



Statement of Accounts

2024/25

THE GROUP AND POLICE AND CRIME COMMISSIONER FOR WEST MERCIA

STATEMENT OF ACCOUNTS 2024/25

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Narrative Report

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Message From John Campion, the West Mercia Police & Crime Commissioner (PCC)

I am clear in my commitment to the communities of West Mercia that I will work hard to ensure that they are safe and feel safe, and the issues that are causing the most harm are tackled.

For the 2024/25 financial year I set a balanced budget, ensuring that West Mercia Police was living within its means, whilst delivering my priorities set out in my Safer West Mercia Plan. I proposed a council tax increase of 4.9% which, along with an uplift in funding from the Government settlement, has allowed for an additional £9.9m of resources.

Building on a successful track record and considerable investment into West Mercia Police, the £284m policing budget for 2024/25 had a focus on protecting frontline police officer numbers, boosting the accessibility and visibility of police officers, improving public contact and ensuring investigations are improved with better outcomes for victims. All areas I know are important to the communities of West Mercia.

Resources were focused on maintaining the highest establishment of police officers on record in West Mercia, with an additional 10 to be based in frontline policing. There was an increase in numbers of Special Constables to support visible policing in the heart of the communities and ten Town Centre Policing teams were introduced. These teams, based in towns and cities across West Mercia, were brought in to address crimes such as shoplifting, anti-social behaviour and other town centre related crimes.

Recognising that the public continue to want to access their police service, I made a commitment to improve public contact and increase the amount of investment being placed in the Operational Control Centre (OCC). I also ensured that other concerns, such as road safety, drugs, knife crime and domestic abuse were addressed through the continuation of partnership work that focused on prevention and intervention.

The overall financial position for the year was a net overspend of £6.5m against a total budget of £289.9m. Going forward I want to ensure that the investment decisions I make are being delivered and every penny is being utilised for the benefit of the public.

As we look to the coming year, and those after, I am committed to building on the progress that has been made and ensuring that, despite financial challenges, the safety of the public isn't compromised. I want to see that the force is maximising its resources and ensuring that the investment in frontline policing is felt by the communities.



John Campion, West Mercia Police and Crime Commissioner

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Section 1. Strategy

The primary function of the Police and Crime Commissioner (PCC) is the maintenance of an efficient and effective police force and to hold the Chief Constable to account for the exercise of operational policing duties. The PCC sets out his strategic direction in the Police and Crime Plan.

In April 2024 the Police and Crime Plan was called the Safer West Mercia Plan 2021 – 2025, which was built on four key areas of focus to deliver the outcomes that the PCC has identified as being important for the public of West Mercia, these are:



The Safer West Mercia Plan provides the overarching objectives that the Chief Constable is required to have regard to in the development of the strategic plans for the force. The PCC plan is developed in consultation with the Chief Constable as well as a wide range of other stakeholders. In developing plans for delivery of policing the Chief Constable will also consider the National Strategic Policing Requirement, local public consultation and risk assessments.

A suite of performance metrics to monitor progress against the commitments in the Safer West Mercia Plan have been agreed with the force. The PCC uses these to monitor delivery of the key objectives in the plan and on which he can hold the Chief Constable to account on.

The 'Beating Crime Plan (2021) sets out the government's commitment to cut crime. The national crime and policing measures form an integral part of the Plan and include six key national priorities



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Whilst the PCC sets a budget for the force which provides the resources to deliver the above strategic aims, the PCC also supports many of the priorities and commitments identified in the plan directly through the Office of the Police and Crime Commissioner. The PCC provides funding through commissioning activity, grant schemes and extensive community engagement work, which includes working particularly closely with the local Community Safety Partnerships.

During the year there was both PCC elections (held in May 2024) and a general election (held in July 2024). Following the PCC election, John Campion was returned to serve a 3rd term as PCC. The requirement following the election is for the PCC to publish a new police and crime plan. The West Mercia safer communities plan was published in late November 2024. The plan sets out the following priorities.



A full copy of the Plan can be found on the PCC's website.

As the new plan has been published part way through the year, the force has had regard to it as they develop new plans.

In June 2024 there was also a general election which resulted in a change in government. Since they came to power the Labour party have been setting out their policing priorities. A key manifesto pledge was to 'Take back our streets' which has been followed up with a pledge to recruit 3,000 more neighbourhood policing officers before the end of this financial year. The 3,000 new neighbourhood officers will include 2,500 police officers and nearly 400 PCSOs. West Merica will receive a proportion of this funding for additional neighbourhood resources. In addition, funding for the Hot Spot Policing which was initiated last year will continue in the year ahead. The PCC reflects those policy decisions as part of his strategic plan, which can be flexed to respond to emerging issues.

The Chief Constable has set the strategic direction which reflects the priorities highlighted above as well as the force's approach to preventing and tackling crime. This is demonstrated in the diagram below, which also brings together the cultural aspects and organisational priorities which underpin how the force will deliver the expected outcomes.

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Diagram 1.



The detail behind the policing priorities for West Mercia Police, is documented in its 'Plan on a Page'. This links in with the overall vision of protecting people from harm, and the approach that will be taken to deliver on that vision by keeping communities safe, delivering excellent service and being a great place to work. The policing priorities are set and led by the Chief Officer team across West Mercia.

The continuing vision of West Mercia Police is a people-led, tech-enabled, crime fighting organisation. To deliver the West Mercia Safer Communities Plan.' Achieving the vision relies on the workforce; police officers, police community support officers, police staff, special constables and volunteers.

Section 2 – Governance & Operating model

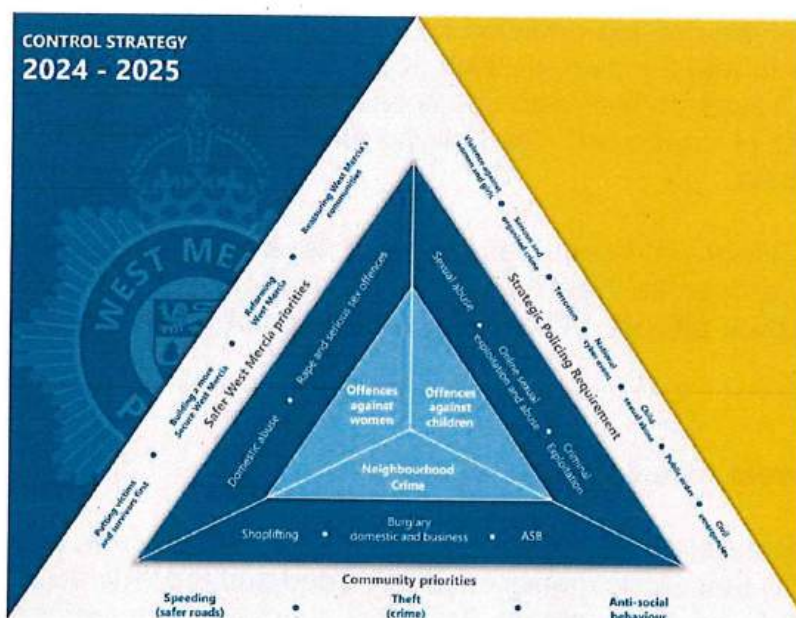
The PCC is responsible for ensuring his business is conducted in accordance with the law and proper standards, that public money is safeguarded and properly accounted for. The PCC has a duty under the Local Government Act 1999 to make arrangements to secure continuous

In discharging this the PCC is responsible for putting in place proper arrangements for the governance of his office's affairs and the exercise of its functions. This includes ensuring a sound system of internal control is maintained through the year and that arrangements are in place for the management of risk. In exercising this responsibility, the PCC places reliance on the Chief Constable to support the governance and risk management processes.

Separate PCC and force strategic risk registers are held and reviewed regularly, with mitigations identified and taken where necessary. Strategic Risks are reported to the Joint Audit and Standards Committee for review and scrutiny.

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

Diagram 2.



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The main decision-making forum for the force is the Executive Board, which meets monthly and is chaired by the Chief Constable. The board receives regular reports on operational performance and the financial position. The force has a structure of meetings and boards below its Executive Board to transaction business on specific issues. The Chief Constable also has a system of internal control through approved policies and procedures. Whilst the behaviours of the workforce and culture of the force are shaped by the values set out above and the national Code of Ethics, these policies and procedures provide the clear guidance to staff on what the organisation's expectations are.

The PCC is required to formally review the governance arrangements annually, the results of which are contained in the Annual Governance Statement (AGS). The PCC has a Joint AGS with the Chief Constable, which is published alongside the Accounts. It provides a detailed explanation of both the PCC's and Chief Constable's governance framework and demonstrates how it is designed to help deliver the objectives set out in the Police and Crime Plan and manage risk.

The Police and Crime Panel (PCP) scrutinises the actions and decisions of the PCC, including the Police and Crime Plan, the budget and the precept. It is comprised of locally elected councillors and 2 independently appointed members. The panel meets formally in open session throughout the year. Whilst establishing openness in the conduct of police business, the intention is that the PCP supports the PCC in the effective exercise of his functions. Further details on the role, responsibility and powers of the PCP can be found on Worcestershire County Council's website.

Alongside providing strategic direction and oversight to the activities of the force, the PCC hosts the Youth Justice Service (YJS) on behalf of the responsible authorities across West Mercia. The cost of running the YJS (including the net pensions liability) are disclosed in the PCC's Financial Statements. Governance and decision making is made via a Management Board made up of representatives from the responsible authorities.

The PCC is supportive of greater collaboration across emergency services to deliver efficiencies and improved service delivery, in line with the principles outlined in the Policing and Crime Act 2017.

Workforce

The workforce is key to the delivery of effective policing, an analysis of which is shown at table 1. A Home Affairs Committee report highlighted the under representation of ethnically diverse people in police forces in England & Wales. 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	38	62
Police Staff	1880 (-2)	4	64	36
PCSOs	205 (12)	2	53	47
Special Constables	78 (-8)	3	27	73
Total	4682 (-1)	3	49	51

Data correct to start March 2025.

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Section 3 – Achievements in 2024/25

During the financial year there has been many positive outcomes from the budget investment made, including:

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.

Section 4 - Policing Performance

The PCC, in conjunction with the force, has identified a suite of performance metrics to monitor progress against the commitments in the Safer West Mercia Plan, including the National Priorities for Policing. Existing performance products, including the West Mercia Police Quarterly Performance Report will be used to report against the agreed metrics.

In complying with regulations issued in 2021 the Police and Crime Commissioner is required to provide a statement on the contribution of West Mercia Police to achieving improvements against the national policing priorities. This statement is published on the PCC's website and subject to review in line with requirements set out in the regulations.

The force produces several performance products to monitor performance with both the strategic quarterly and monthly performance products reviewed at the force's delivery board

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on a monthly basis. These products identify the current and emerging issues related to policing in West Mercia.

As an integral part of the performance framework, ongoing performance is monitored through the performance dashboard on the force intranet, which is updated daily across a range of crime areas. The information provided by the dashboard is used to take corrective action to address emerging issues and adverse trends.

There has been a long-term downward trend in total recorded crime. Crime decreased during COVID-19, followed by two years of increases bringing recorded crime back to levels seen before COVID-19. In the two years 2023/24 and 2024/25, there have been 9% and 6% reductions in crime respectively.

Continued scrutiny and focus on outcomes achieved for victims of crime has seen improved levels of action taken including charge/summons by the force across all key crime types. Violence against women and girls (VAWG) is a priority for both the PCC and the Government. The PCC continues to focus on resources and scrutiny to ensure victims receive a level of service they expect, and that appropriate support is in place to allow those affected to cope and recover.

Whilst the majority of people remain confident that they can contact the police in both an emergency and non-emergency there has been a decline in call handling performance by West Mercia Police. 91% of 999 calls were answered within 10 seconds (annual rolling average) and 75% of Grade 1 incident calls were attended within 20 minutes (target of 90%). The PCC recognises the public's priority of our police being accessible, and thus that decline in performance is not acceptable. The PCC has invested in additional call handling capacity and supported process enhancements to improve the service the public receives.

Confidence overall in policing remains high at 80% for the 12 month period to December 2024, but is below the aspirational figure of 88%.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Services (HMICFRS) carry out independent inspections of police forces. This provides external oversight on the performance of West Mercia. These can range from individual function areas through to critical national issues and themes across all police services. HMICFRS also provide an interactive tool which allows users to compare data on recorded crimes and incidents, quality of services and resources for all police forces in England and Wales. The full reports of the HMICFRS and the response from the PCC can be found on the PCCs website.

The latest West Mercia PEEL report was issued in May 2025 looking at performance during 2023 - 25. HMICFRS graded West Mercia Police's overall performance as adequate and has provided a detailed assessment across nine thematic areas of policing and found the force was 'good' in one area, 'adequate' in four areas and 'requires improvement' in four areas.

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Diagram 3 – HMICFRS 2023 - 25 PEEL assessment

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

The report highlighted 23 areas for improvement, which the force will be reviewing and will set out an action plan to respond to the points raised. The PCC will hold the Chief Constable to account to obtain assurance that the force response is appropriate.

Section 5 - Financial Performance

Revenue Outturn

The PCC 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 precept.

The Statement of Accounts includes income and expenditure that are measured and reported in accordance with proper accounting practice and conventions as set out, chiefly, in The Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 (the Code). A reconciliation between the Income and Expenditure figures used to produce the outturn, explained in the following paragraphs and those contained in the Statement of Accounts is provided in Note 1.

The financial year continuing to feel the impact of inflation and other financial challenges. An election in June 24 saw a change in government and with that there was implementation of new national policy and review of budget priorities. The first budget statement from the Labour Chancellor in October 24 set the direction for public sector financial investment going forward, although it had limited impact on the budget that had been set for the 2024/25 financial year. During the year the Bank of England cut interest rates from a high of 5.25% down to a current rate of 4.25%, which reflects the fall in inflation rate through the year. Whilst the falls are welcome, it is clear that there is still an increasing financial burden falling on households.

For West Mercia there is no doubt that there has been pressure on budgets, particularly in respect of the revenue cost from the level of borrowing to fund the required investment in ICT and assets. The 4.75% pay award agreed for September 2024 for policing was higher than the wage growth figures predicted and provided support for West Mercia employees to offset increasing prices. Whilst the award was higher than budgeted for, the government provided funding to cover the additional cost. However, the actual distribution of this grant across forces

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did result West Mercia force having to pick up a proportion of the pay award impact from within the revenue budget.

Table 3 - Funding Sources 2024/25

Where the Money Came From	Revised Budget £m
Central Government Funding	153.837
Locally Raised Funding – Precept (Council Tax)	129.775
Total Funding (excluding reserves)	283.612
Funding (from) / to Reserves	5.377
Total Funding (including reserves)	288.989

The original budget in 2024/25 as presented in the PCC budget report March 2024 was £288.4m. Further funding announcements and agreement to utilise carry forward from prior year underspend increased the revenue operational budget to £290.0m. The budget is supported through 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. As shown above the actual funding utilised was £0.9m less than budgeted.

Table 4 provides an analysis of the West Mercia Police budget, and the outturn based on the expenditure incurred:

Table 4 - The PCC and Chief Constable Outturn for year ended 31 March 2024

Subjective Analysis	Original Full Year Budget	Revised Full Year Budget	Actuals	Variance
Operational budgets	£m	£m	£m	£m
Police Officer Pay	152.084	153.736	156.731	(2.995)
Police Officer Overtime	2.693	3.367	3.637	(0.269)
Police Staff Pay	80.329	81.243	80.110	1.133
Police Staff Overtime	0.503	0.649	0.916	(0.267)
PCSO Pay	8.779	8.876	8.345	0.531
Injury & Ill Health Pensions	3.942	3.942	4.753	(0.811)
Other Employee Expenses	2.290	2.482	2.873	(0.391)
Premises	11.820	12.237	11.726	0.511
Transport	4.514	4.496	4.807	(0.311)
Supplies & Services	32.877	33.400	35.137	(1.737)
Contribution to Reserves	0.000	0.396	0.501	(0.105)
Third Party Payments	22.025	22.892	23.149	(0.257)
Interforce Expenditure	2.205	2.237	2.023	0.214
Capital Financing	11.335	11.347	11.062	0.285
Gross Expenditure	335.397	341.301	345.769	(4.469)
Income	(46.963)	(51.385)	(50.267)	(1.118)

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Operational Budget	288.434	289.916	295.502	(5.587)
Net Budget	0.000	0.000	6.513	(6.513)

The net expenditure at 31st March of £295.5m.

