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Chief Constable of West Mercia Police

Statement of Accounts 2023/24

THE CHIEF CONSTABLE OF WEST MERCIA POLICE

STATEMENT OF ACCOUNTS 2023/24

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Foreword

Message from Alex Murray, Temporary Chief Constable of West Mercia Police

Over the last year we have made significant progress in improving the service we deliver. We've seen crime reduce, detections increased and ultimately fewer victims across Herefordshire, Shropshire and Worcestershire. Crime is down by 9%, with 7,669 fewer crimes and detections are up 11.7% meaning an extra 1,638 crimes solved.

Our focus on targeting county lines offending resulted in 117 arrests, six 'lines' closed, £769,000 worth of drugs seized, 58 weapons taken off the streets and 73 people protected. We've had several significant cases conclude with lengthy prison sentences for offenders, including six men that were sentenced to a combined total of more than 40 years for conspiracy to supply class A drugs into South Worcestershire from the West Midlands. Their convictions followed an investigation by our Serious and Organised Crime Unit (SOCU) into a 'deal line' known as the Kam Line. This is just one successful case within Operation Target, which sees us work closely with other forces and our partners to tackle serious and organised crime and the harm it causes.

I am pleased to say that we continue to receive positive feedback from the communities we serve and that confidence levels in West Mercia Police remain high, with a survey carried out by the Police and Crime Commissioner showing that 82% of the public have confidence in our force. We aren't complacent about this and will continue our work to further improve your trust and confidence in us, and particularly amongst women and girls. A determined and clear approach to tackling male perpetrated violence against women and girls has been making a difference and we're pleased that our work in this area has been recognised nationally; a Safer Streets Project, launched in Herefordshire, was judged a regional winner at the first National Police Chiefs' Council and College of Policing's recognition event for police officers, staff and volunteers who are working to tackle violence against women and girls. Our Walk and Talk initiative, launched in Telford, has been a simple, yet effective, idea where women meet a female police officer to go for a walk and have a talk about any concerns they have around safety in their neighbourhood – it's helped us have open and constructive conversations to full understand how people are feeling so that we can learn and, along with our partners, improve safety in the area.

We're working to bring policing closer to our communities and the local precept increase by the Police and Commissioner helped us boost local policing with the launch of five Neighbourhood Crime Fighting Teams, one for each of our local policing areas. The teams are fast-responding high visibility units, tackling the offences with the highest impact on the public, such as anti-social behaviour, drugs. This work is underpinned by our Local Policing Community Charter, which helps drive our work to tackle the issues we know matter most to our communities.

This year we've introduced Rapid Video Response (RVR) which gives the public a new way to speak to an officer face to face quickly and we've revolutionised the way we gather footage to support investigations through a new Digital Evidence Management System. The system gives the public a portal to directly upload evidence in a fraction of the time that it has taken historically. In the coming year we'll continue to modernise our technology to help us be more efficient and effective in meeting the needs of victims and our communities.

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Of course, West Mercia Police can't achieve these successes without the incredible people that work 24/7/365 to keep our communities safe. We've grown to be the biggest we have ever been with an establishment of 2,506 officers, 1,872 police staff, 195 police community support officers and 86 special constables. We were proud to launch our Enabling Services Awards evening in November, which recognised and celebrated members of staff for the huge impact they have in providing a quality policing service to our communities and this was supported by us taking part in the first national week of recognition and celebration of police staff. It's been an absolute privilege to see our officers, staff and volunteers celebrated throughout the year and in particular PC Mark Bates who, in November, received an honour from the Royal Humane Society after he resuscitated a five-week-old baby whose heart had stopped beating.

For the coming year, the Police and Crime Commissioner has maximised the funding available to the force. However, the national financial landscape, compounded by inflation, has presented us with significant challenges that have required tough decisions and needing to work differently. However, our communities can be reassured that we will continue prioritising our resources to maintain effective policing and to ensure we continue with our commitment to improving visible and accessible policing, improving public contact, and delivering better investigations and outcomes.

We are an ambitious force and remain committed to doing all we can to prevent, fight and detect crime to keep the communities we serve safe.

Alex Murray
Temporary Chief Constable

Narrative Report

The Chief Constable has set the strategic direction which reflects the Force’s approach to preventing and tackling crime and supports the strategic direction set by the Police and Crime Commissioner in his Safer West Mercia Plan 2021 – 2025.

The vision, values and policing priorities for West Mercia are shown in Diagram 1 below, which sets out how our values and code of ethics support the vision to protect people from harm.

Diagram 1.



Statement of Accounting Policies

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 to 'Protect People from Harm'. Achieving the vision relies on the workforce, police officers, police community support officers, police staff, special constables and volunteers.

The economic context in relation to West Mercia

The force has experienced another year of financial challenges as a result of overall funding increases not meeting inflationary pressures. The publication of the provisional financial settlement by the Home Office in December 2023 included some welcome additional resources including additional resourcing for the pay award, for the impact of the increasing cost of pensions, and to support the continued uplift in officers. However, the increases in core grant and the extent of precept flexibility did not match the impact of inflation resulting in a savings requirement for the force.

