mercia Police's share of Place Partnership Limited's (PPL) Local Government Pension Scheme assets and liabilities were previously incorporated into the Accounts and shown separately in the tables in Note 20. As at 1 April 2022, the actuaries have included legacy PPL assets and liabilities into the Chief Constable's LGPS assets and liabilities in the tables in Note 20. Although the new Estates team are part of the Office of the Police and Crime Commissioner and their associated current pension's costs are shown in the PCC's Accounts, as the PPL pensions assets and liabilities relate to legacy benefits, a judgement has been made to include these in the Chief Constable's Accounts.

### **Cost of Service – Comprehensive Income and Expenditure Statement (CIES)**

As explained in the Accounting Policies, income and expenditure is categorised into one segment: Policing Services, as this is how the organisation monitors and manages its financial performance. Support service costs are reported as part of the services where they are monitored and managed.

The Net Cost of Policing Services has increased by £14.895m compared to 2023/24, mainly due to fluctuations between years relating to the valuations of pensions costs, as well as reflecting the increased government funding for the recruitment of additional police officers and their associated costs.

### **4. Assumptions made about the future and other major sources of estimation and uncertainty**

The Accounts contain estimated figures that are based on judgements and assumptions made by the Chief Constable about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from those that have been estimated. The items in the Balance Sheet as at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:



**Post-Employment Benefits (Pension Liability)**

The basis of estimating the net liability to pay pension benefits to police officers and police staff is referred to in the previous section. This estimate depends on a number of complex judgements and assumptions around the discount rates used to calculate the pension liabilities. Any changes could have a material impact on the total liability of the pension funds. The actuaries provide illustrations of variations in assumptions to help the Chief Constable understand the potential impact of changes in mortality rates, retirement ages and expected returns on fund assets etc. The actuaries provide the Chief Constable with advice and illustrations of the potential impact of the changes in assumptions and these are set out at the end of Note 20.

**Employee benefits**

With the exception of leave built up through flexible working hours the majority of the hours required to calculate the accrued annual leave and toil are taken directly from the HR and Duty Management system. The flexi hours are calculated by extrapolating from a survey of police staff. A cost is applied to the hours to calculate the employee benefit accrual using average salary cost per rank based on the data held in the payroll. This is the most significant estimate used to affect the accruals.

**Provisions**

The Chief Constable held two provisions as at 31 March 2025. A Legal provision was created during 2022/23. The opening balance of the provision as at 1<sup>st</sup> April 2024 was £1.031m. During the year, £0.388m was used from the provision and the provision was increased by £3.264 m at the end of the financial year to meet future liabilities. The provision balance as at 31<sup>st</sup> March 2025 was £3.907m.

The force has assessed all known Insurance and Legal claims and has identified a provision based on likelihood of success defending these claims and possible payment required. This review has been undertaken by the Head of Legal Services using their professional judgement in conjunction with the Director of Commercial Services and Treasurer to the PCC.

In addition to the legal provision, the force created a redundancy provision as a result of the force's management of change programme. The opening balance of the provision at 1<sup>st</sup> April 2024 was £0.342m. During the year £0.248m was released to offset redundancy costs, leaving the balance at £0.094m.

The Scheme Sanction Charge provision which was created in 2023/24 for £0.852m, was used in full during 2024/25.

Further information regarding Provisions can be found in Note 17.

**5. Material items of income and expenditure**

The re-measurement of the net defined benefit liability in the Other Comprehensive Income and Expenditure section of the CIES is a gain of £223.776m, compared to a gain of £15.275m in 2023/24. The change is due to changes in the assumptions and rates used by the actuaries for calculating inflation, salary increases, and discounting scheme liabilities. Overall, the Police Pensions Liability held on the Balance Sheet, has decreased from £2,006.1m to £1,814.4m at 31<sup>st</sup> March 2025. Further information regarding the Pensions Liabilities can be found in Note 20.

Notes to the Financial Statements

During 2024/25, the force created provisions for three new liabilities for a total value of £2.6m. The cost of these was charged to revenue during period 12 (March 2025).

## 6. Events after the Reporting Period

The unaudited Statement of Accounts was issued by the Director of Commercial Services on 30<sup>th</sup> May 2025. Events taking place after this date are not reflected in the financial statements or notes.

## 7. Adjustments between accounting basis and funding basis under regulations

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

2024/25	Police Fund Balance £000
<b>Adjustments to the Revenue Resources</b>	
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>	
Pensions Costs (transferred to or from Pensions Reserve)	(32,021)
Accumulated Absences (transferred to the Accumulated Absences Reserve)	916
<b>Total Adjustments</b>	<b>(31,105)</b>

2023/24	Police Fund Balance £000
<b>Adjustments to the Revenue Resources</b>	
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>	
Pensions Costs (transferred to or from Pensions Reserve)	(37,411)
Accumulated Absences (transferred to the Accumulated Absences Reserve)	(2,644)
<b>Total Adjustments</b>	<b>(40,055)</b>

## 8. Unusable reserves

The Pensions Reserve and Accumulated Absences Reserve are held by the Chief Constable and all other unusable reserves are held by the PCC. Unusable reserves are consolidated in the Group Accounts. The Chief Constable's unusable reserves can be summarised as follows:

31 March 2024 £000		31 March 2025 £000
2,006,121	Pension Reserve	1,814,376
7,808	Accumulated Absences Reserve	6,892



2,013,929	Total Unusable Reserves	1,821,268
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**(i) Pensions Reserve**

Payments for the cost of post-employment benefits and the associated liability are shown in the Chief Constable's Accounts. The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Chief Constable accounts for post-employment benefits in the CIES as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Chief Constable makes employer's contributions to pension funds or eventually pays any pensions for which he is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the Chief Constable has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits are due to be paid, and that the PCC can continue to meet the liability in the Chief Constable's Accounts, which is made up as follows:

2023/24 £000		2024/25 £000
1,983,985	Balance as at 1 April	2,006,121
(15,275)	Re-measurement of the net defined benefit liability	(223,766)
117,487	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	119,043
(80,076)	Employer's pensions contributions and direct payments to pensioners payable in the year	(87,022)
2,006,121	Balance as at 31 March	1,814,376

**(ii) Accumulated Absences Account**

The cost of employment benefits and the associated Accumulated Absences liability is shown in the Chief Constable's Accounts. The Accumulated Absences Account absorbs the differences that would otherwise arise on the Police Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. time off in lieu carried forward at 31 March 2025. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000
	5,164	Balance as at 1 April		7,808
(5,164)		Cancellation of accrual made at the end of the preceding year	(7,808)	
7,808		Amount accrued at the end of the current year	6,892	
	2,644	Amount by which remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		(916)
	7,808	Balance as at 31 March		6,892

**9. Intra-Group funding arrangements between the PCC and the Chief Constable**



Notes to the Financial Statements

The treatment of transactions and balances within the Group Accounts is set out in Note 3.