With total funding received of £289.9m, there is a reported revenue overspend of £6.5m

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 the turnover factor not being delivered due to level of movement in officers in and out of the organisation.
- Officer and Staff Overtime - £0.536m - 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 - £0.887m - The requests for injury and ill health retirements have continued to rise in recent years to be sustained at a level higher than the budget has been set at.
- Income under recovery - £1.118m – the budget assumed that there would be an increase in the firearms fee early in the financial year. It wasn't increased until Q4 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, related to the ability of West Mercia to contribute the required officers to 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 liability to pay compensation/fees/fines for. An assessment has been made of the likelihood that the force is liable and the potential cost, and a provision made for this. It could be some time into the future that the actual liability is incurred.

There was underspend reported during the year that offset some of the overspend. Some of the underspend was in line with expectation given activity in the year, but action was also 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 – (£1.644m)
- Supplies and services – (£0.743m)
- Premises costs – (£0.511m)

The overspend has been posted against the general fund reserve balance. This implications are considered in the section on reserves later in the report.

Capital Outturn

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In addition to the spending on day-to-day activities, the PCC incurs expenditure on buildings, information technology, vehicles and other major items of specialist equipment which have a long-term useful life. This type of spend is known as capital expenditure.

Table 5 shows an analysis of capital expenditure incurred of £24.4m, being an underspend of £23.3m against the approved budget.

Table 5 - Capital Programme Outturn 2024/25

Capital Programme Summary	24/25 Capital Budget	Actuals	Under / (Over) spend
	£m	£m	£m
Change Programme	18.518	11.009	7.509
Estates Programme	20.524	5.717	14.807
ICT Replacement	2.670	1.879	0.791
Fleet Programme	6.020	5.329	0.691
Other	0.000	0.451	(0.451)
Capital Programme Total	47.732	24.385	23.347

The capital budget represents an aspiration to invest in the assets utilised by West Mercia to facilitate an efficient and effective policing. Underspends are mostly related to slippage in the programme, rather than underspends on projects completed. Given the complexity in going through feasibility work, planning requirements, procurement and contracting means that plans take longer to deliver than anticipated. As set out in the outturn report to WMGB of the £23.3m underspend there is a request to carry forward £7.6m. Not all of the underspend has been requested to be carry forward as the 2025/26 Capital Budget included project and costs which were already expected to slip from the 2024/25 year.

Table 6 - Funding of Capital Programme

Capital Financing	2024/25 Capital Budget	Actuals
	£m	£m
Capital Receipts	4.000	0.451
Revenue Contributions	1.600	1.533
Reserves	0.000	0.004
Internal Borrowing	0.000	4.897
Borrowing	42.132	17.500

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Total Funding	47.732	24.385
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Capital expenditure has been funded principally through borrowing. Borrowing levels are governed by the prudential code which determines whether borrowing is affordable. The PCC recognises the long-term implications on the revenue budget. He has sort to mitigate this by approving a capital strategy, which includes key principles to ensure that the capital programmes impact is sustainable over the long term. This principally relies on ensuring, where possible, that short term assets are funded from revenue. The PCCs aim is to continue to identify capital receipts and revenue resources to support the capital programme where possible.

Balance Sheet Position

Treasury Management activity

Cash balances are managed in accordance with West Mercia Police's approved Treasury Management Strategy, which prioritises the security of principal over yield. Investments are placed only with counterparties that meet stringent creditworthiness criteria to ensure the safeguarding of public funds.

As at 31 March 2025, the Police and Crime Commissioner (PCC) held £7.2 million in short-term investments, a figure higher than normal due to the timing of pension payments, which are made on the first day of each month. Despite a reduction in the Bank of England base rate from 5.25% to 4.50%, investments achieved an average return of 4.87% during 2024/25, generating £0.815m in interest income (compared to £0.925m in 2023/24).

The PCC's total external borrowing (long term and short term) increased from £73.28m in 2023/24 to £93.87m in 2024/25, reflecting the exhaustion of internal borrowing capacity. The cost of servicing this debt now stands at £10.476m, representing 3.6% of West Mercia's total revenue expenditure budgets, an increase of £3.6 million year-on-year. This has reduced the PCC's flexibility in setting a balanced budget.

Looking ahead, further borrowing via the Public Works Loan Board (PWLb) is anticipated in 2025/26 to support the delivery of West Mercia Police's capital programme and total external debt is forecast to exceed £110m.

The Capital Strategy recognises the long-term implications of borrowing on the revenue budget, with financing costs projected to reach £17 million per year by 2027/28, equating to 5.4% of the expected revenue budget. West Mercia Police considers financing costs exceeding 4.5% of the net revenue budget to be financially unsustainable and therefore, In response, the PCC has taken the strategic decision to fund a significant amount of short-life capital assets (3–5 years) from revenue in 2025/26 to mitigate the impact on borrowing and ensures that borrowing is only taken out for long life assets, which has a lower impact on borrowing costs.

As highlighted in the review of revenue outturn, there has been additional exceptional liabilities recognised in respect of potential claims against West Mercia. The increase in the provisions shown on the balance sheet reflect this.

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Pensions Liabilities

In accordance with International Accounting Standard (IAS) 19, the cost of employment and post-employment liabilities is shown in the Group's Accounts. The Group maintains a negative pensions reserve to match the estimated liability in relation to Police Officers, Police Staff and Police Community Support Officers' retirement benefits, which at the 31 March 2025 is £1,814.14m (PCC element of £0.003m). However, in considering the impact that this has on the financial position of the PCC it must be remembered that:

- Police Staff (including YJS employees) and Police Community Support Officers are entitled to join the Local Government Pension Scheme (LGPS), which is a funded scheme. The liability will be funded by future planned increases in both the employee and employer contributions;
- The Police Pension Scheme, under the current arrangements, is funded partly by police officer and employer contributions. 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;
- The Police Pension Scheme and LGPS have been subject to reform and both are now career average (CARE) schemes. Therefore the future benefit structures, as well as the level of contributions, will change.

Further information about the IAS 19 liability can be found under Note 36, and information about the Police Pensions Fund Account can be found on page 106.

West Mercia Reserves Position

After utilisation during the year and as a result of the annual revenue expenditure overspend against budget the reserves balance at the 31st March 2023 stand at £8.3m.

Reserves are an important part of the PCC strategy to deliver the objectives set out in the Police and Crime Plan and the Medium Term Financial Plan (MTFP). Notes 8 and 9 in the Accounts provides an analysis of the reserves at the 31 March 2025 and shows the movement since 01 April 2024.

During the year there was £4.9m of reserves utilised to fund activity. This includes

- £1.3m supporting the force revenue budget to provide time to plan for managing the impact of budget pressures.
- £1.0m on supporting the force investigation into maternity deaths at Shropshire and Telford Hospitals NHS Trust.
- £1.3m spent on specific commissioning projects with partners to support victims of crime and on programmes for intervention and prevention of crime.
- £0.5m on initiatives working in partnership with local partners across West Mercia to tackle issues impacting across public authorities.
- £0.1m contribution to legal claims and self insurance resulting from action against the force.

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At the end of the financial year there has been an overspend on the revenue budget, which is has not occurred for many years. This is made up of both an in year operational overspend and one off claims/fines made against the force. The general fund balance has been set up to guard against unexpected events occurring. The result is a fall in the general fund balance and the total reserves available to £8.3m. The total reserves are above the £8m minimum that is recommended to be available in any year. However, it is dependent on all the reserve balances being available. An updated reserves strategy was presented to the WMGB on the 22nd May 2025 which recognised that there was some commitment and risks that had already been committed to and proposed to be allocated from earmarked reserves. In total requests for use of £2.6m of reserves were made in 2025/26.

The reserves available are below the minimum level of reserves set out in the review of the adequacy of reserves in the 2025/26 budget report. Therefore the PCC has written to the Chief Constable to require the force to identify in year savings from the agreed budget which can be applied back to reserves. The expectation is that the actions being proposed will return the general fund reserve above the recommended minimum of £8m.

The assessment of the Treasurer is that action is required in year to ensure the general reserve is returned to minimum balance of £8m with total reserves at a minimum of between £10m – £12m. It is recognised that the balance sheet of the PCC needs further attention over the next 3 – 5 years to increase the ability of the organisation to manage risk and ensure financial stability. The force has a good track record of delivering saving plans and proposals have been agreed by the PCC.

Section 6. Value for Money

Both the PCC and Chief Constable have a duty to provide efficient and effective policing at an affordable cost. A key area for ensuring this is effective governance and oversight. Financial management arrangements are in place to ensure robust spending decisions are made by Budget Holders. Oversight of the total budget at the West Mercia Governance Board is the principal mechanism for the PCC to have oversight of financial performance. These are supported by the PCC Governance Board & Estates Governance Board as decision making bodies. Within the force structure there is also the Force Delivery Group and Change and Transformation Board to ensure that key projects are delivering improved effectiveness, efficiency and economy based on business cases.

The PCC and force have faced significant financial challenges through the last decade of which it has been able to deliver a sustainable financial position through delivering savings. The PCC has maintained level of reserves to then manage financial risks and respond to unplanned budget pressures. In 2024/25 the force have experienced operational budget pressures, which it has not been able to resolve from taking action in year, and an unusually high level of exceptional one-off costs. Whilst the general fund reserve is there to respond to such issues, the impact of both one off and the operational risks occurring at the same time has reduced reserves to a level which is not sufficient for future years. The force has responded to this and have presented a plan to the PCC to ensure that the budget is controlled in 2025/26 and sufficient headroom is created so that contributions can be made to return reserves above minimum levels required

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The force continues to develop its strategic planning cycle which budget setting forms a key part. This looks to develop future plans based on an understanding of the cost of operating services and how that then fits into the priorities of West Mercia and the resulting spending plans.

Key areas of investment continue to be in transformation across ICT with the focus on digital services and forensics. There is a need to update and deliver a modern, flexible and robust ICT infrastructure to support new and compliant information and communication technologies that will accommodate the new ways of working within West Mercia Police. In 2024/25 the Digital Transformation project was completed after 5 years of planned activity with the infrastructure now in place to ensure that the force has the platform it needs to utilise technology to deliver more efficient and effective policing.

Throughout 2024/25, the Change and Transformation Board, attended by Chief Officers, programme managers and representatives from across the force and PCC, meet monthly to review progress and agree priorities and actions on the key transformation project areas. It oversees the delivery of appropriate outcomes to achieve strategic objectives and to monitor benefits realisation. The benefits realised from the transformation programme in terms of efficiency and the generation of savings are being monitored as the work develops. They form a significant proportion of the financial savings targets within the Medium-Term Financial Plan and are critical to the future financial sustainability and efficiency of the force.

The Estates Service has continued to develop through 2024/25. The team has been working on ensuring that they have the data on space utilisation and cost of assets to understand the value for money that we get from them. Through this information, condition surveys and understanding the future operating costs it will provide the information required to make future investment decisions. There continues to be investment in the estate, specifically the delivery of a new operational Police Station in Redditch, replacing an asset that was no longer fit for purpose.

Section 7 - The Medium-Term Financial Plan

Setting the budget and precept proposal is one of the key responsibilities of the PCC under the Police Reform and Social Responsibility Act 2011 and one of the most important decisions that PCC has to make. As part of setting an annual budget, the PCC considers the financial implications of plans and strategies over the medium term.

In setting the 2025/26 budget the PCC has regard to a wide range of factors including:

- Priorities within the West Mercia safer communities plan;
- National targets and objectives including the officer uplift programme and strategic policing requirement;
- The outcome of public consultation;
- Plans and policies of other partner agencies relating to community safety and crime reduction.

The PCC agreed a net revenue budget of £302.9m for the 2025/26 financial year, which includes utilisation of reserves of £0.2m resulting in a budget requirement of £302.7m. The budget is funded by

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- £163.3m of government funding,
- £138.0m from the Council Tax through the precept,
- £1.4m contribution from a predicted surplus on Collection Fund Balances.

The PCC continues to focus on setting a balanced budget and that the force is living within its means, with a decision that no reserves will be used to fund the revenue budget for the force. The reserves utilisation shown above is solely in relation to the hosted Youth Justice Service, which is not funded from precept. Cost pressures from increased price and pay inflation, and the ongoing costs of transforming and modernising policing has had to be balanced against delivery of an effective policing service to the public. Given the outturn position reported in 2024/25 the PCC has sought reassurance that the agreed revenue budget for 2025/26 does not contain inherent risk of overspend. The force have identified risk in relation to ill health retirements, and outcome of review of pay, which are both outside their direct control. These will be monitored closely through the year.

The uncertainty in the economy makes planning over the medium term challenging. Currently there is no commitment made on future funding levels. 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 Safer West Mercia Plan.

Consideration has been given as to whether there is a risk that a Section 114 notice might be issued in the near future or medium term. Clearly there are a range of risks which West Mercia is facing

- 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
- Funding of short life assets
- The flexibility within the revenue budget, as funding is linked to police officer numbers.
- A small in year overspend at the end of 2024/25

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. A balanced budget has been produced for 2025/26, and given the outturn position reported above, a review has been undertaken to provide assurance that it is deliverable. The force has a good track record of delivering savings based on costed options. At present there is no indication that the financial stability of the organisation is fundamentally unsustainable which would result in a S114 notice being required.

Section 8 - Environmental Scanning

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An annual strategic assessment is undertaken by the force which develops a view of the current policing environment. This includes the threat from crime and the changing situation in relation to macro issues such as the national political and financial situation and how they might impact on our communities and how we police. This is informed by a Plan to 2030 that the force has delivered focussing on longer-term issues that will change how we police in the next five years. The force will remain mindful of these in setting its strategy to ensure it is able to provide effective policing services in the medium term. Taking a public health approach by working closely with partners to target the known risk factors for crime in increasing driving police activity.

Section 9 - The Statement of Accounts

It is the purpose of the statement of accounts (the Accounts), consisting of the financial statements and notes to the accounts, to demonstrate that the Group, consisting of the PCC and the Chief Constable has accounted for public money properly and been economical, efficient and effective in the use of that public money. To better understand the financial statements it is important to understand the arrangements that govern the PCC and Chief Constable and the relationship between them.

The treatment of transactions (income and expenditure) and balances (assets, liabilities and reserves) in the PCC's and Chief Constable's Accounts under the Group arrangement is explained in Note 3, 'Critical Judgements in Applying Accounting Policies'. The PCC and Chief Constable are classified as a group arrangement under accounting standards, the Chief Constable being a subsidiary of the PCC. The specific accounting treatment takes into account the substance of the arrangements for governing the two entities.

The Accounts reflect current legislation and local operating arrangements, where legislation takes precedent over the Code or where the Group position differs from that of the PCC this is explained in the Accounts and the notes. The following is an explanation of the contents of the Accounts and the main financial statements, their purpose and relationship between them.

They comprise:

- The **Statement of Accounting Policies**, which sets out the accounting policies adopted by the Group and the PCC 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 PCC 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 of the Group's 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

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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 Group and the PCC. 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 Group's services, more details of which are shown in the CIES. 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 Group and PCC. 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.

The Group and PCC Accounts should be read alongside the Chief Constable's Accounts, which can be found on the PCC's website.

Statement of Accounting Policies for the Group and the PCC

i. General Principles

The Statement of Accounts summarises the Group's and the PCC'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 Group and the PCC when preparing and presenting the financial statements. The Group and the PCC are 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 Group and the PCC 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 Group'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 1st April 2024. This standard governs the treatment of leases and replaced IAS 17. More information on this is available 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 CIES include 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

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Constable does not have a bank account there is no actual transfer of cash between the PCC and the Chief Constable.

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:

- Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract;
- 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;
- Interest receivable on investments and payable on borrowings is accrued for as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract;
- Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected;
- Manual accruals of revenue or expenditure are not required to be made where the value of the item is less than £1,000.