The Intra-Group funding arrangement is eliminated on consolidation of the Group Accounts, a treatment adopted for any transactions between the PCC and Chief Constable. The guarantee from the PCC in respect of the resources consumed by the Chief Constable in 2024/25 amounts to £314.5m (£288.4m in 2023/24). This is included within the Net Cost of Policing Services in the CIES, in line with current best practice for the preparation of Police Accounts.

The Chief Constable's Balance Sheet includes an Intra-Group Debtor of £3.683m (Debtor of £0.408m in 2023/24) being the net balance of funding not settled between the PCC and Chief Constable as at the 31 March; this relates mainly to the balance of Debtors and Creditors shown in each of the single-entity accounts as at this date. The movement is largely due to the reduction of the Pension Top up grant debtor by £1.2m and the removal of the £5.7m prepayment for April pensions, offset by increases within creditors.

The calculation of the Intra-Group funding is set out in the following table:

2023/24 £000		2024/25 £000
273,381	Chief Constable's Cost of Services	289,011
90,679	Interest on the net defined benefit liability	91,946
(35,563)	Home Office grant towards the cost of retirement	(35,347)
(15,275)	Re-measurement of the net defined benefit liability	(223,766)
<b>313,222</b>	<b>Resources consumed</b>	<b>121,844</b>
	<b>Items removed through the MIRS</b>	
(22,136)	Movement in pensions liability	191,745
(2,644)	Movement in accumulated absences liability	916
<b>288,442</b>	<b>Total resources consumed for the year by the Chief Constable and funded by the PCC</b>	<b>314,505</b>

**10. Pooled budgets and joint operations****West Midlands Regional Organised Crime Unit**

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised crime across the region. The collaboration is agreed between the PCCs for the forces with the operational activity under the direction of the Chief Constables.

The aim of WMROCU is to reduce the impact and increase the disruption of serious and organised crime within the region and beyond. West Midlands Police acts as the lead force for this joint arrangement and provides the financial management service for this unit.

The unit is funded in part by force contributions and also by grants from the Home Office and the National Cyber Security Programme (NCSP). The revenue account for this unit covers all operating costs. The details are as follows:

2023/24 £000		2024/25 £000
(16,545)	Contribution from West Midlands Police	(17,296)
(5,080)	Contribution from West Mercia Police	(5,310)
(4,935)	Contribution from Staffordshire Police	(5,158)
(2,467)	Contribution from Warwickshire Police	(2,579)
(2,399)	WMROCU Grant	(2,399)
(280)	National Cyber Security Programme funding	(280)
(242)	Regional Asset Recovery Team grant	(252)
(275)	ROCU Reserves	(330)
(1,096)	Undercover Online Operatives (UCOL) Funding	(1,120)
(153)	Threat Assessment Team (ROCTA) Funding	(236)
(256)	Disruption Team Funding	(256)
(250)	Dark Web Funding	(250)
0	Operational Security (OPSY) Income	0
(153)	Fraud Investigation	(142)
0	DART	(46)
<b>(34,131)</b>	<b>Total funding provided to the WMROCU</b>	<b>(35,654)</b>
1,792	Regional Asset Recovery Team (RART)	1,555
243	RART – ACE team	260
880	Regional Cyber Crime Unit	912
797	Regional Fraud Team	805
1,429	Regional Prisons Intelligence Unit	1,472
78	Operational Security (OPSY)	67
22	Regional Government Agency Intelligence Network (GAIN)	74
1,429	Command Team	1,621
6,699	Regional Confidential Unit	6,776
694	TIDU – Technical Intelligence	694
456	Enabling Services	346
6,553	Serious and Organised Crime Unit (SOCU)	5,899



## Notes to the Financial Statements

8,657	Regional Surveillance Unit (FSU)	9,567
336	Threat Assessment Team (ROCTA)	428
228	Disruption Team	336
48	Dark Web	317
3,730	Other Regional Operations	4,404
0	DART	321
0	Contribution to Reserves	0
<b>34,131</b>	<b>Total Expenditure</b>	<b>35,654</b>
<b>0</b>	<b>Total Net Expenditure</b>	<b>0</b>

### File Storage

File storage, a hosted service delivered to Warwickshire Police, generated income of £0.049m (£0.061m 2023/24).

### Cosford

West Mercia Police are part of a regional collaboration with Warwickshire, Staffordshire and West Midlands Police to provide Public Order training facilities, hosted at Cosford. West Mercia's contribution to this arrangement was £XXX (£XXX in 23/24). The current arrangement is ceasing during 2025/26 and West Mercia Police will be entering a collaboration with Staffordshire Police.

### National Police Air Service (NPAS)

NPAS was set up by the Home Office with effect from 2 October 2012 with administration of the service being provided by the Chief Constable of West Yorkshire. NPAS does not constitute a jointly controlled operation and so the Chief Constable only accounts for the expense of payments to NPAS amounting to £0.790m in 2024/25, (£0.784m in 2023/24) and not for a share of the assets or liabilities.

NPAS's liability to the PCC to reflect the value of the assets transferred from West Mercia on inception of NPAS has now been paid, with the final payment of £0.02m (discounted value of £0.014m) being received in 2023/24.

## 11. Exit Packages

Exit packages include charges by the LGPS in respect of benefits paid before normal retirement age. There were no compromise agreements covering the 2024/25 exit packages.

The number of exit packages resulting from redundant posts with total cost per band is set out in the table:

	2023/24	2024/25	2023/24 £000	2024/25 £000
£0 - £20,000	3	6	18	78
£20,001 - £40,000	1	9	30	252
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	1	0	78
£80,001 - £100,000	0	1	0	86



## Notes to the Financial Statements

£100,001 - £150,000	0	1	0	113
£150,001 +	0	2	0	443
<b>Total</b>	<b>4</b>	<b>20</b>	<b>48</b>	<b>1,050</b>

## 12. Officers' Remuneration

Regulation 7(3) of the Accounts and Audit Regulations 2015 sets out the information to be disclosed to increase transparency and accountability in Local Government for reporting remuneration of senior employees and senior police officers. Remuneration includes all sums paid to or receivable by an employee and expense allowance chargeable to tax, including non-cash benefits in kind. The relevant remuneration information is as follows:

## Senior Officer and Relevant Police Officer Emoluments:

		Salary, Fees & Allowances	Bonuses	Expenses Allowances	Benefits in Kind (e.g. car allowance)	Other Payments (Police Officer only)	Exit Packages	Pension Contributions	Total
		£	£	£	£	£	£	£	£
Chief Constable – Pippa Mills – Note 1	2024/25	0	0	0	0	0	0	0	0
	2023/24	94,878	0	0	444	0	0	27,980	123,302
Chief Constable – Alex Murray – Note 1	2024/25	78,649	0	0	435	0	0	27,763	106,847
	2023/24	82,112	0	0	872	0	0	29,545	112,529
Chief Constable – Richard Cooper – Note 2	2024/25	104,820	0	0	804	0	0	37,002	142,626
	2023/24	0	0	0	0	0	0	0	0
Deputy Chief Constable 2 – Note 3	2024/25	0	0	0	0	0	0	0	0
	2023/24	68,612	0	0	0	0	0	17,180	85,792
Deputy Chief Constable 3 - Note 4	2024/25	59,037	0	0	0	0	0	19,176	78,213
	2023/24	69,884	0	0	805	0	0	22,062	92,751
Deputy Chief Constable 3 - Note 5	2024/25	85,692	0	0	790	0	0	27,954	114,436
	2023/24	0	0	0	0	0	0	0	0
Asst Chief Constable 2 – Note 5	2024/25	54,000	0	0	0	0	0	19,062	73,062
	2023/24	126,068	0	0	791	0	0	39,081	165,940
Asst Chief Constable 2 – Note 6	2024/25	118,213	0	5	0	1,239	0	41,729	161,186
	2023/24	55,658	0	0	0	516	0	17,254	73,428
Asst Chief Constable 3 – Note 7	2024/25	0	0	0	0	0	0	0	0
	2023/24	57,820	0	0	0	0	0	14,971	72,791
Asst Chief Constable 3 – Note 8	2024/25	67,455	0	0	0	4,173	0	23,812	95,440
	2023/24	0	0	0	0	0	0	0	0

Notes to the Financial Statements

Director of Business Services	2024/25	133,191	0	0	2,833	0	0	23,841	159,865
	2023/24	126,068	0	0	5,061	0	0	22,566	153,695
Director of Commercial Services	2024/25	133,191	0	380	758	0	0	23,841	158,170
	2023/24	120,797	0	362	759	0	0	21,623	143,541
Notes:									
1	Chief Constable Mills left West Mercia Police 23/10/2023. DCC Murray acting to T/CC from 07/10/2023 until 15/09/24.								
2	ACC Cooper became T/DCC on 7/10/23 until 28/08/24. He became T/CC on 29/08/24								
3	Deputy Chief Constable became T/CC on 07/10/23 and left on 15/09/24								
4	ACC acting to T/DCC from 07/10/2023 until 28/08/24 then T/CC from 29/08/24								
5	ACC acting to T/DCC from 29/08/24								
6	Acting ACC from 07/10/23 until 18/08/24, confirmed in post 19/08/24								
7	ACC acting to T/DCC from 07/10/2023 until 28/08/24 then T/CC from 29/08/24								
8	ACC Seconded from West Midlands Police from 09/09/24								

Senior police officers and police staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions and Benefit in Kind values), including Senior Officers listed above, were paid the following amounts:

Number of Employees 2023/24	Remuneration Band	Number of Employees 2024/25
417	£50,000 - £54,999	496
149	£55,000 - £59,999	238
133	£60,000 - £64,999	100
47	£65,000 - £69,999	104
13	£70,000 - £74,999	28
10	£75,000 - £79,999	9
8	£80,000 - £84,999	8
4	£85,000 - £89,999	10
7	£90,000 - £94,999	5
0	£95,000 - £99,999	8
2	£100,000 - £104,999	2
1	£105,000 - £109,999	1
0	£110,000 - £114,999	1
0	£115,000 - £119,999	2
2	£120,000 - £124,999	0
3	£125,000 - £129,999	0
1	£130,000 - £134,999	3
0	£155,000 - £159,999	1
797	Total	1,016

## 13. External Audit Costs



**Notes to the Financial Statements**

The Chief Constable's Audit Fee for 2024/25 is £61,531 (£54,798 in 2023/24) in relation to the Statement of Accounts statutory audit provided by the Group's external auditors, Bishop Fleming. The total Audit fee for the Group is £165,509 (£150,657 in 2023/24).

The actual amount charged to the CIES totalled £70,911 for the Chief Constable. This figure includes an over-accrual for the fee variation for 2022/23 of £1,250, the fee variation for the 2023/24 Accounts (£5,330) and the anticipated fee variation for the 2024/25 Accounts (£5,300) charged by the External Auditors (Grant Thornton in 2022/23 and Bishop Fleming for 2023/24 and 2024/25) for additional work not covered by the originally agreed fee.

Bishop Fleming provided no non-audit services during the year (nil in 2023/24).

**14. Related Parties**

The PCC and the Chief Constable are intrinsically related. The relationship is defined in the Policing Protocol and the PCC provides funding to meet expenditure incurred by the Chief Constable. A full explanation of this relationship is set out in Note 3 to the Accounts.

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

Central government has significant influence over the general operations of the Chief Constable. It is responsible for providing the statutory framework within which the Chief Constable operates. The PCC has direct control over the Group's finances, including making crime and disorder reduction grants and is responsible for setting the Police and Crime Plan. The Chief Constable retains operational independence and operates within the budget set by the PCC.

The following table shows the extent of the expenditure and income within the group with other local authorities and other police forces.

	Expenditure £000	Income £000
Local Authorities in the Policing Area	7,778	(5,868)
Other Local Authorities	134	(51)
Other Police Forces	4,231	(2,994)
Seconded Police Officers	1,727	(1,727)
<b>Total</b>	<b>13,870</b>	<b>(10,640)</b>

There are no other related party transactions for the Chief Constable other than those set out above, which require adjustment of or disclosure in the financial statements or the accompanying notes.

**15. Debtors and other current assets**

This note shows money owed to the Chief Constable for funding and services provided on or before 31 March 2025 where the money has not been received by this date.



31 March 2024 £000		31 March 2025 £000
5,471	Prepayments	193
(2)	Trade Receivables	4,253
9,581	Other Receivables	4,577
15,050	<b>Total Debtors</b>	<b>9,023</b>

The main reason for the decrease is a £1.2m movement in the Home Office Top Up Grant Pension debtor. There was also a £5.300m reduction due not having a Pension prepayment for the April Pensions payment in 2025.

Inventories are now shown separately on the balance sheet (£1.169m in 2024/25, £0.811m in 2023/24).

## 16. Creditors

This note shows money owed by the Chief Constable for goods and services purchased and received on or before 31 March 2025 where the money has not been paid by this date.

31 March 2024 £000		31 March 2025 £000
(205)	Trade Payables	(79)
(21,647)	Other Payables (including Tax, NI and Pension contributions payable and Accumulated Absences)	(15,772)
(21,852)	<b>Total Creditors</b>	<b>(15,851)</b>

## 17. Provisions and Contingent Liabilities

### Termination Benefits

During 2023/24 a Management of Change programme was initiated which had the potential to result in staff redundancies if redeployment opportunities were unsuccessful. £94,000 remained in the provision as at 31<sup>st</sup> March 2025.