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.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Group's cash management.

vi. Charges to Revenue for Non-Current Assets

Services 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.

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- 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.

The Group is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Group in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the Police Fund Balance (Minimum Revenue Provision), by way of an adjusting transaction with the Capital Adjustment Account in the MIRS for the difference between the two. Further information can be found in the Treasury Management Strategy available on the PCC's website.

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 Group. 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 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 PCC or the Chief Constable to terminate their employment before the normal retirement date or an employee's decision to accept voluntary redundancy and 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

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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 a pension schemes relevant to them:

- Police Pension Scheme (PPS) for Police Officers.
- Local Government Pensions 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 Group are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of 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.
- the 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 at 31 March 2025.
- the discount rates used by the actuaries and other principal assumptions are set out in Note 36.
- the assets of the LGPS fund attributable to the Group 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.

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- **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 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 Group 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 31st 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

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eventually fall due. This is further explained in the notes to the Police Pension Fund Account on page 107.

It should be noted that the Group 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 Group 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. Fair Value Measurement

The Group measure some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

The Group measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Group takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, as follows:

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

ix. Financial Instruments

Financial Liabilities

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

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

The Group has not entered into the repurchase or early settlement of borrowing.

Financial Assets

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

- Amortised cost - these are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement;
- Fair value through profit or loss (FVPL) – these are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The techniques for fair value measurements are set out in Accounting Policy viii. Any gains or losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES; and
- Fair value through other comprehensive income (FVOCI) – not applicable for the Group.

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x. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third-party contributions and donations are recognised as due to the group when there is reasonable assurances that:

- the Group will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, the grant conditions must be adhered to and specific outputs, or future economic benefits or service potential delivered, otherwise the grant sum, must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and all capital grants) in the CIES.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the MIRS. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied Reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied Reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

xi. Intangible Assets

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

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

Intangible assets are measured initially at cost. Amounts are only re-valued where the fair value of the assets held by the Group can be determined by reference to an active market. The depreciable amount of all intangible assets is amortised over their useful lives to the Cost of Services in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired – any losses recognised are posted to the Cost

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of Services in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the Police Fund Balance. The gains and losses are therefore reversed out of the Police Fund Balance in the MIRS and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xii. 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 valued at actual cost price. They are included on the Balance Sheet.

xiii. Investment Property

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

Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's length, that is, the significant observable inputs (Level 2 in the fair value hierarchy). Properties are not depreciated but are re-valued annually according to market conditions at the year-end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the CIES. The same treatment is applied to gains and losses on disposal.

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

xiv. Jointly Controlled Operations and Jointly Controlled Assets

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. The Group recognises on its Balance Sheet the assets (Property, ICT and Vehicles) that it controls or its share thereof. Joint assets give rise to benefits of the joint ventures. The Group also recognises the liabilities that it incurs. The CIES is debited and credited with the expenditure it incurs and the share of costs incurred or income earned through the joint operation.

A full explanation of the treatment of transactions and balances under the alliance has been explained fully in Note 14 to the Accounts 'Pooled Budgets and Joint Operations'.

Statement of Accounting Policies

xv. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all of the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. The Group has reviewed its contracts register and has determined that it has no other finance leasing arrangements apart from the joint facility in Bromsgrove (Note 19(i) to the Accounts). All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

IFRS 16 replaced IAS 17 as the accounting standard setting out the treatment of leases on 1st April 2024 and required leases previously accounted for as an operating lease (i.e. expensed directly to the CIES without recognising a lease asset and corresponding rents as a liability) to be brought on to the balance sheet by recognising a right of use asset and a corresponding lease liability.

More information on this is available under note 19.

The Group as Lessee

Rentals paid under lessee leases are charged to the balance sheet, reducing the lease liability with the expense costs also being charged to Financing costs and Minimum Revenue Provision over the lease term over the life of the lease. These leases are depreciated over the life of the lease.

The Group as Lessor (Operating Lease)

Where the Group grants an Lessor lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the CIES. Credits 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 premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

The Group as Lessor (Finance Lease)

Where the PCC grants a finance lease over a property, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (Property, Plant and Equipment) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. A gain, representing the PCC's net investment in the lease, is credited to the same line in the CIES as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet. Lease rentals receivable are apportioned between:

Statement of Accounting Policies

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received); and
- finance income (credited to the Financing and Investment Income and Expenditure line in the CIES).

The gain credited to the CIES on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the capital receipts reserve in the MIRS. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts in the MIRS. When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point the deferred capital receipts are transferred to the Capital Receipts Reserve. The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the MIRS.

xvi. Segmental Analysis

Income and Expenditure is reported in the CIES on the basis of the Group'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 Group monitors and manages its financial performance on the basis of three segments to reflect its distinct service areas. These three segments are: Policing Services, Police and Crime Commissioner and Youth Justice Service. The costs of overheads and support services are charged to each 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 local authority 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.

xvii. 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.

Statement of Accounting Policies

xviii. Property, Plant and Equipment

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and expected to be used during more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition

Expenditure on the acquisition, creation or enhancement of PPE is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The cost of assets acquired other than by purchase is deemed to be its current value; the Group has not acquired any asset via an exchange. The Group did not receive any donated during the year.

Assets are then carried in the Balance Sheet using the following measurement bases:

- Assets Under Construction – historical cost;
- Operational property – Current value, determined as the amount that would be paid for the asset in its existing use (Existing Use Value – EUV);
- Where non-property assets that have short useful lives and / or low values, historical cost basis is used as a proxy for current value.

Assets included in the Balance Sheet at current value are re-valued sufficiently regularly to ensure that their carrying amount is not materially different from their current value at the year end, but as a minimum every five years. Desktop reviews of certain properties not formally valued during the current year are carried out annually to ensure that this holds true as at the Balance Sheet date; following this review, management determined that the carrying amounts of Operational Assets were not materially different from their current value. Valuations are carried out by qualified valuers, employed in the Office of the Police and Crime Commissioner's Estates team, the most recent being carried out as at 31 March 2025. The valuers provided the PCC with assurance that there had been no material changes in the valuations between the valuation date and 31 March 2025. The basis of valuation used is set out below as recommended by CIPFA and in line with the Statements of Asset Valuation Practice and guidance notes of the Royal Institute of Chartered Surveyors (RICS). Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised

Statement of Accounting Policies

gains. Exceptionally, gains might be credited to the CIES where they arise from the reversal of a loss previously charged to the Cost of Services.

Where decreases in value are identified, they are accounted for:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); or
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Cost of Services in the CIES.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

The PCC is holding plots of land around the Hindlip site which are important to securing the ongoing operational use of the site by prohibiting access and controlling its use: for example the church and farm land. These are not operational as such but neither is it right to classify them as heritage assets or investment assets, even where a small amount of income is generated on the farm land, which is coincidental to its main purpose. The value of these plots of land is included in the Balance Sheet as part of the value of the Hindlip Land and Buildings.

Componentisation

Where a building is above the Group's materiality then it will be considered for componentisation.

The value of each component is considered in relation to the value of the asset. As a rule, significant expenditure amounting to greater than 25% of the total cost will be considered for componentisation.

Expenditure on Improvements amounting to less than £250k will not be considered for componentisation.

Components of buildings and the life of each component are:

- | | |
|-----------------------------|----------|
| • Structure | 60 years |
| • Mechanical and electrical | 15 years |
| • Roof – pitch | 60 years |
| • Roof – flat | 20 years |

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Statement of Accounting Policies

Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains);
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the Cost of Services in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the Cost of Services in the CIES, up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided for on all PPE assets by the systematic allocation of their depreciable amounts over their useful lives. Exception is made for assets without a determinable finite useful life, i.e. freehold land and assets that are not yet available for use such as assets under construction.

Depreciation is calculated on the straight-line method over:

- buildings – straight line allocation over the useful life of the property as estimated by the valuer;
- plant, furniture and equipment (including ICT) – 5 years;
- vehicles – 2 to 10 years (2 years – high-mileage, response vehicles; 3 years – high mileage roads policing vehicles 5 years – general use vehicles; 6 years – vans; 8 years – ULEV and hybrid; 10 years PSU carriers and large vans).

No depreciation is charged for the financial year in which an asset is acquired. A full year's depreciation charge is made for the year of asset disposal.

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

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

Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and current value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in current CIES. Gains in current value are recognised only up to the amount of any

Statement of Accounting Policies

previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

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

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether PPE or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the Police Fund Balance in the MIRS.

De Minimis

The Group has agreed a de minimis level of £10,000 for the acquisition, renewal or replacement of buildings, plant and machinery or other equipment to count as prescribed capital expenditure.

xix. Provisions, Contingent Liabilities and Contingent Assets

Provisions are made where an event has taken place that gives the Group a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Group may be involved in a court case that could eventually result in the making of a settlement of the payment of compensation.

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.

Statement of Accounting Policies

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 Group settles the obligation.

A contingent liability or a contingent asset arises where an event has taken place that gives the Group 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 Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required, or the amount of the obligation cannot be measured reliably. Contingent liabilities and contingent assets are not recognised in the Balance Sheet but disclosed in Note 29 to the Accounts.

xx. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the Police Fund Balance in the MIRS. When expenditure to be financed from a reserve is incurred, it is charged to the Cost of Services in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the Police Fund Balance in the MIRS so that there is no net charge against Council Tax for the expenditure.

xxi. Revenue Expenditure Funded from Capital Under Statute

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 has been charged as expenditure to the relevant service in the CIES in the year. Where the PCC has determined to meet the cost of this expenditure from existing capital resources or by borrowing, a transfer in the MIRS from the General Fund Balance to the CAA then reverses out the amounts charged so that there is no impact on the level of council tax. Notes 21 and 23 explain the REFCUS incurred by the PCC during the year.

xxii. 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.

xxiii. Council Tax

The council tax income included in the comprehensive income and expenditure statement (CIES) is the Group's share of accrued income for the year. However, regulations determine the amount of council tax that must be included in the Groups general fund. Therefore, the difference between the income included in the CIES and the amount required by regulation to be credited to the general fund is taken to the collection fund adjustment account and included as a reconciling item in the movement in reserves statement.

Statement of Accounting Policies

The group recognises its share of the council tax debtor and creditor balances and impairment allowances in its balance sheet. The Group also recognises:

- A creditor in its balance sheet for cash received from the billing authority in advance of the Police and Crime Commissioner receiving the cash from the Council tax debtor, or;
- A debtor in its balance sheet for its attributable share of net cash collected from council tax debtors by the billing authority but not paid over to it at the balance sheet date.

Statement of Responsibilities

Responsibilities of the Police and Crime Commissioner for West Mercia (the PCC)

The PCC is required to:

- Make arrangements for the proper administration of the PCC'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 Treasurer to the Commissioner;
- Manage the PCC's affairs to secure economic, efficient and effective use of resources and safeguard the PCC's assets;
- Approve the Statement of Accounts.

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

John Campion

Police and Crime Commissioner for West Mercia

Date:

Responsibilities of the Treasurer to the Commissioner

The Treasurer to the Commissioner is responsible for the preparation of the Statement of Accounts for the Police and Crime Commissioner for West Mercia and Group 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 Treasurer to the Commissioner has:

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

The Treasurer 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 Police and Crime Commissioner for West Mercia and Group were issued on 30th May 2025 by authority of the Treasurer to the Commissioner.

I certify that the Statement of Accounts represents a true and fair view of the financial position of the PCC and the Group at the accounting date and of the income and expenditure for the year ended 31 March 2025.

Paul Benfield

Treasurer to the Police and Crime Commissioner for West Mercia

Date:

Independent auditor's report to the Police and Crime Commissioner for West Mercia

Report on the Audit of the Financial Statements

Comprehensive Income and Expenditure Statement (CIES) for the Group

This Statement shows the consolidated Group accounting cost and funding in the year of providing services presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The Group raises taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown both the Expenditure and Funding Analysis and in the MIRS.

2023/24 Gross Expenditure	2023/24 Gross Income	2023/24 Net Expenditure		Notes	2024//25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Expenditure
£000	£000	£000			£000	£000	£000
273,550	(29,817)	243,733	Policing Services	1	296,497	(42,114)	254,383
29,097	(8,604)	20,493	Police and Crime Commissioner	1	31,235	(6,804)	24,431
2,718	(3,058)	(340)	Youth Justice Service	1	3,119	(3,154)	(35)
305,365	(41,479)	263,886	Net Cost of Policing Services	1	330,851	(52,072)	278,779
		28	Other operating expenditure – (profit) / Loss on disposal of non-current assets				(898)
		91,154	Financing and investment net expenditure (Note 11)				93,924
		(308,329)	Taxation and non-specific grant income (Note 12)				(321,382)
		46,740	Deficit on Provision of Services				50,423
		(470)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets (Note 9 (i))				(3,601)
		(15,100)	Re-measurement of the net defined benefit liability (Note 36)				(223,462)
		(15,570)	Other Comprehensive (Income) & Expenditure				(227,063)
		31,170	Total Comprehensive (Income) & Expenditure				(176,640)

Comprehensive Income and Expenditure Statement (CIES) for the PCC

This Statement shows the accounting cost and funding in the year of providing services presented in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. The PCC raises taxation to cover expenditure in accordance with regulations; this is different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the MIRS. 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	2023/24 Gross Income	2023/24 Net Expenditure		Notes	2024//25 Gross Expenditure	2024/25 Gross Income	2024/25 Net Expenditure
£000	£000	£000			£000	£000	£000
8,711	(38,359)	(29,648)	Policing Services		20,521	(55,219)	(34,698)
29,097	(8,604)	20,493	Police and Crime Commissioner		31,235	(6,804)	24,431
2,718	(3,058)	(340)	Youth Justice Service		3,119	(3,154)	(35)
40,526	(50,021)	(9,495)	Cost of Policing Services	1	54,875	(65,177)	(10,302)
288,442	0	288,442	Funding to the Chief Constable for financial resources consumed	10	314,575	0	314,575
328,968	(50,012)	278,947	Net Cost of Policing Services		369,450	(65,177)	304,273
		28	Other operating expenditure – Loss on disposal of non-current assets (<i>Note 25</i>)				(898)
		476	Financing and investment net expenditure (<i>Note 11</i>)				1,978
		(272,766)	Taxation and non-specific grant income (<i>Note 12</i>)				(286,035)
		(6,685)	(Surplus) or Deficit on Provision of Services				19,318
		(470)	(Surplus) or deficit on revaluation of Property, Plant & Equipment Assets (<i>Note 9 (i)</i>)				(3,601)
		175	Re-measurement of the net defined benefit liability (<i>Note 36</i>)				304
		(295)	Other Comprehensive (Income) & Expenditure				(3,297)
		6,390	Total Comprehensive (Income) & Expenditure				16,021

Movement in Reserves Statement (MIRS) for the Group

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

	Notes	Total Police Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000
Opening Balance at 1 April 2023		24,864	0	0	24,864	(1,949,075)	(1,924,211)
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure	1	(46,740)	0	0	(46,740)	15,570	(31,170)
Adjustments between accounting basis and funding basis under regulations	7	41,563	0	0	41,563	(41,563)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves		(5,177)	0	0	(5,177)	(25,993)	(31,170)
Transfers to/from Earmarked Reserves	8	0	0	0	0	0	0
Increase/(Decrease) in Year		(5,177)	0	0	(5,177)	(25,993)	(31,170)
Balance at 31 March 2024 Carried Forward		19,687	0	0	19,687	(1,975,068)	(1,955,381)
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure	1	(50,423)	0	0	(50,423)	227,063	176,640
Adjustments between accounting basis and funding basis under regulations	7	39,048	965	0	40,013	(40,013)	0
Net Increase/(Decrease) before transfers to Earmarked Reserves		(11,375)	965	0	(10,410)	187,050	176,640
Transfers to/from Earmarked Reserves	8	0	0	0	0	0	0
Increase/(Decrease) in Year		(11,375)	965	0	(10,410)	187,050	176,640
Balance at 31 March 2025 Carried Forward		8,312	965	0	9,277	(1,788,018)	(1,778,741)

Movement in Reserves Statement (MIRS) for the PCC

This statement shows the movement in the year on the different reserves held by the PCC, analysed into Usable Reserves (ie 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 PCC'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 PCC.