	Termination Benefits £000
Balance at 1 April 2024	(342)
Additional provisions made in 2024/25	0
Amounts used in 2024/25	248
Balance at 31 March 2025 for the CC	(94)

### Legal Provision

**Notes to the Financial Statements**

The legal provision provides for the settlement of legal cases which are currently in progress. The cases have been assessed and meet the criteria for provision, being that a past action has given rise to a requirement to pay an uncertain amount of funds at a future date in time. A best assessment of the likely costs associated has been calculated as the basis for the provision.

	Legal Provision £000
Balance at 1 April 2024	(1,031)
Additional provisions made in 2024/25	(3,264)
Amounts used in 2024/25	388
Balance at 31 March 2025 for the CC	(3,907)

**Scheme Sanction Charge Provision**

A provision was created during 2023/24 to provide for the repayment of Scheme Sanction Charges to retired officers. The Scheme Sanction Charges had been deducted from some Commuted Pension Lump Sums, which is not consistent with national guidance. This work has now been completed.

	SSC Provision £000
Balance at 1 April 2024	(852)
Additional provisions made in 2024/25	0
Amounts used in 2024/25	852
Balance at 31 March 2025 for the CC	0

No other provisions were charged to the CIES in 2024/25 in respect of events or decisions which are likely to give rise to payments in the future.

**Contingent Liability**

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 brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2025, 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.

**18. Proceeds of Crime**

The Proceeds of Crime Act 2002 (POCA) gives powers to the Police and Customs to seize cash derived from, or intended for use in crime, and to secure its forfeiture in civil magistrates' court proceedings. The PCC is currently holding cash totalling £1.677m under this legislation.

**19. Cash Flow Statement – Operating Activities**



Notes to the Financial Statements

The Chief Constable does not hold a bank account and in order to balance the mandatory cash flow statement a non-cash movement is shown in respect of the sums required at the financial year end to finance the Chief Constable's share of external debtors, external creditors, inventories, provisions and the employment liability due to employees and the pensions accounts, as shown below:

2023/24 £000		2024/25 £000
(4,478)	(Increase)/decrease in revenue creditors	6,001
(5,787)	Increase/(decrease) in revenue debtors	(6,027)
26	Increase/(decrease) in revenue inventories	358
8,611	Movement in Intra-Group Funding	2,360
(37,411)	Movement in pension liability	(32,021)
(1,016)	Movement in provisions	(1,776)
(40,055)	Total – Group and PCC	(31,105)

## 20. Defined Benefit Pension Schemes

The costs and liabilities associated with retirement benefits are primarily recorded in the Chief Constable's Accounts.

### Participation in Pension Schemes

As part of the terms and conditions of employment for police officers and other employees the Chief Constable makes contributions towards the cost of post-employment benefits (pensions). Although these benefits will not actually be payable until employees retire, the Chief Constable has a commitment to make the payments that need to be disclosed at the time that the employees earn their future entitlement, no matter when the actual financial cost is incurred.

The Chief Constable participates in two defined benefit pension schemes:

- the Local Government Pension Scheme (LGPS), for police staff and PCSOs, administered locally by Worcestershire County Council. This is a funded, defined benefit scheme, meaning that the Chief Constable and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. With effect from 1 April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.
- the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Administration. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due. The disclosures for the various Police Pension Schemes, including the Injury Awards Scheme, are consolidated in the notes below, as the rules of the schemes are not materially different. The income and expenditure incurred by the police pension schemes and how they are funded is summarised in the section covering the Police Pensions Fund Account.



## Notes to the Financial Statements

The pension schemes above provide members with indexed-linked benefits, which are determined predominantly by the individual's pensionable salary and length of service. As part of the government's pension reforms, these schemes are undergoing significant changes in how they are funded and the benefits they offer. However, the purpose of this note is to explain the financial impact, in accordance with the Code, of the pension schemes on the Accounts. Details of how the police pension schemes operate can be found on the Home Office website and details of how the LGPS operates can be found on the Worcestershire County Council website.

Discretionary post-retirement benefits on early retirement are an unfunded benefit arrangement, under which liabilities are recognised when awards are made. There are no scheme assets built up to meet these pension liabilities.

### **McCloud / Sargeant Ruling - Police Pension Scheme 2015 (CARE scheme) Legal Challenge**

#### **Legal Cases**

The Chief Constable, along with other Chief Constables and the Home Office, had a number of claims in respect of unlawful discrimination arising from transitional provisions in the Police Pension Regulations 2015.

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 brought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 2025, 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.

#### **Remedy**

The Public Service Pensions and Judicial Offices Act 2022 (PSPJOA 2022) legislates for how the government will remove the discrimination identified by the courts in the way that the 2015 reforms were introduced for some members.

The main elements of the Act are:

- Changes implemented across all the main public service pension schemes in response to the Court of Appeal judgment in the McCloud and Sargeant cases:
- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the "remedy period" of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ended, all those in service in main unfunded schemes will be members of the reformed pension scheme, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

#### **Impact on pension liability**

The McCloud remedy window ran from 1 April 2015 to 31 March 2022. Eligible members will be able to elect which scheme they wish to receive benefits from for this period. Due to the differing benefits structures, we expect the majority of eligible police members to elect to take legacy scheme (1987 Scheme or 2006 Scheme) benefits for the remedy period.

## Notes to the Financial Statements

An allowance for McCloud remedy was first included in the 2018/19 disclosures as a past service cost for four years remedy service from 2015-2019. This past service cost was attributed proportionally to the 1987 and 2006 schemes. For subsequent years to 2021/22 an allowance was made in the 2015 service costs for the annual accrual of additional remedy service.

Once the remedy window was closed, all McCloud related liabilities for eligible members for the period 2019 to 2022 were moved to the associated legacy schemes. This means all McCloud liabilities are held within the legacy scheme we expect the benefits to be paid from. This led to a past service cost of £34m added to the 1987 Scheme and a past service cost of £3m in the 2006 Scheme. As these liabilities are no longer held within the 2015 Scheme, we had a past service gain of £38m in 2022/23 financial year. As the 1987 and 2006 schemes are closed for 2023/24, there are no current service costs for either the Police Pension Scheme or the New Police Pension Scheme for this financial year. All current service costs are now shown under the reformed scheme.

The impact of an increase in scheme liabilities arising from McCloud/Sargeant judgement will be measured through the pension valuation process, which determines employer and employee contribution rates. The most recent Police Pension valuation was reported in October 2023.