	Notes	Total Police Fund Reserves	Capital Receipts Reserve	Capital Grants Unapplied	Total Usable Reserves	Unusable Reserves	Total Group Reserves
		£000	£000	£000	£000	£000	£000
Opening Balance at 1 April 2023		24,864	0	0	24,864	40,074	64,938
Movement in reserves during 2023/24							
Total Comprehensive Income and Expenditure	1	(6,684)	0	0	(6,684)	295	(6,390)
Adjustments between accounting basis and funding basis under regulations	7	1,507	0	0	1,507	(1,507)	0
Net Increase before transfers to Earmarked Reserves		(5,177)	0	0	(5,177)	(1,213)	(6,390)
Transfers to/from Earmarked Reserves	8	0	0	0	0	0	0
Increase/(Decrease) in Year		(5,177)	0	0	(5,177)	(1,213)	(6,390)
Balance at 31 March 2024 Carried Forward		19,687	0	0	19,687	38,861	58,548
Movement in reserves during 2024/25							
Total Comprehensive Income and Expenditure	1	(19,317)	0	0	(19,317)	3,297	(16,020)
Adjustments between accounting basis and funding basis under regulations	7	7,942	965	0	8,907	(8,908)	0
Net Increase before transfers to Earmarked Reserves		(11,375)	965	0	(10,410)	(5,611)	(16,021)
Transfers to/from Earmarked Reserves	8	0	0	0	0	0	0
Increase/(Decrease) in Year		(11,375)	965	0	(10,410)	(5,611)	(16,021)
Balance at 31 March 2025 Carried Forward		8,312	965	0	9,277	33,250	42,527

Notes to the Financial Statements

Balance Sheets for the Group and the PCC

The Balance Sheet presents the value of the Group's and PCC's recognised assets and liabilities as at the reporting date. The net assets (assets less liabilities) are matched by reserves, which are classified into two categories:

- **Usable reserves:** Available to support service delivery, subject to statutory restrictions (e.g. the Capital Receipts Reserve can only fund capital expenditure or debt repayment).
- **Unusable reserves:** Not available for use, these include unrealised gains (e.g. the Revaluation Reserve) and timing differences recognised in the Movement in Reserves Statement (MiRS).

The PCC as at 31 March 2024 £000	The Group as at 31 March 2024 £000		Notes	The PCC as at 31 March 2025 £000	The Group as at 31 March 2025 £000
121,913	121,913	Property, Plant & Equipment	21	134,430	134,430
262	262	Investment Property	22	255	255
3,242	3,242	Intangible Assets	23	2,477	2,477
3,184	3,184	Long Term Debtors	24	3,104	3,104
128,601	128,601	Long Term Assets		140,266	140,266
230	230	Assets Held for Sale	25	1,152	1,151
16,074	31,125	Short Term Debtors and other current assets	26	18,996	28,019
4,741	4,741	Cash and Cash Equivalents	27	7,212	7,212
0	811	Inventories	26	0	1,170
0	0	Intra-Group Debtor	10	0	0
21,045	36,907	Current Assets		27,360	37,552
(17,715)	(17,715)	Short Term Borrowing	30	(29,741)	(29,741)
(16,705)	(38,558)	Short Term Creditors	28	(23,771)	(39,622)
0	(2,225)	Provisions	29	0	(4,001)
(408)	0	Intra-Group (Creditor) / Debtor	10	(2,768)	0
(34,828)	(58,498)	Current Liabilities		(56,280)	(73,364)
(55,565)	(55,565)	Long Term Borrowing	30	(64,129)	(64,129)
0	(2,006,121)	Liability Relating to Defined Benefit Pension Schemes	36	(3)	(1,814,379)
(705)	(705)	Revenue Grants Receipts in Advance		(548)	(548)
0	0	Capital Grants Receipts in Advance		0	0
0	0	Other Long Term Liabilities	19	(3,232)	(3,232)
0	0	Donated Asset Account	19	(907)	(907)
(56,270)	(2,062,391)	Long Term Liabilities		(68,819)	(1,883,195)
58,548	(1,955,381)	Net Assets / (Liabilities)		42,527	(1,778,741)
19,687	19,687	Usable Reserves	8	9,277	9,277
38,861	(1,975,068)	Unusable Reserves	9	33,250	(1,788,018)
58,548	(1,955,381)	Total Reserves		42,527	(1,778,741)

The audited Statement of Accounts were issued on 30th May 2025

Treasurer to the Police and Crime Commissioner for West Mercia



Notes to the Financial Statements

Cash Flow Statements for the Group and the PCC

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

The PCC 2023/24 £000	The Group 2023/24 £000		Notes	The PCC 2024/25 £000	The Group 2024/25 £000
6,685	46,740	Net (surplus) or deficit on the provision of services	1	19,318	50,423
(15,797)	(55,852)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	33	(24,250)	(55,355)
1,355	1,355	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities	33	1,404	1,404
(7,757)	(7,757)	Net cash flows from Operating Activities		(3,528)	(3,528)
29,237	29,237	Investing Activities	34	20,950	20,950
(22,448)	(22,448)	Financing Activities	35	(19,893)	(19,893)
(968)	(968)	Net increase or decrease in cash and cash equivalents		(2,471)	(2,471)
(3,773)	(3,773)	Cash and cash equivalents at the beginning of the reporting period	27	(4,741)	(4,741)
(4,471)	(4,471)	Cash and cash equivalents at the end of the reporting period		(7,212)	(7,212)

Notes to the Financial Statements

The following notes contain information which is in addition to that contained in the main financial statements and is 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 PCCs in comparison with those resources consumed or earned by PCCs in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the PCC's service areas. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

The Group

	2024/25 Net Expenditure Chargeable to the Police Fund Balances	2024/25 Adjustments between the Funding and Accounting Basis	2024/25 Net Expenditure in the CIES
	£000	£000	£000
Policing	270,393	(16,010)	254,383
Police and Crime Commissioner	24,628	(197)	24,431
Youth Justice Service	(35)	0	(35)
Net Cost of Policing Services	294,986	(16,207)	278,779
Other income and expenditure	(283,611)	55,255	(228,356)
(Surplus) or deficit on provision of Services	11,375	39,048	50,423

Opening Police Fund at 31 March 2024	(19,687)
Less Deficit on Police Fund in Year	11,375
Closing Police Fund at 31 March 2025	(8,312)

Notes to the Financial Statements

	2023/24 Net Expenditure Chargeable to the Police Fund Balances	2023/24 Adjustments between the Funding and Accounting Basis	2023/24 Net Expenditure in the CIES
	£000	£000	£000
Policing	257,785	(14,052)	243,733
Police and Crime Commissioner	20,625	(132)	20,493
Youth Justice Service	(340)	0	(340)
Net Cost of Policing Services	278,071	(14,184)	263,886
Other income and expenditure	(272,893)	55,747	(217,147)
(Surplus) or deficit on provision of Services	5,177	41,563	46,740

Opening Police Fund at 31 March 2023	(24,864)
Less Deficit on Police Fund in Year	5,177
Closing Police Fund at 31 March 2024	(19,687)

The PCC

	2024/25 Net Expenditure Chargeable to the Police Fund Balances	2024/25 Adjustments between the Funding and Accounting Basis	2024/25 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	(42,127)	7,429	(34,698)
Police and Crime Commissioner	24,628	(197)	24,431
Youth Justice Service	(35)	0	(35)
Net Cost of Policing Services	(17,534)	7,232	(10,302)
Funding to the Chief Constable for financial resources consumed	312,520	2,055	314,575
Other income and expenditure	(283,611)	(1,344)	(284,955)
(Surplus) or deficit on provision of Services	11,375	7,943	19,318

Opening Police Fund at 31 March 2024	(19,687)
Less Deficit on Police Fund in Year	11,375
Closing Police Fund at 31 March 2025	8,312

Notes to the Financial Statements

	2023/24 Net Expenditure Chargeable to the Police Fund Balances	2023/24 Adjustments between the Funding and Accounting Basis	2023/24 Net Expenditure in the CIES
	£000	£000	£000
Policing Services	(30,015)	367	(29,648)
Police and Crime Commissioner	20,625	(132)	20,493
Youth Justice Service	(340)	0	(340)
Net Cost of Policing Services	(9,730)	235	(9,495)
Funding to the Chief Constable for financial resources consumed	287,801	641	288,442
Other income and expenditure	(272,894)	631	(272,262)
(Surplus) or deficit on provision of Services	5,177	1,507	6,685

Opening Police Fund at 31 March 2023	(24,864)
Less Deficit on Police Fund in Year	5,177
Closing Police Fund at 31 March 2024	(19,687)

1(a) Note to the EFA

Adjustments between Funding and Accounting Basis

The Group

2024/25					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	11,558	(24,578)	(2,075)	(915)	(16,010)
Police and Crime Commissioner	0	(197)	0	0	(197)
Youth Justice Service	0	0	0	0	0
Net Cost of Services	11,558	(24,775)	(2,075)	(915)	(16,207)
Other income and expenditure from the Funding Analysis	(962)	56,495	2,075	(2,353)	55,255
Difference between Police Fund surplus or deficit and CIES surplus or deficit	10,596	31,720	0	(3,268)	39,048

Notes to the Financial Statements

2023/24					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	1,494	(17,705)	(486)	2,644	(14,053)
Police and Crime Commissioner	0	(132)	0	0	(132)
Youth Justice Service	0	0	0	0	0
<i>Net Cost of Services</i>	1,494	(17,837)	(486)	2,644	(14,185)
Other income and expenditure from the Funding Analysis	19	55,098	486	143	55,747
Difference between Police Fund surplus or deficit and CIES surplus or deficit	1,513	37,261	0	2,787	41,562

The PCC

2024/25					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	7,417	0	974	(962)	7,429
Police and Crime Commissioner	0	(197)	0	0	(197)
Youth Justice Service	0	0	0	0	0
<i>Net Cost of Services</i>	7,417	(197)	974	(962)	7,232
Funding to the Chief Constable	4,142	0	(3,049)	962	2,055
Other income and expenditure from the Funding Analysis	(962)	(104)	2,075	(2,353)	(1,344)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	10,597	(301)	0	(2,353)	7,943

Notes to the Financial Statements

2023/24					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Net Change for the Pensions Adjustments (note ii)	Financing and Investment Adjustments (note iii)	Other Adjustments (note iv)	Total Adjustments
	£000	£000	£000	£000	£000
Policing Services	170	0	1,088	(891)	367
Police and Crime Commissioner	0	(132)	0	0	(132)
Youth Justice Service	0	0	0	0	0
<i>Net Cost of Services</i>	170	(132)	1,088	(891)	235
Funding to the Chief Constable	1,324	0	(1,574)	891	641
Other income and expenditure from the Funding Analysis	20	(18)	486	143	631
Difference between Police Fund surplus or deficit and CIES surplus or deficit	1,514	(150)	0	143	1,507

Note (i) Adjustments for Capital Purposes

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

Other income and expenditure is adjusted for capital disposals of assets with a transfer of the income on disposal and the amounts written off for those assets; an adjustment is also made to recognise capital grant income.

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.
- 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 investment income and borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services.

Notes to the Financial Statements

Note (iv) Other Adjustments – this column reflects variations in the amount chargeable for Council Tax under Statute and the Code; and 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

The Group

2023/24		2024/25
£000		£000
148,093	Police Officers Pay & Allowances	162,414
85,168	Police staff pay	89,445
5,161	Police pensions	4,753
3,604	Other Employee Expenses	3,384
27,278	Pensions current cost of service	27,451
(45,317)	Cost of pensions based on cash flows	(52,596)
2,644	Accumulated absences	(915)
69,821	Other service expenditure	76,024
202	Non distributed costs	370
8,712	Depreciation, Amortisation, Revaluation Loss and REFCUS (see glossary)	20,521
1,574	Interest payable	3,049
90,661	Net interest on the net defined benefit liability	91,842
28	Loss / (profit) on disposal of non-current assets	(898)
397,629	Total Expenditure	424,844
(18,160)	Fees, charges and other service income	(17,752)
7	Investment property income, net of revaluation movement	7
(925)	Interest and investment income	(815)
(163)	Finance Lease income	(159)
(122,629)	Income from council tax	(132,128)
(209,019)	Government grants and contributions	(223,574)
(350,889)	Total Income	(374,421)
46,740	Deficit on the Provision of services	50,423

Notes to the Financial Statements

The PCC

2023/24 £000		2024/25 £000
5,623	Police staff pay	6,416
66	Other Employee Expenses	99
672	Pensions current cost of service	724
(804)	Cost of pensions based on cash flows	(921)
26,259	Other service expenditure	28,035
0	Non distributed costs	0
1,574	Interest payable	3,049
(18)	Net interest on the net defined benefit liability	(104)
28	Loss on disposal of non-current assets	(898)
0	Capital Charge between PCC and Chief Constable – net	0
288,442	Funding to the Chief Constable for financial resources consumed	314,575
321,842	Total Expenditure	350,975
(18,160)	Fees, charges and other service income	(17,752)
7	Investment property income, net of revaluation movement	7
(925)	Interest and investment income	(815)
(163)	Finance Lease Income	(159)
(122,629)	Income from council tax	(132,128)
170	Capital Charge between PCC and Chief Constable - net	7,417
(173,457)	Government grants and contributions	(188,227)
(315,157)	Total Income	(331,657)
6,685	Deficit on the Provision of services	19,318

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 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.

Notes to the Financial Statements

- 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 PCC 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

Notes to the Financial Statements

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 PCC and 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 PPL's Local Government Pension Scheme assets and liabilities were previously incorporated into the Accounts and shown separately in the tables in Note 36. 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 36. 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 three segments: Policing Services, Police and Crime Commissioner and Youth Justice 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 £23.754m 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, as explained in the Narrative Statement.

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 PCC 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 Group's Balance Sheet at 31 March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Notes to the Financial Statements

Property, Plant and Equipment

The basis of estimating the value of assets is referred to in the previous section. Assets are depreciated over their Useful Economic Lives (UEL), which is determined by valuers, based on judgements, which include assumptions about the level of repairs and maintenance that will be incurred on individual assets. These estimates are important for example, if the UEL is reduced, depreciation charged to the CIES would increase and the carrying value of the asset would fall. It is estimated that the annual depreciation charge for buildings would increase by £0.168m for every year that useful lives were reduced.

The Net Book Value of Property, Plant and Equipment as at 31 March 2025 is £134.430m (£121.912m as at 31 March 2024). West Mercia valued £70.819m of property in 2024/2025, should this value increase or decrease by 1% it would have an impact of +/- £0.708m. New capital spend has been partly offset by reductions in asset valuations and depreciation.

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 PCC and Chief Constable understand the potential impact of changes in mortality rates, retirement ages and expected returns on fund assets etc. The actuaries provide the Group with advice and illustrations of the potential impact of the changes in assumptions and these are set out at the end of Note 36.

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. The opening balance of the provision as at 1st 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 31st 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 1st April

Notes to the Financial Statements

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 fully used during 2024/25.

Further information regarding Provisions can be found in Note 29.

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 £223.462m compared to a gain of £15.1m 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 March 2025. Further information regarding the Pensions Liabilities can be found in Note 36.

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).

The force ended the year in an overspent position, which required a drawdown from reserves of £6.512m to balance the accounts.

6. Events after the Reporting Period

The unaudited Statement of Accounts were issued by the Treasurer to the PCC on 30th 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 Group in the year in accordance with proper accounting practice to resources that are specified by statutory provisions as being available to the Group to meet future capital and revenue expenditure.

2024/25	Usable Reserves		
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000
Adjustments to the Revenue Resources			
<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)	(31,720)	0	0
Council tax (transfers to or from Collection Fund)	2,353	0	0
Accumulated Absence (transferred to the Accumulated Absences Reserve)	916	0	0

Notes to the Financial Statements

Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items charged to the CAA)	(20,895)	0	0
Total Adjustments to Revenue Resources	(49,346)	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,336	1,336	0
Statutory provision for the repayment of debt (transfer from the CAA)	7,427	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	1,536	0	0
Total Adjustments between Revenue and Capital Resources	10,299	1,336	0
Adjustments to Capital Resources			
Application of capital receipts to finance capital expenditure	0	(452)	0
Application of capital grants to finance capital expenditure	0	0	0
Cash payments in relation to deferred capital receipts	0	81	0
Total Adjustments to Capital Resources	0	(371)	0
Total Adjustments - Group	(39,048)	(965)	0
<i>Less: Chief Constable only adjustments</i>			
Pensions Costs	32,021	0	0
Accumulated Absence	(916)	0	0
Total Adjustments – PCC	(7,942)	(965)	0

	Usable Reserves		
	Police Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied
	£000	£000	£000
2023/24			
Adjustments to the Revenue Resources			
<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)	(37,262)	0	0
Council tax (transfers to or from Collection Fund)	(143)	0	0
Accumulated Absence (transferred to the Accumulated Absences Reserve)	(2,644)	0	0
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items charged to the CAA)	(10,086)	0	0
Total Adjustments to Revenue Resources	(50,135)	0	0
Adjustments between Revenue and Capital Resources			
Transfer of non-current asset sale proceeds from revenue to the Capital Receipts Reserve	1,339	(1,339)	0
Statutory provision for the repayment of debt (transfer from the CAA)	5,431	0	0
Capital expenditure financed from revenue balances (transfer to the CAA)	1,786	0	0
Total Adjustments between Revenue and Capital Resources	8,556	(1,339)	0

Notes to the Financial Statements

Adjustments to Capital Resources			
Application of capital receipts to finance capital expenditure	0	1,430	0
Application of capital grants to finance capital expenditure	16	0	0
Cash payments in relation to deferred capital receipts	0	(91)	0
Total Adjustments to Capital Resources	16	1,339	0
Total Adjustments - Group	(41,563)	0	0
<i>Less: Chief Constable only adjustments</i>			
Pensions Costs	37,411	0	0
Accumulated Absence	2,644	0	0
Total Adjustments – PCC	(1,507)	0	0

8. Usable Reserves

The PCC holds all of the Group's reserves. This note sets out the amounts set aside from the Police Fund Balances into earmarked reserves to provide financing for future expenditure plans and the amounts used from earmarked reserves to meet Police Fund expenditure in 2024/25.

PCC and Group Reserves	Balance at 1 April 2023 £000	Transfers out 2023/24 £000	Transfers In 2023/24 £000	Balance at 31 March 2024 £000	Transfers out 2024/25 £000	Transfer In 2024/25 £000	Balance at 31 March 2025 £000
Police Fund Reserve	(7,500)		(250)	(7,750)	6,720	0	(1,030)
Earmarked Reserves							
Budget Equalisation Reserve	(5,563)	4,657	(1,252)	(2,157)	1,411	(275)	(1,021)
Major Investigation	(2,371)	1,070	0	(1,301)	1,270	(250)	(280)
Investment in Infrastructure	(1,329)	0	(658)	(1,987)	0	0	(1,987)
Road Safety	(1,253)	74	0	(1,179)	102	0	(1,077)
YJS	(777)	0	(341)	(1,118)	176	(254)	(1,195)
PCC Initiatives	(3,476)	984	(1,124)	(3,616)	2,194	(150)	(1,572)
Legal & Insurance claims	(562)	911	(512)	(163)	675	(512)	0
Council Tax Collection Fund	0	0	0	0	0	0	0
Capital Investment Reserve	(2,033)	2,000	(383)	(416)	266	0	(150)
Total Earmarked Reserves	(24,864)	9,696	(4,519)	(19,687)	12,815	(1,441)	(8,312)
Capital Receipts Reserve	0	1,430	(1,430)	0	493	(1,458)	(965)
Capital Grants Reserve	0	0	0	0	0	0	0

Notes to the Financial Statements

Total Usable Reserves	(24,864)	11,126	(5,949)	(19,687)	13,308	(2,899)	(9,277)
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Capital receipts and capital grants have been used to fund capital expenditure in 2024/25. Capital receipts received and used are shown above for transparency purpose although they are not shown in the MIRS as they were fully used in the year they were received (see also Note 20). In 2024/25 capital receipts were used flexibly to fund a management of change process.

The purposes of the Earmarked Reserves are as follows:

- **General Reserve** has been created to meet unexpected, unusual and one-off events.
- **Budget Equalisation Reserve** has been created to manage risk around the timescales for delivery of the transformation and change programme and to provide flexibility in establishing strategies to manage future expected cost pressures from the level of future core grant funding.
- **Investment in Infrastructure Reserve** is held to support delivery of the Capital Programme and specific Estates projects.
- **Major Investigation** has been created to support the Force's work on a specific operation.
- **PCC Initiatives Reserve** is held to support the delivery of certain PCC initiatives.
- **Legal & Insurance claims** is held to address specific risks identified.
- **Road Safety Reserve** is the reserves held by the Safer Roads Partnership to be invested into road safety.
- **YJS** is the balance of the income and expenditure relating to the Youth Justice Service.
- **Council Tax Collection Fund Reserve** holds the Council Tax Reduction Grant (Local Tax Income Guarantee Scheme) payable to Forces to smooth the impact of a reduction in Council Tax collection rates during 2020/21 due to COVID-19; this was fully utilised in 2022/23.
- **Capital Investment Reserve** has been created during 2022/23 to fund future capital programmes that would otherwise require additional borrowing and subsequent increased future interest payments.

9. Unusable reserves

The Pensions Reserve and Accumulated Absences Reserves 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 unusable reserves can be summarised as follows:

PCC 31 March 2024 £000	Group 31 March 2024 £000		PCC 31 March 2025 £000	Group 31 March 2025 £000
(18,862)	(18,862)	Revaluation Reserve	(21,979)	(21,979)
(16,231)	(16,231)	Capital Adjustment Account	(5,234)	(5,234)
(3,097)	(3,097)	Deferred Capital Receipts Reserve	(3,016)	(3,016)
(671)	(671)	Collection Fund Adjustment Account	(3,024)	(3,024)
0	2,006,121	Pension Reserve	3	1,814,379
0	7,808	Accumulated Absences Account	0	6,892

Notes to the Financial Statements

(38,861)	1,975,068	Total Group Unusable Reserves	(33,250)	(1,788,018)
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(i) Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its PPE and Intangible Assets. The balance is reduced when assets with accumulated gains are:

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

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

2023/24			2024/25	
£000	£000		£000	£000
	(19,010)	Group and PCC Balance as at 1 April		(18,862)
(678)		Upward revaluation of assets	(5,584)	
208		Downward revaluation of assets and impairment losses not charged to the Surplus or Deficit on the Provision of Services	1,983	
	(470)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services (Other Comprehensive Income and Expenditure)		(3,601)
340		Difference between fair value depreciation and historical cost depreciation	377	
278		Accumulated gains on assets sold or scrapped	107	
	618	Amount written off to the Capital Adjustment Account		484
	(18,862)	Group and PCC Balance as at 31 March		21,979

(ii) Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The Account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert current value figures to an historical cost basis). The Account is credited with the amounts set aside by the PCC as finance for the costs of acquisition, construction and enhancement. The Account also contains revaluation gains accumulated on PPE before 1 April 2007, the date that the Revaluation Reserve was created to hold such gains.

2023/24			2024/25	
£000	£000		£000	£000
	(17,036)	Group and PCC Balance as at 1 April		(16,231)

Notes to the Financial Statements

		Reversal of items relating to capital expenditure debited or credited to the CIES:		
6,969		Charges for depreciation and impairment of non-current assets	11,490	
126		Revaluation losses (gains) on PPE	6,965	
1,574		Amortisation of intangible assets	1,614	
1,367		Amounts of non-current assets written off on disposal as part of the gain/loss on disposal to the CIES	437	
44		Revenue expenditure funded from capital under statute	452	
0		Donated Assets	(70)	
	10,079	Net written out amount of the cost of non-current assets consumed in the year		20,888

	(618)	Adjusting amounts written out of the revaluation reserve		(484)
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		Capital financing applied in the year:		
(1,430)		Use of the Capital Receipts Reserve to finance new capital expenditure	(451)	
(16)		Capital grants and contributions credited to the CIES that have been applied to capital financing	0	
0		Application of grants to capital financing from the Capital Grants Unapplied Account	0	
(5,431)		Statutory provision for the financing of capital investment charged against the General Fund	(7,427)	
(242)		Capital expenditure funded from Reserves	(3)	
(1,544)		Capital expenditure charged against the General Fund	(1,533)	
	(8,663)	Capital financing applied in the year		(9,414)
	7	Movements in the market value of Investment Properties debited or credited to the CIES		7
	(16,231)	Group and PCC Balance as at 31 March		(5,234)

(iii) Pensions Reserve

Payments for the cost of post-employment benefits and the associated liability are shown in the Chief Constable's Accounts, except for the element that relates specifically to the PCC's employees. 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 Group 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 Group makes employers 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 Group 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

Notes to the Financial Statements

Group can continue to meet the liability in the Chief Constable's Accounts. The liability is made up as follows:

PCC 2023/24 £000	Group 2023/24 £000		PCC 2024/25 £000	Group 2024/25 £000
(25)	1,983,960	Balance as at 1 April	0	2,006,121
175	(15,100)	Re-measurement of the net defined benefit liability (Other Comprehensive Income and Expenditure)	304	(223,462)
654	118,141	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	620	119,663
(804)	(80,880)	Employer's pensions contributions and direct payments to pensioners payable in the year	(921)	(87,943)
0	2,006,121	Balance as at 31 March	3	1,814,379

(iv) Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the Police Fund from the Collection Fund.

2023/24 £000		2024/25 £000
(815)	Group and PCC Balance as at 1 April	(671)
144	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(2,353)
(671)	Group and PCC Balance as at 31 March	(3,024)

(v) 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			2024/25	
£000	£000		£000	£000
	5,164	Group and Chief Constable 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 officer remuneration charged to the CIES net cost of policing services on an accruals basis is different from		(916)

Notes to the Financial Statements

		remuneration chargeable in the year in accordance with statutory requirements		
	7,808	Group and PCC Balance as at 31 March		6,892

(vi) Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve. The balance relates to the Finance Lease arrangement with Hereford & Worcester Fire Authority amounting to £3.097m (see Notes 19 (i) and 24) and to the disposal of the West Mercia Police share of the Central Counties' Air Operations Unit helicopter which ended in 2023/24 (Note 14).

2023/24 £000		2024/25 £000
(3,188)	Balance as at 1 April	(3,097)
91	Transfer to the Capital Receipts Reserve upon receipt of cash	81
(3,097)	Balance as at 31 March	(3,016)

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

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 PCC's Balance Sheet includes an Intra-Group Debtor of £3.683m (£0.408m Debtor 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 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)
(313,222)	Resources consumed	121,844
	Items removed through the MIRS	

Notes to the Financial Statements

(22,136)	Movement in pensions liability	191,745
(2,644)	Movement in accumulated absences liability	916
288,442	Total resources consumed for the year by the Chief Constable and funded by the PCC	314,505

11. Financing and Investment Income and Expenditure

PCC 2023/24 £000	Group 2023/24 £000		PCC 2024/25 £000	Group 2024/25 £000
1,574	1,574	Interest payable	3,049	3,049
(925)	(925)	Interest receivable	(815)	(815)
(163)	(163)	Other interest receivable – Finance Lease income	(159)	(159)
7	7	Income and expenditure in relation to investment properties and changes in their fair value	7	7
493	493	Total	2,082	2,082
(17)	90,661	Net interest on the net defined benefit liability	(104)	91,842
476	91,154	Total for the PCC/Group	1,978	93,924

12. Taxation and Non-Specific Grant Income

2023/24 £000	2023/24 £000		2024/25 £000	2024/25 £000
	(122,629)	Council tax precepts		(132,128)
(81,576)		Police Grant	(88,492)	
(52,296)		Ex-DCLG Formula Funding	(53,370)	
(9,199)		Local Council Tax Support Grant	(9,199)	
(2,776)		Council Tax Freeze Grant	(2,776)	
(4,274)		PUP Grant	0	
(16)		Capital Grants	0	
0		Donated Income	(70)	
	(150,137)	Total Non-specific Grant Income		(153,907)
	(272,766)	Taxation and Non-Specific Grant Income - PCC		(286,035)
	(35,563)	Home Office grant towards the cost of retirement benefits		(35,347)
	(308,329)	Taxation and Non-Specific Grant Income – The Group		(321,382)

13. Grant Income

The PCC and Group credited the following grants, contributions and donations to the CIES in 2024/25:

Notes to the Financial Statements

2023/24 £000		2024/25 £000
(272,766)	Credited to Taxation and Non Specific Grant Income - PCC, as per Note 12	(286,035)
(35,563)	Home Office Grant towards the cost of retirement benefits in Chief Constable Accounts	(35,347)
(308,329)	Credited to Taxation and Non Specific Grant Income - Group	(321,382)
	Credited to Services	
(1,693)	Home Office Special Grant for Special Operation	(1,507)
(3,000)	Speed Awareness Contributions	(3,277)
(3,518)	Victim Support Services	(5,273)
(2,112)	Police Pensions Specific Grant to support the increase in employer contributions to 31% from 1 April 2019	(7,011)
(7,001)	Pay Award Grant	(2,544)
(891)	Apprenticeship Levy Grant for Training Costs	(962)
(1,510)	OPCC Additional Grant Funding from HO and MoJ	(85)
(1,539)	Youth Justice Board – Effective Practice Grant	(1,545)
(627)	Safer Streets Grant	(359)
0	Police Uplift Programme	(8,861)
0	Consolidated Hotspot Response Grant	(936)
(1,429)	Other Low Value Grants	(1,960)
(23,320)	Total Credited to Services – PCC and Group	(34,320)

The Group received a revenue grant in 2024/25 amounting to £1.507m from the Home Office relating to Operation Lincoln (£1.693m in 23/24) which is a special police investigation set up to explore whether there is evidence to support a criminal case against Shrewsbury and Telford NHS Hospital Trust or any individual involved.

Speed Awareness Contributions amounting to £3.277m in 2024/25 were also received (£3.0m in 23/24). This income is received when individuals attend road safety courses, the group receive a proportion of the penalty fee, which is then ring-fenced to use on road safety measures within our communities.

14. 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.

Notes to the Financial Statements

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		2024/25
£000		£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	Illicit Cash Team	(46)
(34,131)	Total funding provided to the WMROCU	(35,654)
1,792	Regional Asset Recovery Team (RART)	1,555
243	RART – ACE team	260
880	Regional Cyber Crime Unit	912
797	Regional Fraud Team	605
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
8,657	Regional Surveillance Unit (FSU)	9,567
336	Threat Assessment Team (ROCTA)	428
288	Disruption Team	336
48	Dark Web	317
3,730	Other Regional Operations	4,404
0	DART	321
0	Contribution to Reserves	0
34,131	Total Expenditure	35,654
0	Total Net Expenditure	0

Notes to the Financial Statements

File Storage

File storage, a hosted service delivered to Warwickshire Police, generated income of £0.049m in 2024/25 (£0.061m 2023/24).

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 PCC 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 settled, with the final payment of £0.02m (discounted value of £0.014m) being received in 2023/24.

15. 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:

Exit Package cost band (including special payments)	Number of Exit Packages		Total cost of Exit Packages in each band	
	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
£100,001 - £150,000	0	1	0	112
£150,001 +	0	2	0	443
Total	4	20	48	1,049

52% of the cost relating to exit packages relate to statutory obligations in relation to pension rights and were not direct payments to individuals.