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

### Transactions relating to post-employment benefits

The cost of retirement benefits is reported in the Cost of Services when they are earned by police officers, police staff and PCSOs, rather than when the benefits are eventually paid as pensions. However, the charge against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the Police Fund via the Group MIRS. The following transactions have been made in the Group CIES and the Police Fund via the MIRS during the year:

2024/25	LGPS £000	Police Pension Schemes £000	Total £000
<b>CIES</b>			
<b>Cost of Services:</b>			
- current service costs	9,607	17,120	26,727
- past service costs and gain/loss from settlements	150	220	370
<b>Financing and Investment Income and Expenditure</b>			
- net interest expense	(1,994)	93,940	91,946
<b>Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services</b>	<b>7,763</b>	<b>111,280</b>	<b>119,043</b>



## Notes to the Financial Statements

Other Post-Employment Benefits charged to the CIES			
Re-measurement of the net defined benefit liability and return on plan assets	4,420	(228,410)	(223,990)
<b>Total Post Employment Benefit charged to the CIES</b>	<b>12,183</b>	<b>(117,130)</b>	<b>(104,947)</b>
MIRS			
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(7,763)	(111,280)	(119,043)
Actual amount charged against the Police Fund Balance for pensions in the year			
- employers' contributions payable to the scheme	12,138	71,444	83,582
- benefits paid direct to beneficiaries	0	3,440	3,440

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
CIES			
<b>Cost of Services:</b>			
- current service costs	9,716	16,890	26,606
- past service costs and gain/loss from settlements	52	150	202
Financing and Investment Income and Expenditure			
- net interest expense	(371)	91,050	90,679
<b>Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services</b>	<b>9,397</b>	<b>108,090</b>	<b>117,487</b>
Other Post-Employment Benefits charged to the CIES			
Re-measurement of the net defined benefit liability and return on plan assets	852	(17,520)	(16,668)
<b>Total Post Employment Benefit charged to the CIES</b>	<b>10,249</b>	<b>90,570</b>	<b>100,819</b>
MIRS			
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code.	(9,397)	(108,090)	(117,487)
Actual amount charged against the Police Fund Balance for pensions in the year			
- employers' contributions payable to the scheme	11,483	65,283	76,766
- benefits paid direct to beneficiaries		3,310	3,310

**Pensions assets and liabilities recognised in the balance sheets for the Chief Constable and the group**



Notes to the Financial Statements

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

2024/25	LGPS £000	Police Pension Schemes £000	Total £000
Present value of the defined benefit obligation	(332,599)	(1814,331)	(2,146,930)
Fair value of plan assets*	332,554	0	332,554
<b>Net liabilities arising from the defined benefit obligation</b>	<b>(45)</b>	<b>(1814,331)</b>	<b>(1,814,376)</b>

\* as adjusted to take account of the asset ceiling calculation – see explanation below

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
Present value of the defined benefit obligation	(382,268)	(2,006,121)	(2,388,389)
Fair value of plan assets	382,268	0	382,268
<b>Net liabilities arising from the defined benefit obligation</b>	<b>0</b>	<b>(2,006,121)</b>	<b>(2,006,121)</b>

### Asset Ceiling Adjustment

Under IAS 19, the accounting standard related to pensions, a restriction may be imposed where the Employer's LGPS assets are greater than the obligations on 31<sup>st</sup> March. The surplus that can be recognised in the accounts is the lower of the identified surplus or the 'Asset Ceiling'.

The Asset Ceiling is defined as "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan". As no refunds are available from the LGPS schemes West Mercia Police is party to, the Asset Ceiling is limited to the economic benefit available as a reduction in future contributions.

The force's actuary, Hymans Robertson, were asked to produce an asset ceiling report. The methodology used, as agreed with West Mercia Police, has calculated the asset ceiling as the present value of future service costs less the present value of future service contributions but limited at zero, where this value would be negative. This is the case for West Mercia, so the maximum value of the net asset is £0.0m.

A net liability of £0.045m is shown as this is the value of the unfunded benefits of the LGPS, relating to added years payments which are paid for in year via an invoice from the Pension Fund.

This year the Chief Constable's LGPS valuation shows the fair value of plan assets to be £435.746m and the present value of the defined benefit obligation to be £332.599m. This would show the scheme as being in surplus by £103.147m, however, due to the restriction noted above, the value of the remeasurement of the asset has been restricted to a value which leaves a net liability of £0.045m, being £332.554m.

Please see the 'Reconciliation of the Re-measurement' table below for further details.

**Reconciliation of present value of the scheme liabilities (defined benefit obligation) for the Chief Constable and the group**

2024/25	LGPS £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April	(382,268)	(2,006,121)	(2,388,389)
Current service cost	(9,607)	(17,120)	(26,727)
Interest cost	(18,602)	(93,940)	(112,542)
Contributions by scheme participants	(4,128)	(13,330)	(17,458)
Re-measurement of liabilities	71,423	228,410	299,833
Business Combinations	0	0	0
Benefits paid	10,733	87,990	98,723
Past service costs	(150)	(220)	(370)
Curtailments	0	0	0
Closing balance 31 March	(332,599)	(1,814,331)	(2,146,930)

2023/24	LGPS £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April	(371,826)	(1,982,751)	(2,354,577)
Current service cost	(9,716)	(16,890)	(26,606)
Interest cost	(17,528)	(91,050)	(108,578)
Contributions by scheme participants	(3,919)	(12,450)	(16,369)
Re-measurement of liabilities	10,857	17,520	28,377
Business Combinations	0	0	0
Benefits paid	9,916	79,650	89,566
Past service costs	(52)	(150)	(202)
Curtailments	0	0	0
Closing balance 31 March	(382,268)	(2,006,121)	(2,388,389)

**Reconciliation of the movements in the fair value of the scheme assets for the Chief Constable and the group**

2023/24 £000	Reconciliation of fair value of the scheme assets (LGPS)	2024/25 £000
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## Notes to the Financial Statements

370,592	Opening balance at 1 April	382,268
17,899	Interest income	20,596
(11,709)	Re-measurement gain/loss: The return on plan assets, excluding the amount included in the net interest expense*	(75,843)
11,483	Contributions by employer	12,138
3,919	Contributions from employees into the scheme	4,128
(9,916)	Benefits paid	(10,733)
382,268	Closing balance 31 March	(332,554)

\* adjusted in respect of the asset ceiling calculation. A £13.013m loss plus £62.830m net adjustment (£40.362m for 23/24 and £103.192m for 24/25).

The interest income 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. The Police Pension Scheme has no assets to cover its liabilities.

The liabilities show the underlying commitments that the Chief Constable and the Group has in the long run to pay post-employment retirement benefits. However, statutory arrangements for funding the deficit mean that the financial position of the Chief Constable and the Group remains healthy. Any deficit on the LGPS will be made good by increased contributions over the remaining working life of employees, (i.e. before payments fall due) as assessed by the scheme actuary. Finance is only required to be raised to cover police pensions when the pensions are actually paid.