16. 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:

Notes to the Financial Statements

Senior Officer and Relevant Police Officer Emoluments:

		Salary, Fees & Allowances	Bonuses	Expenses Allowances	Benefits in Kind (e.g. car allowance)	Other Payments	Exit Payments	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	857,912
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 1 – 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
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

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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
Police & Crime Commissioner	2024/25	78,400	0	0	0	0	0	14,034	92,434
	2023/24	78,400	0	0	0	0	0	14,034	92,434
Deputy PCC 2	2024/25	36,094	0	0	0	0	0	6,461	42,555
	2023/24	36,586	0	0	0	0	0	6,549	43,135
Chief Executive to the PCC	2024/25	102,545	0	24	0	0	0	18,356	120,925
	2023/24	96,233	0	0	0	0	0	17,226	113,459
Deputy Chief Executive to the PCC	2024/25	70,777	0	85	0	0	0	12,669	83,531
	2023/24	65,197	0	0	0	0	0	11,670	76,867
Treasurer to the PCC	2024/25	82,071	0	397	0	0	0	14,690	97,158
	2023/24	76,641	0	0	380	0	0	13,706	90,727
Notes:									
1	Chief Constable Mills left West Mercia Police 23/10/2023. DCC Murray acting to T/CC from 7/10/2023 until 15/9/24.								
2	ACC Cooper became T/DCC on 7/10/23 until 28/8/24. He became T/CC on 29/8/24								
3	Deputy Chief Constable became T/CC on 7/10/23 and left on 15/9/24								
4	ACC acting to T/DCC from 7/10/2023 until 28/8/24 then T/CC from 29/8/24								
5	ACC acting to T/DCC from 29/8/24								
6	Acting ACC from 7/10/23 until 18/8/24, confirmed in post 19/8/24								
7	ACC acting to T/DCC from 7/10/2023 until 28/8/24 then T/CC from 29/8/24								
8	ACC Seconded from West Midlands Police from 9/9/24								

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) and including Senior Officers listed above were paid the following amounts:

Number of Employees		Remuneration Band	Number of Employees	
Group	PCC		Group	PCC
2023/24	2023/24		2024/25	2024/25
424	7	£50,000 - £54,999	512	16
151	2	£55,000 - £59,999	243	5
134	1	£60,000 - £64,999	103	3
49	2	£65,000 - £69,999	104	0
13	0	£70,000 - £74,999	29	1

Notes to the Financial Statements

13	3	£75,000 - £79,999	13	4
9	1	£80,000 - £84,999	10	2
4	0	£85,000 - £89,999	11	1
7	0	£90,000 - £94,999	5	0
1	1	£95,000 - £99,999	8	0
2	0	£100,000 - £104,999	3	1
1	0	£105,000 - £109,999	1	0
0	0	£110,000 - £114,999	1	0
0	0	£115,000 - £119,999	2	0
2	0	£120,000 - £124,999	0	0
3	0	£125,000 - £129,999	0	0
0	0	£130,000 - £134,999	3	0
1	0	£150,000 - £154,999	0	0
0	0	£155,000 - £159,999	1	0
814	17	Total	1,049	33

17. External Audit Costs

The Group's agreed External Audit Fee for 2024/25 is £165,509 (£150,657 in 2023/24) in relation to the Statement of Accounts statutory audit provided by the Group's external auditors, Bishop Fleming. The PCC's share of the audit fee is £103,978 (£95,849 in 2023/24) and the Chief Constable's share is £61,531 (£54,798 in 2023/24).

The actual amounts charged to the CIES in 24/25 amount to £182,479 for the Group, £111,568 for the PCC, and £70,911 for the Chief Constable. These figures include the over-accrual for the fee variation for 2022/23, final fee variations for 2023/24 and the estimated fee variation for 2024/25.

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

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

Central government has significant influence over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions

Notes to the Financial Statements

that the Group has with other parties (e.g. council tax bills). Grants received from government are set out in Notes 12 and 13.

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, to deliver the aims and objectives set out in the Police and Crime Plan. Section 28 of the Police Reform and Social Responsibility Act 2011 requires that the local authorities covered by the police area must establish a Police and Crime Panel (PCP) for that area. The PCP scrutinises the decisions of the PCC, reviews the Police and Crime Plan and has a right of veto over the precept.

The PCC and Chief Constable participate in various partnerships with a range of public bodies. As set out in Note 14, a file storage service was provided to Warwickshire Police during 2024/25, resulting in income to West Mercia amounting to £0.049m (2023/24: £0.061m).

The government launched its white paper on the 18th May 2022 on reforming Fire and Rescue Services, which includes proposed changes to the Governance of these organisation. The PCC will be reviewing the proposals and working with Fire and Rescue Authorities to identify what future role the PCC may have and how to enable closer collaboration between emergency services.

The following table shows the extent of the Force's expenditure and income with other local authorities, police Forces.

	Expenditure	Income
	£0	£0
Local Authorities in the Policing Area	7,778	(5,869)
Other Local Authorities	134	(51)
Other Police Forces	4,231	(2,994)
Seconded Police Officers	1,727	(1,727)
Total	13,870	(10,641)

There are no other related party transactions for the PCC and Chief Constable other than those set out above, which require adjustment of or disclosure in the financial statements or the accompanying notes. All contracts have been entered into in compliance with the Scheme of Delegation and Financial and Contract Regulations. The following table shows the ten suppliers with which the Group incurred the greatest expenditure in 2024/25:

	Expenditure £000
Speller-Metcalfe Limited	4,362
West Mercia Energy	3,806
Talent International (UK) Limited	3,634
Softcat Limited	3,152
Worcestershire County Council	2,684
CDW Limited	2,673
Specialist Computer Centres Plc	2,464
West Mercia Rape And Sexual Abuse Centre	2,287

Notes to the Financial Statements

Home Office Accounting Officer	2,113
Care and Custody (Health) Limited	1,924

19. Leases

IFRS16 is a new accounting standard adopted on 1st April 2024 that requires leases previously accounted for as an operating lease (i.e expensed directly to the CIES without recognising a lease asset and corresponding rents as a liability) to be brought on to the balance sheet by recognising a right of use asset and a corresponding lease liability.

West Mercia has adopted some practical expedients permitted by the code on implementation which are as follows;

- Leases that are considered low value (less than £10,000) or less than 12 months left on the lease as at 1st April 2024 have been ignored.
- Lease liabilities are measured at the present value of the remaining lease payments as at 1st April 2024 and discounted by an appropriate incremental borrowing rate according to the lease life (PWLb annuity rate as at 31st March 2025).

As a result of the implementation of IFRS16, it has had the following impact on the balance sheet;

IFRS16 Leases & Peppercorn Leases			
	Initial Recognition Right of use asset	Initial Recognition Peppercorn Leases	Total
	£000	£000	£000
PPE	4,670	976	5,646
Depreciation	(697)	(70)	(767)
Financed by:	3,973	906	4,879
Short Term Lease Liability	(697)	0	(697)
Long Term Lease Liability	(3,973)	0	(3,973)
Donated Asset	0	(976)	(976)
CAA	697	70	767
	(3,973)	(906)	(4,879)

In total, West Mercia recognised 20 leases and 6 peppercorn leases under IFRS16 in 2024/25.

Right of Use Assets

The following table shows the change in value of right of use assets held under lease during the year:

Right of Use Assets

Notes to the Financial Statements

PPE	
Balance as at 1 April 2024	4,670
Additions	0
Revaluations	0
Depreciation and Amortisation	(697)
Disposals	0
Balance as at 31 March 2025	3,973

Peppercorn Assets	
PPE	
Balance as at 1 April 2024	976
Additions	0
Revaluations	0
Depreciation and Amortisation	(70)
Disposals	0
Balance as at 31 March 2025	906

Maturity Analysis of IFRS16 Leases & Peppercorn		
31-Mar-24		31-Mar-25
0	Less than 1 year	936
0	More than 1 year and less than 5 years	3,498
0	More than 5 years	172
0	Total Leases Due	4,606

The Group as Lessor**(i) Finance Lease**

The PCC entered into a partnership with Hereford and Worcester Fire Authority (H&WFA) to build a joint facility in Bromsgrove. The costs of the build were met fully by West Mercia PCC with H&WFA leasing its part of the building over an initial 30 year term, commencing with effect from 1 April 2014. This arrangement has been identified as a finance lease and has a remaining term of 19 years.

The PCC has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for H&WFA's part of the property when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee (see Note 24) and finance income that will be earned by the PCC in future years whilst the debtor remains outstanding. The gross investment is made up of the following amounts:

31 March 2024 £000		31 March 2025 £000
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Notes to the Financial Statements

	Finance Lease debtor (net present value of minimum lease payments):	
81	Current	85
2,631	Non-current	2,546
2,088	Unearned finance income	1,929
385	Unguaranteed residual value of property	385
5,185	Gross investment in the lease	4,945

The gross investment in the lease and the minimum lease payments will be received over the following periods:

Gross Investment in the Lease	Minimum Lease Payments		Gross Investment in the Lease	Minimum Lease Payments
31 March 2024 £000	31 March 2024 £000		31 March 2025 £000	31 March 2025 £000
240	240	Not later than one year	240	240
960	960	Later than one year and not later than five years	960	960
3,958	3,600	Later than five years	3,745	3,360
5,185	4,800	Total PCC and Group	4,945	4,560

(ii) Right of use Assets Leases

The PCC leases out property under operating leases for the following purposes:

- for the tenancy of Hindlip Farm (land only);
- for the provision of community services
- for the provision of equipment on masts (a change in legislation now means only a minimal amount can be charged and no income was received for these in 2024/25).

The lease payments receivable in future years are:

31 March 2024 £000		31 March 2025 £000
52	Not later than one year	18
210	Later than one year and not later than five years	0
0	Later than five years	0
262	Total PCC and Group	18

The amount received in 2024/25 was £0.037m (£0.061m in 2023/24). The Lease is due to terminated in September 2025, with discussions currently taking place to extend.

Notes to the Financial Statements**20. Capital Expenditure and Capital Financing**

The total amount of capital expenditure incurred in the year is shown in the table below together with the resources used to finance it. Where capital expenditure is to be financed in future years, by charges to revenue as assets are used by the Group, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Group that has yet to be financed.

2023/24		2024/25
£000		£000
69,613	Opening Capital Financing Requirement – PCC and Group	90,554
	Opening Balance of Right of Use Assets (note 19)	5,646
	Capital investment:	
29,306	Property, plant and equipment	23,523
255	Intangible assets	411
43	Revenue expenditure funded from capital under statute	452
	Sources of finance:	
(1,430)	Capital receipts	(452)
(16)	Government grants and other contributions	(70)
	Sums set aside from revenue:	
(1,544)	Direct revenue contributions	(1,533)
(242)	Contribution from Reserves	(4)
(5,431)	Minimum Revenue Provision	(7,427)
90,554	Closing Capital Financing Requirement – PCC and Group	111,100
	Explanation of movements in the year	
0	Assets acquired under leases (see note 19)	5,576
26,372	Increase in underlying need to borrow in respect of capital expenditure not financed by other means (and unsupported by government financial assistance)	22,397
(5,431)	Decrease in underlying need to borrow in respect of Minimum Revenue Provision for the year	(7,427)
20,941	Increase/(Decrease) in Capital Financing Requirement	20,546

Capital Commitments

As at 31 March 2025, the Group had capital commitments of £4.998m (£7.730m as at 31 March 2024), relating mainly to spend on Vehicles (£0.466m), Estates (£0.306m) and ICT hardware and software (£4.225m) that had been ordered during 2024/25 but had not been delivered as at 31 March 2025.

21. Property, Plant and Equipment (PPE)

Notes to the Financial Statements

The PCC holds all the Group's PPE. Assets are strategic in nature and are controlled by the PCC to achieve strategic outcomes.

The movements on the balances of the PPE assets are shown in the following tables:

	Land & Buildings	Vehicles	Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2024	65,756	15,362	18,774	1,700	41,794	143,386
Additions	5,227	5,326	9,607	0	3,364	23,523
IFRS16 Additions	5,646	0	0	0	0	5,646
Transfer from / (to) Assets under Construction	15,154	0	21,776	0	(37,368)	(438)
Transfer from / (to) Surplus Assets	0	0	0	0	0	0
Transfer from / (to) Assets Held for Sale	(438)	0	0	0	0	(438)
Donated Assets	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	529	0	0	211	0	739
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(6,965)	0	0	0	0	(6,965)
De-recognition – disposals	(256)	(2,097)	0	0	0	(2,353)
De-recognition – donated	0	0	0	0	0	0
De-recognition – other	0	0	(1,413)	0	0	(1,413)
At 31 March 2025	84,653	18,591	48,744	1,910	7,789	161,687
Less Accumulated Depreciation and Impairment						
At 1 April 2024						
Depreciation charge	(1,239)	(9,539)	(10,695)	0	0	(21,473)
Depreciation written out to the Revaluation Reserve	(377)	0	0	0	0	(377)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(2,489)	(2,019)	(6,605)	0	0	(11,113)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,147	0	0	0	0	2,147
Transfer (from) / to Assets Held for Sale	0	0	0	0	0	0
De-recognition – disposals	96	2,050	0	0	0	2,146
De-recognition – donated	0	0	0	0	0	0
De-recognition – other	0	0	1,412	0	0	1,412

Notes to the Financial Statements

At 31 March 2025	(1,862)	(9,508)	(15,887)	0	0	(27,258)
Net book value at 31 March 2025	82,791	9,082	32,857	1,911	7,789	134,430

	Land & Buildings	PCC and Group Movements in 2023/24	Plant, Furniture & Equipment	Surplus Assets	Assets Under Construction	Total PPE
	£000	£000	£000	£000	£000	£000
Cost or valuation at 1 April 2023	66,042	14,711	23,038	3,184	18,024	124,999
Additions	885	2,289	1,732	1	24,399	29,306
Transfer from / (to) Assets under Construction	523	0	73	34	(630)	0
Transfer from / (to) Surplus Assets	0	0	0	0	0	0
Transfer from / (to) Assets Held for Sale	0	0	0	(230)	0	(230)
Donated Assets	0	0	0	0	0	0
Revaluation increases / (decreases) recognised in the Revaluation Reserve	(1,568)	0	0	38	0	(1,530)
Revaluation increases / (decreases) recognised in the Surplus/Deficit on the Provision of Services	(126)	0	0	0	0	(126)
De-recognition – disposals	0	(1,637)	0	(1,327)	0	(2,964)
De-recognition – donated	0	0	0	0	0	0
De-recognition – other	0	0	(6,069)	0	0	(6,069)
At 31 March 2024	65,756	15,362	18,774	1,700	41,794	143,386
Less Accumulated Depreciation and Impairment						
At 1 April 2023						
Depreciation charge	(1,259)	(9,581)	(13,331)	0	0	(24,171)
Depreciation written out to the Revaluation Reserve	(340)	0	0	0	0	(340)
Depreciation written out to the Surplus/Deficit on the Provision of Services	(1,640)	(1,555)	(3,433)	0	0	(6,628)
Revaluation increases / (decreases) recognised in the Revaluation Reserve	2,000	0	0	0	0	2,000
Transfer (from) / to Assets Held for Sale	0	0	0	0	0	0
De-recognition – disposals	0	1,597	0	0	0	1,597
De-recognition – donated	0	0	0	0	0	0
De-recognition – other	0	0	6,069	0	0	6,069
At 31 March 2024	(1,239)	(9,539)	(10,695)	0	0	(21,473)

Notes to the Financial Statements

Net book value at 31 March 2024	64,517	5,823	8,079	1,700	41,794	121,913
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Revaluations

The PCC carries out a rolling programme that ensures that all Land and Buildings required to be measured at current value are revalued at least every five years, with desktop valuations being carried out more frequently where appropriate. Further information about the revaluations including the bases used is set out in Accounting Policy xviii.

In 2024/25, West Mercia Police valued 32% of the operational buildings in our estate, accounting for 62% of the total value.

2023/24 PCC and Group		2024/25 Land and buildings
£000		£000
	Carried at current value at 31 March 2025	67,342
52,161	Carried at current value at 31 March 2024	10,570
52,161	Total Valuations	77,912

Surplus Assets are defined as properties that are not being used to deliver services, but that do not meet the Code's criteria to be classified as either Investment Properties or an Assets Held for Sale. Surplus Assets are valued at current value and the following table summarises the valuations of these assets, measured using significant observable inputs (Level 2 of the current value hierarchy):

2023/24 PCC and Group		2024/25 PCC and Group
£000		
1,700	Carried at current value at 31 March 2025	1,910
1,700	Total Valuations	1,910

Vehicles of £9.082m and Plant Furniture & Equipment of £32.857m are carried at Depreciated Historic Cost. Assets under Construction of £7.789m are held at Historic Cost.

22. Investment Properties

No rental income has been accounted for in 2024/25 from Evesham Customer Contact Centre (£0.000m in 2023/24). The tenant vacated the property during 2021/22 and no new tenant has yet been found. There are no restrictions on the PCC's ability to realise the value inherent in its investment property or on the PCC's right to the remittance of income and the proceeds of disposal. The PCC has no contractual obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement. The following table summarises the movement in the current value of investment properties over the year, measured using significant observable inputs (Level 2 of the current value hierarchy):

Notes to the Financial Statements

2023/24 £000		2024/25 £000
269	Balance at start of the year – PCC and Group	262
(7)	Net (gains)/losses from current value adjustments	(7)
262	Balance at end of the year – PCC and Group	255

23. Intangible Assets

Software is accounted for as intangible assets, to the extent that the software is not an integral part of a particular ICT system and accounted for as part of the hardware item in PPE. All software is given a finite useful life of 5 years. The carrying amount of software assets is amortised on a straight-line basis. The amortisation charge to revenue expenditure is absorbed as an overhead across all divisions of service. It is not possible to quantify exactly how much of the amortisation is attributable to each service heading. Amortisation costs are charged to the Net Cost of Services in the CIES.

The movement of Intangible Assets during the year is as follows:

2023/24		2024/25
Software £000		Software £000
	Balance at start of year – PCC and Group	
9,317	Gross carrying amounts	8,240
(4,755)	Accumulated amortisation	(4,998)
4,562	Net carrying amount at start of year	3,242
255	Additions - purchased	411
0	Additions – transfer from Assets Under Construction	438
0	Disposals	0
(1,332)	De-recognition – other	(482)
(1,574)	Amortisation for the period	(1,614)
1,332	De-recognition depreciation – other	482
3,243	Net carrying amount at end of year	2,477
	Comprising:	
8,240	Gross carrying amount	8,607
(4,998)	Accumulated amortisation	(6,130)
3,242	Balance at end of the year – PCC and Group	2,477

24. Long-Term Debtors

This note shows money owed to the Group and PCC for funding and services provided on or before 31 March 2025 where the money will be received in excess of one year from this date. The balance mainly relates to the net investment in the Finance Lease in respect of the partnership with Hereford and Worcester Fire Authority (H&WFA) to build a joint facility in Bromsgrove (£3.016m), as explained in Note 19 (i) and NPAS's liability to the PCC in respect of

Notes to the Financial Statements

the disposal of the helicopter as explained in Note 14. These two items are matched by balances held as Deferred Capital Receipts.

2023/24 £000		2024/25 £000
3,262	Balance at start of year	3,184
0	Pre-payment of rent for Pershore Police Station for 2022/23 moved to short term debtors	0
0	NPAS – Helicopter	0
(78)	Settlements relating to the Finance Lease	(80)
0	Other minor additions / (repayments)	0
3,184	Total	3,104

25. Assets Held for Sale

An asset rationalisation plan has been developed by the OPCC and assets that potentially could be disposed of have been identified, however, the implementation of the plan is still at any early stage.

As at 31 March 2025, West Mercia had 8 properties classified as held for sale amounting to £1.151m and disposed of one building during the year amounting to £0.230m.

26. Debtors and other current assets

This note shows money owed to the Group and PCC for funding and services provided on or before 31 March 2025 where the money has not been received by this date. Further information regarding Debtors is shown in Notes 30 and 31 – Financial Instruments.

Inventories amounting to £1.170m (£0.811m in 2023/24) are shown separately on the balance sheet.

31 March 2024 £000		31 March 2025 £000
1,304	Trade Receivables	6,551
9,047	Prepayments	5,467
20,774	Other Receivables	16,001
31,125	Group Debtors	28,019
(5,472)	Less Chief Constable Debtors: Prepayments	(193)
(9,581)	Less Chief Constable Debtors: Other receivables	(8,830)
16,072	PCC Debtors	18,996

27. Cash and Cash Equivalents

Notes to the Financial Statements

The balance of the PCC's cash and cash equivalents is made up of the following elements:

31 March 2024 £000		31 March 2025 £000
27	Cash held by the Group	27
714	Bank current accounts	7,185
4,000	Short term deposits	0
4,741	Total Group and PCC	7,212

28. Creditors

This note shows money owed by the Group and PCC for goods and services purchased and received on or before 31 March 2025 where the money has not been paid by this date. Further information regarding Creditors is shown in Note 30 – Financial Instruments.

31 March 2024 £000		31 March 2025 £000
(2,862)	Trade Payables	(5,965)
(35,696)	Other Payables	(35,343)
(38,558)	Group Creditors	(41,308)
21,852	Less Chief Constable Creditors	16,766
(16,706)	PCC Creditors	(25,542)

29. Provisions and Contingent Liabilities

Termination Benefits

During 2024/25 a second Management of Change programme was initiated, following on from the programme initiated in 2023/24, which may result in staff redundancies if redeployment opportunities are unsuccessful. As the decision to progress this option was taken during 2024/25, a provision has been created to account for the likely costs of any redundancy payments required.

	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 Group and Chief Constable	(94)

Legal Provision

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.

Notes to the Financial Statements

	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 Group and Chief Constable	(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 Pension Lump Sums, which this treatment 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 Group and Chief Constable	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 bought into force from 1 October 2023. The settlement of the injury to feelings claims for Aarons sets a helpful precedent, therefore no liability in respect of compensation claims is recognised in these accounts. As at 31 March 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.

30. Financial Instruments

Categories of Financial Instruments

The PCC holds simple financial instruments (investments (cash) and borrowings), which is reflected in the scope of this Note to the Accounts. West Mercia held 4 temporary loans amounting £20.00m as at 31 March 2025 with along with new additional long term borrowing amounting to £17.5m with the Public Works Loan Board (PWLB) in 2024/25, £10m with a 10yr maturity and £7.5m with 9yr maturity.

Notes to the Financial Statements

The following categories of financial instruments are carried in the Balance Sheet:

Financial Assets	Long Term		Current	
	Investments	Debtors	Investments / Cash	Debtors
	£000	£000	£000	£000
As at 31 March 2025				
Fair value through profit or loss	0	0	0	0
Amortised cost (previously loans and receivables)	0	3,016	7,212	12,836
Fair value through other comprehensive income	0	0	0	0

Debtors that are not financial instruments (taxes and payments in advance)	0	87	0	15,183
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Financial Assets	Long Term		Current	
	Investments	Debtors	Investments / Cash	Debtors
	£000	£000	£000	£000
As at 31 March 2024				
Fair value through profit or loss	0	0	0	0
Amortised cost (previously loans and receivables)	0	3,097	4,741	13,646
Fair value through other comprehensive income	0	0	0	0

Debtors that are not financial instruments (taxes and payments in advance)	0	87	0	17,479
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Financial Liabilities	Long Term		Current	
	Borrowings	Creditors	Borrowings	Creditors
	£000	£000	£000	£000
As at 31 March 2025				
Fair value through profit or loss	0	0	0	0
Amortised cost	64,129	0	29,741	28,770

Creditors that are not financial instruments (taxes, National Insurance and prepayments)	0	0	0	10,852
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Financial Liabilities	Long Term		Current	
	Borrowings	Creditors	Borrowings	Creditors
	£000	£000	£000	£000
As at 31 March 2024				
Fair value through profit or loss	0	0	0	0
Amortised cost	55,601	0	17,679	27,118

Creditors that are not financial instruments (taxes, National Insurance and prepayments)	0	0	0	11,440
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Income, Expense, Gains and Losses

The interest received on Financial Assets (investments) and interest paid on Financial Liabilities (borrowings) are as follows:

Notes to the Financial Statements

	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
2024/25		
Interest Revenue: financial assets measured at amortised cost	(815)	0
Interest Expense Payable	(3,049)	0
2023/24		
Interest Revenue: financial assets measured at amortised cost	(925)	0
Interest Expense Payable	1,574	0

Fair Value of Assets and Liabilities

Financial liabilities, financial assets represented by loans and receivables and long-term debtors and creditors are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions (other significant observable inputs – Level 2 of the fair value hierarchy):

- estimated interest rates at 31 March 2025 of 3.74% for loans from the Public Works Loans Board (PWLB);
- where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value;
- discount rates of between 3.90% and 5.04% for Arlingclose's calculation of fair value of PWLB loans, based on local authority bonds in issue;
- no early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months the carrying amount is assumed to approximate to fair value;
- as the Salix loans are interest free the carrying amount is equal to the fair value amount;
- the fair value of trade and other receivables is taken to be the invoiced or billed amount (equal to the carrying amount shown in the table above).

The fair values calculated are as follows:

PCC and Group	31 March 2025		31 March 2024	
	Carrying amount	Fair Value	Carrying amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities - PWLB	73,101	69,148	62,733	59,829
Financial Liabilities – Short-term, temporary borrowing	20,770	20,000	10,533	10,000
Financial Liabilities – Salix	0	0	14	14
Total Borrowing	93,871	89,148	73,280	69,843

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Fair values are estimated as the price the lender would receive to sell the loans to another market participant on 31st March, based on observed market rates for similar transactions. A calculation of the fair value amount is supplied by the PWLB, using redemption rates, however, IFRS13 requires a different basis to be used and the fair value figures in the table have been calculated by the PCC's Treasury Advisers, Arlingclose, using the basis above. The PWLB calculations were £72.381m (£62.7m as at 31 March 2024).

31. Nature and Extent of Risks Arising From Financial Instruments

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

- **Credit risk:** The possibility that other parties might fail to pay amounts due to the Group;
- **Liquidity risk:** The possibility that the Group might not have funds available to meet our commitments to make payments;
- **Market risk:** The possibility that financial loss might arise as a result of changes in such measures as interest rates and stock market movements (the Group does not hold any share equity).

The Group has adopted CIPFA's Treasury Management in Public Services Code of Practice and set treasury management indicators to control financial instrument risks in accordance with CIPFA's Prudential Code. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund police services. Risk management is carried out by a Treasury Management Team, under policies approved by the PCC in the annual Treasury Management Strategy. The PCC provides written principles for overall risk management, as well as written policies covering specific areas, such as interest rate risk, credit risk and the investment of surplus cash. The Treasury Management Strategy can be found on the PCC's website.

Credit Risk

The overriding aim of the Group is to maintain the security of its capital and liquidity of its investments over the requirement for an investment return. The Group will also aim to achieve the optimum return on its investments, commensurate with proper levels of security and liquidity. The risk appetite of the Group is extremely low in order to give overriding and absolute priority to the security of its investments. The borrowing of monies purely to invest or lend on and make a return is unlawful and the Group does not engage in such activity.

The principal risks are minimised by the Annual Investment Strategy, which forms part of the overall Treasury Management Strategy. It is a requirement of the Strategy that cash balances are invested with banks and building societies with strong short-term credit rating, other local authorities and the UK Government Debt Management Office.

The Group has stipulated the minimum acceptable credit quality of counterparties for inclusion on the counterparty or lending list. The 'creditworthiness methodology' used to create the counterparty list takes account of the ratings and observations published by three ratings agencies, Fitch, Moodys and Standard and Poors.

It is recognised that ratings or the ratings of any one agency should not be given undue weighting or be the sole determinant of the quality of an institution and that it is important to continually

Notes to the Financial Statements

assess and monitor the financial sector and economic and political environments in which the institutions operate. The assessment will also take account of information that reflects the opinion of the markets and overlay that information on top of the credit ratings. Other information sources used will include the financial press and share price in order to establish the most robust scrutiny process on the suitability of potential investment counterparties. The aim of the strategy is to generate a list of highly creditworthy counterparties, which will allow investments to spread rather than be concentrated with a limited range of institutions. The creditworthiness of institutions is monitored on an on-going basis in conjunction with the PCC's Treasury Advisers, Arlingclose. Should an institution no longer meet the minimum criteria and be deemed no longer appropriate to invest with then investments will be moved immediately.

At 31 March 2025 the short- term investment (cash) balances were as follows:

2023/24 £000		2024/25 £000
741	- On call (available immediately) (variable rate)	4,543
4,000	- Repayable in 1 month (fixed rates)	2,669
0	- Repayable in 2 months (fixed rates)	0
4,741	Total PCC and Group	7,212

It is not unheard of for local authorities and public bodies to hold investments that subsequently the financial institution fails to repay. However, there has been no experience of default on investment of these cash balances and there is no reason to suspect that there will be in the future.

Where it is appropriate to do so customers are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with internal ratings with parameters set by the Group. However, the vast majority of transactions do not justify this approach.

Receipts from customers for sales of services and recoupable costs from other public bodies are a relatively small part of the Group's income. There were old, overdue invoices amounting to £0.030m written off in 2024/25 relating to non-public bodies (£0.004m in 2023/24).

The Group generally allows a 30 day standard credit term for customers such that £0.122m of the £0.554m balance outstanding from customers at 31 March 2025 was past the point of 30 days from the date of invoice; this has reduced significantly from 2023/24 (£1.231m outstanding balance with £0.454m past 30 days). This past due amount can be analysed as follows:

31 March 2024 £000		31 March 2025 £000
333	Less than 3 months	83
0	3 to 6 months	0
0	6 to 12 months	0
121	Over 12 months	38
454		121

The following table summarises the potential maximum exposure at the year end to credit risks other than treasury investments and cash-equivalent investments.

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	%	£000
Balance of Debtors ledger at 31 March 2025		554
Historical experience of default	1	
Historical experience adjusted for market conditions at 31 March 2025	3	
Estimated maximum exposure to default at 31 March 2025		37
Estimated maximum exposure to default at 31 March 2024		117

Liquidity Risk

The Group has a cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen the Group has ready access to borrowings from the PWLB or from other Local Authorities. There is no significant risk that it will be unable to raise finance to meet its commitments under financial instruments. There is a degree of risk that borrowing will need to be undertaken at a time of unfavourable interest rates, therefore, the position is monitored closely.

Borrowing limits for the Group are set in the Prudential Indicators prepared as a requirement of the CIPFA Prudential Code. Maximum borrowing limits for 2024/25 were set at £120m, due to the high level of the capital programme in the Medium Term Financial Strategy. Long-term PWLB borrowing was taken out in 2024/25 of £17.5m due to a unfavourable cash flow position and increased spend on the capital programme. Further external borrowing will be required during 2025/26 to fund the capital programme. The maturity analysis of the financial liabilities is as follows:

31 March 2024 £000		31 March 2025 £000
17,679	Less than one year – Short-term Borrowing (includes accrued interest of £0.770m at 31 March 2025 (£0.533 at 31 March 2024))	29,741
10,949	Between one and two years	5,644
21,471	Over two and up to five years	26,971
13,181	Over five and up to twenty years	21,514
10,000	Over 20 years	10,000
73,280	Total Borrowing for the Group / PCC	93,870

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

Market Risk

The Group held £2.669m fixed rate short-term investments at year end and additional investments at various times during the year, depending on its cash flow position. With the recent reductions to the Bank of England Bank Rate, investment returns were lower in 2024/25. It is expected these will gradually reduce in line with Bank of England base rate reductions. An increase in interest rates has the following effect on investments:

- Investments at variable rates – the interest income credited to the Surplus or Deficit on the Provision of Services (CIES) will rise;

Notes to the Financial Statements

- Investments at fixed rates – the fair value of assets will fall.

A decrease in interest rates will have the opposite effect. Generally the nature of short-term investments indicates that any difference between the actual value and fair value of the investment would be marginal.

The Group holds fixed rate loans, which eliminates the risk of interest rate movement on borrowing. Borrowings are not carried at fair value, so nominal gains or losses on fixed rate borrowings would not impact on the Surplus or Deficit on the Provision of Services or Other Comprehensive Income and Expenditure.

The approach to borrowing for capital projects is to delay borrowing and to temporarily use working capital balances for as long as possible. The present relative rates of interest for borrowing and lending mean that it is advantageous to delay long-term borrowing whilst the overall cash flow is positive. Capital expenditure temporarily funded from working capital up to 31 March 2025 was £13.121m (£17.807m at 31 March 2024) this has reduced by £4.686m, due to the increase in external borrowing and the use of a revenue contribution to capital of £1.5m to partly fund the capital programme during 2024/25.