The total contributions expected to be made to the LGPS by the Group in the year to 31 March 2026 is £11.824m. Expected contributions for the Police Pension Schemes by the Chief Constable in the year to 31 March 2026 are £34.9m.

#### Reconciliation of the re-measurement of the net defined benefit liabilities for the Chief Constable and the group

The analysis of the re-measurement of the net defined benefit liabilities for 2024/25 is shown in the table below. The two actuaries concerned have different approaches in providing their respective analyses and the table below is therefore a composite analysis.

2024/25	LGPS £000	Police Pension Schemes £000	Total £000
Changes in financial assumptions	(67,542)	(225,546)	(293,088)
Changes in demographic assumptions	(667)	(3,080)	(3,747)
Re-measurement of assets*	75,843	0	75,843
Experience gains and losses	(3,214)	440	(2,774)
<b>Total re-measurement</b>	<b>4,420</b>	<b>(228,186)</b>	<b>(223,766)</b>





## Notes to the Financial Statements

21.3 years	21.9 years	Men	21.2 years	21.9 years
23.6 years	23.6 years	Women	23.6 years	23.9 years
		Longevity at 65 for future pensioners:		
22.6 years	23.6 years	Men	22.5 years	23.3 years
25.5 years	25.1 years	Women	25.4 years	25.2 years
2.75%	2.60%	Rate of CPI inflation	2.75%	2.70%
4.25%	3.85%	Rate of increase in salaries (long-term)	4.25%	3.45%
n/a	n/a	Rate of increase in salaries (short-term)	n/a	n/a
2.75%	2.60%	Rate of increase in pensions	2.75%	2.70%
4.85%	4.75%	Rate for discounting scheme liabilities	5.80%	5.65%
2.75%	3.85%	CARE Revaluation rate	2.75%	3.95%
50%	100%	Take-up of option to convert annual pension into retirement lump sum	50%	100%

Life expectancy is based on the Self-Administered Pensions Scheme (SAPS) year of birth tables adjusted for specific characteristics of the membership of the two schemes.

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonably possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant.

The assumptions in longevity, for example, assume that life expectancy increases or decreases equally for men and women. In practice this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis below did not change from those used in the previous period.

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption £000	Decrease in assumption £000
Longevity (increase or decrease in 1 year)	156,496	(156,496)
Rate of inflation (increase or decrease by 1%) – Police staff only	1,096,300	(1,096,300)
Rate of increase in salaries (increase or decrease by 1%)	1,062,010	(1,062,010)
Rate of increase in pensions (increase or decrease by 1%) – PPS only	260,000	(260,000)
Rate for discounting scheme liabilities (increase or decrease by 1%)	707,250	(707,250)





The principles contained in the Regulations, which have been adopted in preparing the Account are as follows:

1. The Account collects the costs and income relating to retired police officers that are in receipt of pensions and income associated with serving police officers that are members of the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) or the Police Pension Scheme 2015 (PPS). There are certain exceptions to this arrangement, such as pensions payable under the Police Injury Pension Regulations, which are charged directly to the Cost of Services in the CIES;
2. The Account is prepared on an accruals basis with the exception of accounting for lump sum transfer values to and from other pension schemes. Due to the unpredictable nature of transfer values they have been attributed to or transferred from the Account on a payment and receipts basis;
3. The annual cost of police pensions is met, in part, by contributions from the employer and serving police officers and other minor sources of income. Under the Police Pension Fund Regulations 2007, if the Account is in deficit an amount equal to the deficit is transferred from the Police Fund to meet the deficit; the cost to the Police Fund is subsequently reimbursed by the Home Office by way of the Pensions Top Up. Conversely, if the Account was to be in surplus, this would be transferred to the Police Fund and subsequently paid over to the Home Office;
4. The amounts due from the Home Office in respect of the shortfall on the Account is the responsibility of the Chief Constable and has therefore been included in the Chief Constable's (and the Group's) Balance Sheet;
5. This Account does not take account of long-term liabilities to pay future pension benefits after the year end, details of the Group's pension liability can be found in Note 20;
6. Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department quadrennial valuation, are calculated at 35.3% of police officer pensionable pay from 1 April 2024. Since 1 April 2019 the percentage had been 31%;
7. Police officer contributions are deducted from officer salaries. The contribution rates were increased on 1 April 2012 to reflect the agreement reached between the Home Secretary and the Police Negotiating Board. Contribution rates range between 11.00% and 15.05% dependant on the range the police officer's salary falls into and whether the officer is a member of the OPPS, NPPS or PPS;
8. There are no related party transactions to the Account.

## Glossary of Terms

**Accounts and Audit (England) Regulations 2015** – The regulations that govern the preparation, approval and audit of statements of accounts and other accounting statements prepared in respect of the year ending 31 March 2016 onwards, as amended by the Accounts and Audit (Amendment) Regulations 2022.

**Accounting Policies** – The specific principles, bases, conventions, rules and practices applied by an entity in preparing and presenting the Statement of Accounts.

**Accrual** – The recognition, in the correct accounting period, of income and expenditure as it is earned and incurred, rather than as cash is received or paid.

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

**Accumulated Absences Account** – This account holds the liability value of accumulated accrued absences (annual leave, time owing in lieu etc) that are due to employees at the end of the financial year.

**Actuarial Valuation** – A valuation of assets held, an estimate of the present value of benefits to be paid and an estimate of required future contributions, by an actuary, on behalf of a pension fund.

**Amortisation** – The expensing of the acquisition cost minus the residual value of intangible assets in a systematic manner over their estimated useful economic lives.

**Amortised Cost** – The carrying amount of some financial assets and liabilities in the Balance Sheet will be written down or up via the Comprehensive Income and Expenditure Statement over the term of the instrument.

**Appropriations** – Amounts transferred to or from revenue or capital reserves.

**Asset** – An item owned by the PCC, which has a value, for example, land and buildings, vehicles, equipment and cash. These can be held over the long (non-current) or short (current) term.

**Billing Authority** – A local authority that, by statute, collects the council tax and manages the Collection Fund.

**Budget** – A statement of the PCC's Policing Plan in financial terms for a specific financial year, which starts on 1 April and ends on 31 March. A budget is prepared and approved by the PCC before the start of each financial year.

**Capital Adjustment Account** – An account that manages the timing differences between the amounts that have been set aside for capital expenditure, which are not aligned with the charges made for assets such as depreciation, revaluation and impairment, along with the amortisation of intangible assets.

**Capital Expenditure** – Expenditure on new assets or on the enhancement of existing assets so as to prolong their life or enhance value.