Working capital balances as at 31 March 2025 are again at their lowest possible level and some of the capital expenditure in 2025/26 will require external borrowing during the year. There is a risk that rates may be adverse when and if this borrowing takes place, particularly with the increases in the Bank Rate. Monitoring medium and long-term borrowing costs versus the opportunity costs of not investing working capital mitigates this risk. The Treasury Management team has an active strategy for assessing interest rates exposure that feeds into setting the Medium Term Financial Plan and annual budget and is used to update the budget quarterly during the year. The working capital position and the potential timing of external borrowing are being monitored closely by the Treasury Management team in consultation with the Treasurer and the external Treasury advisers, Arlingclose.

It is calculated that if interest rates had been 1% higher for 2024/25 with all other variables held constant, the financial effect would be:

	£000
Increase in interest payable on fixed rate borrowings	661
Increase in interest receivable on fixed rate short term investments	(124)
Impact on Surplus or Deficit on then Provision of Services	537

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

32. Proceeds of Crime

The Act 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.

Notes to the Financial Statements**33. Cash Flow Statement – Operating Activities**

The cash flows for operating activities include the following items:-

2023/24 £000		2024/25 £000
925	Interest received	815
(1,574)	Interest paid	(3,049)
(649)	Total – Group and PCC	(2,234)

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

PCC 2023/24 £000	Group 2023/24 £000		PCC 2024/25 £000	Group 2024/25 £000
(6,968)	(6,968)	Depreciation	(11,490)	(11,490)
(126)	(126)	(Downward)/Upward valuations	(6,965)	(6,965)
(1,574)	(1,574)	Amortisation of intangible assets	(1,614)	(1,614)
7,485	3,007	(Increase)/decrease in revenue creditors	(4,510)	1,491
(4,779)	(10,566)	Increase/(decrease) in revenue debtors	2,832	(3,195)
0	26	Increase/(decrease) in inventories	0	358
(8,611)	0	Movement in Intra-Group Funding	(2,360)	0
150	(37,261)	Movement in pension liability	301	(31,720)
0	(1,016)	Movement in provisions	0	(1,776)
(7)	(7)	Movement in value of Investment Properties	(7)	(7)
(1,367)	(1,367)	Carrying amount of non-current assets sold	(437)	(437)
(15,797)	(55,852)	Total – Group and PCC	(24,250)	(55,355)

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

2023/24 £000		2024/25 £000
1,339	Proceeds from the sale of property, plant and equipment	1,335
16	Capital Grants	0
0	Income from Donated Assets	69
1,355	Total – Group and PCC	1,404

34. Cash Flow Statement – Investing Activities

2023/24 £000		2024/25 £000
30,626	Purchase of property, plant and equipment and intangible assets	22,276

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(1,339)	Proceeds from the sale of property, plant and equipment	(1,335)
(50)	Other receipts from investing activities	9
29,237	Total – Group and PCC	20,950

35. Cash Flow Statement – Financing Activities

2023/24 £000		2024/25 £000
(22,448)	Cash (receipts) / repayments of short- and long-term borrowing	(20,590)
0	Cash payments for the reduction of the outstanding liabilities relating to finance leases and on-balance-sheet PFI contracts	697
(22,448)	Total – Group and PCC	(19,893)

36. Defined Benefit Pension Schemes

The costs and liabilities associated with retirement benefits are primarily recorded in the Chief Constable's Accounts. However, with effect from 1 April 2016, the PCC became responsible for the Youth Justice Service (YJS) in the West Mercia area. Following the transfer of the YJS staff to the employment of the PCC, the net pension liability for the PCC single entity became material and is now disclosed in the PCC's Financial Statements. The notes below show the PCC's element of the pensions assets and liabilities in a separate column and these now include the current costs of the former Place Partnership Limited (PPL) employees who were employed by the PCC with effect from 1 April 2021. The legacy PPL pensions assets and liabilities are shown as part of the Chief Constable's pensions liability.

Participation in Pension Schemes

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

The Group 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 Pensions Group. 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

Notes to the Financial Statements

expenditure incurred by the police pension schemes and how they are funded is summarised in the section covering the Police Pension Fund Account.

The pension schemes above provide members with index-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 schemes, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

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.

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. As the 1987 and 2006 schemes are closed for 2024/25, 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:

2024/245	LGPS (CC element) £000	LGPS (PCC ele- ment)	Police Pension Schemes £000	Group Total £000
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		£000		
CIES				
Cost of Services:				
- current service costs	9,607	724	17,120	27,451
- past service costs and gain/loss from settlements	150	0	220	370
Financing and Investment Income and Expenditure				
- net interest expense	(1,994)	(104)	93,940	91,842
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	7,763	620	111,280	119,663
Other Post-Employment Benefits charged to the CIES				
Re-measurement of the net defined benefit liability and return on plan assets	4,420	304	(228,410)	(223,686)
Total Post Employment Benefit charged to the CIES	12,183	924	(117,130)	(104,023)
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)	(620)	(111,280)	(119,663)
Actual amount charged against the Police Fund Balance for pensions in the year				
- employers' contributions payable to the scheme	12,138	921	71,444	84,503
- benefits paid direct to beneficiaries	0	0	3,440	3,440

2023/24	LGPS (CC element) £000	LGPS (PCC element) £000	Police Pension Schemes £000	Group Total £000
CIES				
Cost of Services:				
- current service costs	9,716	672	16,890	27,278
- past service costs and gain/loss from settlements	52	0	150	202
Financing and Investment Income and Expenditure				
- net interest expense	(371)	(18)	91,050	90,661
Total Post Employment Benefit charged to the surplus or deficit on the Provision of Services	9,397	654	108,090	118,141
Other Post-Employment Benefits charged to the CIES				

Notes to the Financial Statements

Re-measurement of the net defined benefit liability and return on plan assets	852	175	(17,520)	(16,493)
Total Post Employment Benefit charged to the CIES	10,249	829	90,570	101,648
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)	(654)	(108,090)	(118,141)
Actual amount charged against the Police Fund Balance for pensions in the year				
– employers' contributions payable to the scheme	11,483	804	65,283	77,570
– benefits paid direct to beneficiaries	0	0	3,310	3,310

Pensions assets and liabilities recognised in the balance sheets for the PCC and the group

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 (CC element) £000	LGPS (PCC element) £000	Police Pension Schemes £000	Group Total £000
Present value of the defined benefit obligation	(332,599)	(16,031)	(1,814,331)	(2,162,961)
Fair value of plan assets	332,554	16,028	0	348,582
Net liabilities arising from the defined benefit obligation	(45)	(3)	(1,814,331)	(1,814,379)
2023/24	LGPS (CC element) £000	LGPS (PCC element) £000	Police Pension Schemes £000	Group Total £000
Present value of the defined benefit obligation	(382,268)	(18,568)	(2,006,121)	(2,406,957)
Fair value of plan assets	382,268	18,568	0	400,836
Net liabilities arising from the defined benefit obligation	0	0	(2,006,121)	(2,006,121)

Reconciliation of present value of the scheme liabilities (defined benefit obligation) for the PCC and the group

2024/25	LGPS (CC element) £000	LGPS (PCC element) £000	Police Pension Schemes £000	Group Total £000
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Notes to the Financial Statements

Opening balance at 1 April	(382,268)	(18,568)	(2,006,121)	(2,406,957)
Current service cost	(9,607)	(724)	(17,120)	(27,451)
Interest cost	(18,602)	(905)	(93,940)	(113,447)
Contributions by scheme participants	(4,128)	(329)	(13,330)	(17,787)
Re-measurement of liabilities*	71,423	3,670	228,410	303,503
Benefits paid	10,733	825	87,990	99,548
Past service costs	(150)	0	(220)	(370)
Curtailments	0	0	0	0
Closing balance 31 March	(332,599)	(16,031)	(1,814,331)	(2,162,961)
2023/24	LGPS (CC element) £000	LGPS (PCC element) £000	Police Pension Schemes £000	Group Total £000
Opening balance at 1 April	(371,826)	(17,955)	(1,982,751)	(2,372,532)
Current service cost	(9,716)	(672)	(16,890)	(27,278)
Interest cost	(17,528)	(853)	(91,050)	(109,431)
Contributions by scheme participants	(3,919)	(286)	(12,450)	(16,655)
Re-measurement of liabilities	10,857	500	17,520	28,877
Benefits paid	9,916	698	79,650	90,264
Past service costs	(52)	0	(150)	(202)
Curtailments	0	0	0	0
Closing balance 31 March	(382,268)	(18,568)	(2,006,121)	(2,406,957)

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

Asset Ceiling Adjustment

Under IAS 19, the accounting standard related to pensions, a restriction may be imposed where the Employer's LGPS asset are greater than the obligations on 31st 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.

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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 £0.0048m for the group and £0.003m for the PCC 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 Group's LGPS valuation shows the Fair value of plan assets to be £457.182m and the present value of the defined benefit obligation to be £348.630m. This would show the scheme as being in surplus by £108.552m, however, due to the restriction noted above, the value of the remeasurement of the asset has been restricted to a value which gives a surplus of £0.0m, being £108.600m.

The PCC's LGPS valuation shows the Fair value of plan assets to be £21.436m and the present value of the defined benefit obligation to be £16.031m. This would show the scheme as being in surplus by £5.405m, 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 £0.003m, being £16.028m.

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

Reconciliation of the movements in the fair value of the scheme assets for the PCC and the group

Reconciliation of fair value of the scheme assets (LGPS)	CC element 2023/24 £000	PCC element 2023/24 £000	Group Total 2023/24 £000	CC element 2024/25 £000	PCC element 2024/25 £000	Group Total 2024/25 £000
Opening balance at 1 April	370,592	17,980	388,572	382,268	18,568	400,836
Interest income	17,899	871	18,770	20,596	1,009	21,605
Re-measurement gain/loss: The return on plan assets, excluding the amount included in the net interest expense	(11,709)	(675)	(12,384)	(75,843)	(3,974)	(79,817)
Administration expenses	0	0	0	0	0	0
Contributions by employer	11,483	804	12,287	12,138	921	13,059
Contributions from employees into the scheme	3,919	286	4,205	4,128	329	4,457
Benefits paid	(9,916)	(698)	(10,614)	(10,733)	(825)	(11,558)
Closing balance 31 March	382,268	18,568	400,836	332,554	16,028	348,582

* adjusted in respect of the asset ceiling calculation. A £13.650m loss and £66.167m net adjustment (£42.433m reversal for 2023/24 and £108,600 for 2024/25).

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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 PCC, 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 PCC, 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. The value relating specifically to the OPCC is £0.844m.

Reconciliation of the re-measurement of the net defined benefit liabilities for the PCC 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.

	LGPS (CC element) 2024/25 £000	LGPS (PCC element) 2024/25 £000	Police Pension Schemes £000	Group Total £000
2024/25				
Changes in financial assumptions	(67,542)	(3,501)	(225,546)	(296,589)
Changes in demographic assumptions	(667)	(32)	(3,080)	(3,779)
Re-measurement of assets	75,843	3,974	0	79,817
Experience gains and losses	(3,214)	(137)	440	(2,911)
Total re-measurement	4,420	304	(228,186)	(223,462)
	LGPS (CC element) 2023/24 £000	LGPS (PCC element) 2023/24 £000	Police Pension Schemes £000	Group Total £000
2023/24				
Changes in financial assumptions	(7,855)	(404)	(39,617)	(47,876)
Changes in demographic assumptions	(5,625)	(263)	0	(5,888)
Re-measurement of assets	11,709	675	0	12,384
Experience gains and losses	2,623	167	23,490	26,280
Total re-measurement	852	175	(16,127)	(15,100)

Notes to the Financial Statements**LGPS Assets**

The LGPS assets consist of the following categories, by proportion of the total assets held:

Group

	Total 31 March 2024 £000	Split of Assets between Investment categories %	Total 31 March 2025 £000	Split of Assets between Investment categories %
Equities	46,978	10.6	49,060	10.7
Government Bonds	0.0	0.0	12,551	2.7
Other Bonds	0.0	0.0	196	0.0
Property	35,421	8.0	35,782	7.8
Investment Funds and Unit Trusts	353,322	79.7	352,064	77.0
Cash-Liquidity	7,548	1.7	7,529	1.6
Total Assets	443,269	100.0	457,182	100.0

PCC

	Total 31 March 2024 £000	Split of Assets between Investment categories %	Total 31 March 2025 £000	Split of Assets between Investment categories %
Equities	2,188	10.6	2,300	10.7
Government Bonds	0	0.0	589	2.7
Other Bonds	0	0.0	9	0.0
Property	1,649	8.0	1,678	7.8
Investment Funds and Unit Trusts	16,451	79.7	16,507	77.0
Cash-Liquidity	351	1.7	353	1.6
Total Assets	20,639	100.0	21,436	100.0

Basis for estimating assets and liabilities

Liabilities have been assessed on an actuarial basis using the projected unit actuarial method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc.

The assets and liabilities of the LGPS which is administered by Worcestershire County Council (County Council Fund) have been assessed by Hymans Roberson, an independent firm of actuaries, estimates for the County Council Fund being based on the latest full valuation of the scheme as at 31 March 2023, rolled forward to 31 March 2025. The liabilities for the Police Pension Schemes have been assessed by the Government Actuary's Department. The principal assumptions used by the actuaries have been:

2023/24		2024/25
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Notes to the Financial Statements

LGPS	Police Pension Schemes		LGPS	Police Pension Schemes
		Mortality assumptions		
		Longevity at 65 for current pensioners:		
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.

Group

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	162,545	(162,545)
Rate of inflation (increase or decrease by 1%) – Police staff only	1,153,710	(1,153,710)
Rate of increase in salaries (increase or decrease by 1%)	1,116,240	(1,116,240)
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%)	757,950	(757,950)

Notes to the Financial Statements

PCC

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	6,049	(6,049)
Rate of inflation (increase or decrease by 1%) – Police staff only	57,410	(57,410)
Rate of increase in salaries (increase or decrease by 1%)	54,230	(54,230)
Rate for discounting scheme liabilities (increase or decrease by 1%)	50,700	(50,700)

Police Pension Fund Account

The Chief Constable administers the Police Pension Fund Account (the Account) on behalf of the PCC; amounts debited and credited to the Account are specified by legislation, the Police Pension Fund Regulations 2007 [Statutory Instrument 2007 No 1932], (the Regulations). In relation to the Account the use of the word 'Fund' should not be taken to mean the Police Pension Scheme is a funded scheme, as there are no assets or investments associated with the Account to provide for future benefits. Instead the purpose of the Account is to provide a basis for demonstrating the balance of cash based transactions taking place over the year and for identifying the arrangements needed to balance the account for that year.

2023/24			2024/25	
£000	£000		£000	£000
		Contributions Receivable		
		From employer		
(28,820)		- Normal at 31% of pensionable pay	(35,004)	
(900)		- Ill Health Capital Sum Income	(1,280)	
(12,451)		From members (serving police officers)	(13,753)	
	(42,171)			(50,037)
	(148)	Individual Transfers In from other schemes		(217)
		Benefits Payable		
67,564		Pensions	73,198	
9,885		Commutations and Lump Sum retirement benefits	11,961	
278		Lump sum death benefits	284	
	77,727			85,443
		Payments to and on account of leavers		
132		Refunds of contributions	150	
23		Individual transfers out to other schemes	8	
	155			158
	35,563	Sub-total for the year before transfer from the Group of amount equal to the deficit		35,347
	(35,563)	Additional funding payable by the Group to meet deficit for the year		(35,347)
	0	Net Amount Payable / Receivable for the year		0

Notes to the Police Pension Fund Account

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 36;
6. Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department valuation every 4 years, 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.

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.

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.

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.

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.

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. This also includes exceptional revenue expenditure for which a capitalisation direction can be granted to allow this expenditure to be funded from capital. Capitalisation direction provides the flexibility to treat specified revenue expenditure as capital expenditure.

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.

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.