**Capital Financing Charges** – The repayment of loans and interest for capital projects.

**Capital Grant** – A grant from central government used to finance specific schemes in the capital programme.

**Capital Programme** – The plan of capital projects and future spending on purchasing land, buildings, vehicles, IT and equipment.

**Capital Receipts** – The proceeds from the sale of an asset, which may be used to finance capital expenditure or to repay outstanding loan debt.

**Cash** – Cash in hand and held at the bank in on-demand deposits.

**Cash Equivalents** – 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.

**Cash Flows** – Inflows and outflows of cash and cash equivalents.

**Chief Constable** – Chief Constable is the rank used by the chief police officer of a territorial police Force, who has overall responsibility for the day-to-day operational direction and control of the Force. The Chief Constable has ultimate statutory responsibility for maintaining the King's peace. The Chief Constable is a Corporation Sole.

**CIPFA** – The Chartered Institute of Public Finance and Accountancy is the body that oversees financial standards and financial reporting in public organisations. It is also the professional body for accountants working in the public services.

**Code of Practice on Local Authority Accounting in the United Kingdom (The Code)** – The Code is based on approved accounting standards issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Standards Committee, except where these are inconsistent with specific statutory requirements. The Code specifies the principles and practices, sets out the accounting requirements for local authorities and is based on International Financial Reporting Standards (IFRS).

**Collection Fund Adjustment Account** – The account that manages the differences arising from the recognition of council tax income as it falls due from taxpayers compared to the statutory arrangements for receiving amounts from the billing authorities.

**Comprehensive Income and Expenditure Statement** - The total of income less expenditure, including other comprehensive income and expenditure items, presented in the CIES and prepared in accordance with IFRS as set out in the Code.

**Contingency** – A sum of money set aside to meet unforeseen expenditure or a liability.

**Corporation Sole** – this a legal entity consisting of a single incorporated office, occupied by a sole person. This allows corporations to pass from one office holder to the next successor-in-office, giving the positions legal continuity with subsequent office holders having identical powers to their predecessors.

**Council Tax** – The local tax levied on householders, based on the relative market values of property, which helps to fund local services including the police.

## Glossary

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**Creditors** – Individuals or organisations to which the Chief Constable owes money.

**Current Assets** – These are assets which can either be converted to cash or used to pay current liabilities within 12 months. Typical current assets include cash, cash equivalents, short-term investments, debtors and stock.

**Current Liabilities** – These are liabilities that are to be settled within 12 months. Typical current liabilities include creditors and loan payments due within 12 months.

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

**Curtailment Costs** – Costs that arise when many employees transfer out of the pension scheme at the same time, such as when an organisation transfers its members to another scheme. The cost represents the value of the pension rights accrued by the transferring staff.

**Debtors** – Individuals or organisations who owe the Chief Constable money.

**Defined Benefit Scheme** – A pension scheme which defines the benefits paid to individuals independently of the contributions payable and the benefits are not directly related to the investments of the scheme.

**Depreciation** – An annual charge to reflect the extent to which an asset has been worn or consumed during the financial year, which is charged to the Comprehensive Income and Expenditure Statement.

**Disclosure** – Information that must be shown in the accounts under the CIPFA Code of Practice.

**Discretionary Benefits** – Retirement benefits which the employer has no legal, contractual or constructive obligation to award and which are awarded under the PCC's discretionary powers.

**Earmarked Reserves** – Monies set aside that are intended to be used for a specific purpose and held in the Balance Sheet.

**Exit Packages** – Payments such as redundancy payments, either voluntary or compulsory, or early retirement payments made to employees leaving the Group before their due retirement dates.

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

**Financial Instruments** – The borrowings and investments disclosed in the Balance Sheet, consisting of loans and investments.

**Finance Leases and Operating Leases** – A Finance lease transfers substantially all of the risks and rewards of ownership of a non-current asset to the lessee. If these leases are used, the assets acquired have to be included within the non-current assets in the balance sheet at the market value of the asset involved. With an operating lease, the ownership of the asset remains with the leasing company and an annual rent is charged to the revenue account. With the introduction of IFRS 16, all leases are now held on the balance sheet.



## Glossary

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**Financial Reporting Standards (FRS)** – Recommendations on the treatment of certain items within the accounts.

**Financing Activities** – Activities that result in changes in the size and composition of the principal, received from or repaid to external providers of finance.

**Financial Management Code of Practice for the Police Services of England and Wales 2012** – The Financial Management Code of Practice provides clarity around the financial governance arrangements within the police service in England and Wales and reflects the fact that the police service has a key statutory duty to secure value for money in the use of public funds.

**Financial Year** – The period of twelve months from 1 April to 31 March.

**General Fund** – The main account into which income is received into and expenditure is paid from.

**General Reserves** – Funds set aside to be used in the future.

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

**Gross Spending** – The costs of providing services before allowing for government grants and other income.

**Group Accounts** – The financial statements that combine the accounts for the PCC and the Chief Constable, that show the performance of the Group as if it was a single entity.

**Home Office Grant (Pensions)** – If there is insufficient money in the Pension Fund Account to meet all expenditure commitments in any particular year, the Home Office will fund the deficit by way of a grant.

**IFRS 16** – An International Financial Reporting Standard (IFRS) that provides guidance on accounting for leases, replacing IAS17. The standard provides a single lessee accounting model, requiring lessees to recognise asset and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Adoption of IFRS 16 was mandatory for 2024/25.

**Impairment** – The amount by which the recoverable value of an asset falls below its carrying (or book) value.

**Intangible Asset** – A non-physical non-current asset, e.g. computer software.

**Interest Income** – The money earned from investing activities, typically the investment of surplus cash.

**International Accounting Standards Board (IASB)** – This is the independent, accounting standard-setting body, which is responsible for developing International Financial Reporting Standards and promoting the use and application of these standards.

## Glossary

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**International Financial Reporting Standards (IFRS) & International Accounting Standards (IAS)** – The accounting rules and principles, adopted by the International Accounting Standards Board, on which the Statement of Accounts is based. The Code is prepared in accordance with the IFRS.

**Inventories** – Assets acquired in the form of materials or supplies to be held for consumption in the future delivery of policing services.

**Investing Activities** – The buying and selling of long-term assets and investments that are not cash equivalents.

**Investment Properties** – Property assets that are held solely to earn rentals and/or for capital appreciation.

**Jointly Controlled Operations** - Activities undertaken by the Chief Constable and/or the PCC that are jointly controlled with other organisations. The jointly controlled operation does not give rise to the creation of a separate entity.

**Liabilities** – Amounts that are due to be settled by the CC in the future, which includes Current Liabilities and Long-Term Liabilities.

**Major Precepting Authority** – Authorities that make a precept on the billing authorities' collection funds, e.g. County Councils and Police and Crime Commissioners.

**Materiality** – Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of financial statements. Materiality depends on the nature or size of the item omission or misstatement judged in the surrounding circumstances.

**Minimum Revenue Provision (MRP)** – The statutory minimum amount that is required to be set aside on an annual basis as a provision to repay debt.

**National Non-Domestic Rates (NNDR)** – The national non-domestic rate in the pound is the same for all non-domestic rate payers and is set annually by the government. Income from non-domestic rates goes into a central government pool that is then distributed according to resident population.

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

**Non-Current Assets (Fixed Assets)** – Tangible assets, such as buildings and equipment are assets that yield benefits for a period of more than one year.

**Notes to the Accounts** – The notes contain information in addition to that presented in the Movement in Reserves Statement, Comprehensive Income and Expenditure Statement, Balance Sheet and Cash Flow Statement.

**Operating Activities** – The activities of the entity that are its normal activities, excluding its investment and financing activities.

**Outturn** – The actual amount spent in the financial year.



## Glossary

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

**Payments in Advance** – These represent payments made prior to 31 March for supplies and services received on or after 1 April.

**Pension Fund** – The fund that makes pension payments following the retirement of its participants.

**Pensions Expected Rate of Return on 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.

**Pensions Interest Costs** – For a defined benefit scheme, the expected increase during the period at the present value of the scheme liabilities because the benefits are one period closer to settlement.

**Pensions Reserve** – A non-cashable reserve used to reconcile payments made for the year to various statutory pension schemes and the net change in the recognised liability under IAS19 for the same period.

**Police and Crime Commissioner (the PCC)** – an elected representative charged with securing efficient and effective policing of a police area in England and Wales. PCCs replaced the now abolished Police Authorities from 2012.

**Police Act 1996** – An Act of the Parliament of the United Kingdom which defined the current police areas in England and Wales, constituted the Police Authorities for those areas (now superseded by PCCs), and set out the relationship between the Home Secretary and the English and Welsh territorial police Forces.

**Police and Crime Panel** – The Police Reform and Social Responsibility Act 2011 established Police and Crime Panels within each Force area in England and Wales. The panel is responsible for scrutinising PCCs' decisions; they also review the Police and Crime Plan and have a right of veto over the precept.

**Police and Crime Plan** - The Police Reform and Social Responsibility Act 2011 introduces a duty on the PCC to prepare a Police and Crime Plan which should determine, direct and communicate their priorities during their period in office.

**Police Fund Balance** - The Police Fund Balance is the statutory fund into which all the receipts of the PCC are required to be paid and out of which all liabilities of the PCC are to be met, except to the extent that statutory rules might provide otherwise. These rules can also specify the financial year in which liabilities and payments should impact on the Police Fund, which is not necessarily in accordance with proper accounting practice. The Police Fund Balance therefore summarises the resources that the PCC is statutorily empowered to spend on his services or on capital investment.

**Police Principal Grant** – This is part of the total specific government grant support for police services. The amount is determined annually by the Home Office on a formula basis.

## Glossary

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**Police Reform and Social Responsibility Act 2011** – this is an Act of the Parliament of the United Kingdom. It transfers the control of police Forces from Police Authorities to elected PCCs. The first PCC elections were held in November 2012 and will be held every four years thereafter (in May).

**Precept** – The amount of council tax that the PCC, as a major precepting authority, has instructed the billing authorities to collect and pay over in order to finance its net expenditure.

**Provisions** – The amounts set aside to provide for liabilities that are likely to be incurred, but the exact amount and the date on which it will arise is uncertain.

**Public Works Loan Board (PWLB)** – A statutory body operating within the United Kingdom Debt Management Office, an Executive Agency of HM Treasury, which provides long-term loans to local authorities at interest rates only slightly higher than those at which the government itself can borrow.

**Receipts in Advance** – These represent income received prior to 31 March for supplies and services provided by the Authority on or after 1 April.

**Reimbursements** – Payments received for the work carried out for other public organisations, e.g. the government.

**Related Parties** – Bodies or individuals that have the potential to control or influence the Chief Constable and/or the PCC.

**Reserves** – Monies set aside by the PCC that do not fall within the definition of provisions. Reserves held for specific purposes are known as earmarked reserves.

**Retirement Benefits** – All forms of consideration given by an employer in exchange for services rendered by employees that are payable after the completion of employment.

**Revaluation Reserve** – The Reserve records the accumulated gains on the non-current assets held by the PCC arising from increases in value. It is charged with the part of the depreciation charge for the asset which relates to the revaluation. Any balance on this account is written back to the Capital Adjustment Account upon disposal of the asset.

**Revenue Expenditure and Income** – Day to day expenses mainly salaries, general running expenses and debt charges. These costs are met from the Council Tax, Government Grants, fees and charges.

**Revenue Expenditure Funded from Capital Under Statute (REFCUS)** – Expenditure incurred during the year that may be capitalised under statutory provisions but that does not result in the creation of a non-current asset. These costs may be charged as expenditure to the relevant service in the CIES in the year.

**Revenue Support Grant (RSG)** – General Government Grant support towards the PCC's expenditure.

**Scheme Liabilities (Pensions)** – The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities are measured using the projected unit method to reflect the benefits that are committed to be provided for service up to the valuation date.



## Glossary

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**Scheme of Delegation and Consent, Financial and Contract Regulations** – The Scheme of Delegation and Consent details the key roles of the PCC and those functions that they designate to the Chief Executive, Treasurer, the Chief Constable and, if appointed, the Deputy PCC. The scheme also provides a framework to ensure that business is carried out efficiently, ensuring that decisions are not unnecessarily delayed. The Financial and Contract Regulations establish overarching financial responsibilities; confer duties, rights and powers upon the PCC, the Chief Constable and their officers providing clarity about the financial accountability of groups or individuals. They apply to every member and officer of the service and anyone acting on their behalf.

**Specific Grant** – Payments from the government to cover Local Authority spending on a particular service or project. Specific grants are usually a fixed percentage of the cost of a service or project and have strict rules detailing eligible expenditure.

**Surplus or Deficit on the Provision of Services** – The total of income less expenditure, excluding the components of Other Comprehensive Income and Expenditure. Presented in the Comprehensive Income and Expenditure Statement in accordance with IFRS as set out in the Code.

**Tangible Non-current Assets** – Physical non-current assets, e.g. land, buildings, vehicles and equipment held for a period of over one year.

**Taxation and Non-Specific Grant Income** – Council Tax and all grants and contributions recognised in the financial year.

**Telling the Story** – CIPFA's review of the presentation of Public Sector financial statements. The CIES now reflects the way that organisations operate and manage services.

**Transfer Value** – A sum of money transferred between pension schemes to provide an individual with entitlement to benefits under the pension scheme to which the transfer is made.