The Force Management Statement (FMS) assesses that most business areas within West Mercia have a relatively detailed understanding of current demand however, budgetary changes and reductions are impacting many business areas, making the financial future challenging to prepare for.

Changes in the last year to manage increasing demand and secure the resilience of assets, have included:

- The continuing Digital Services Transformation (DST) and rollout of M365 to multiple business areas to deliver a stable digital infrastructure and enable enhanced mobile access, with more efficient communication both in-force and with some external agencies.
- Investment in the Data Driven Policing Programme continues, alongside implementing a PowerApps capability. Data driven policing includes the use of a variety of digitised data sources to inform decision making.
- The recruitment of additional officers under the Uplift programme, increasing the establishment to 2,506 (FTE).
- The implementation of the Most Appropriate Agency (MAA) approach, which means calls for service are being diverted to other agencies where a police response is not necessary. This is improving the management of demand in both volume and complexity and likely providing a better service to the victim.
- The creation of the Serious Collision Investigation Unit (SCIU) to match the effective practices that are seen in other forces and deliver better investigations for victims and families.

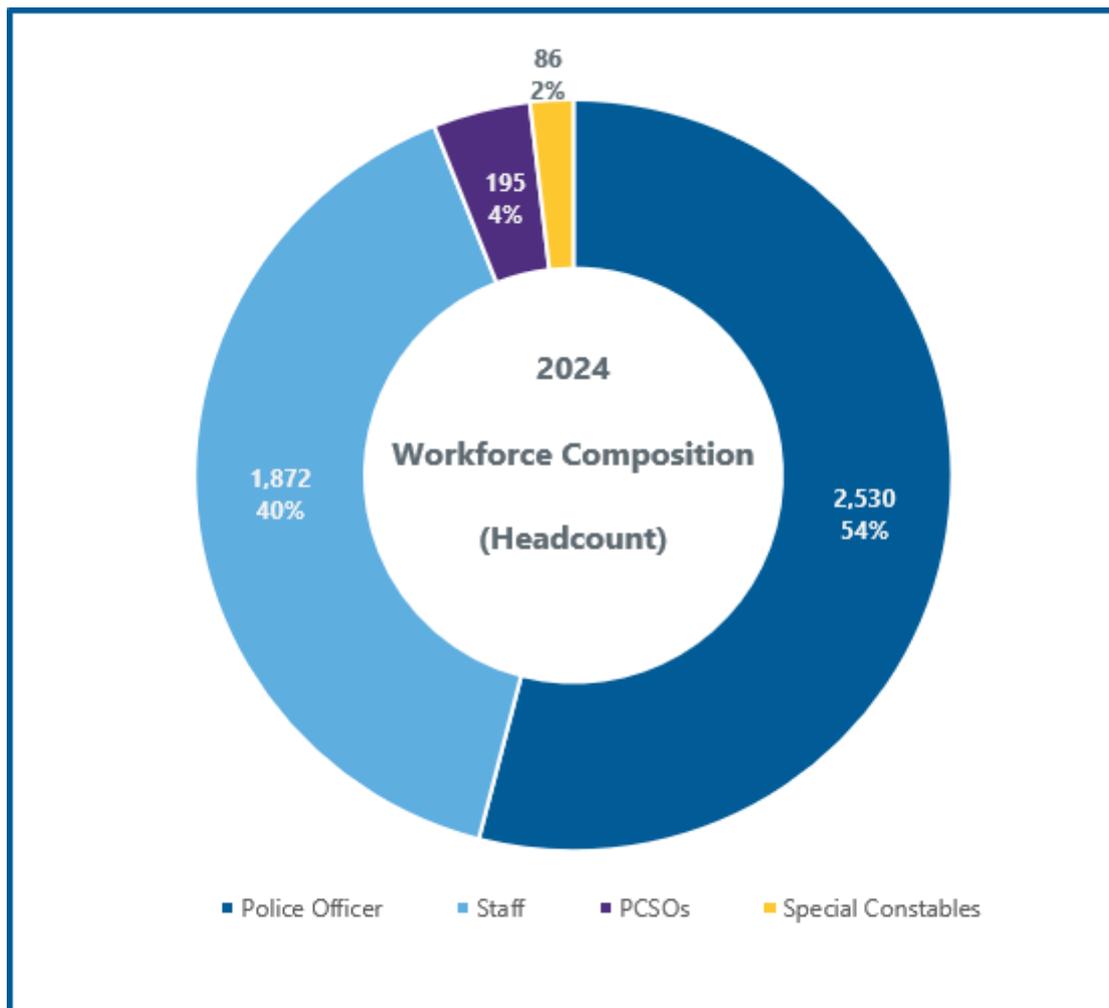
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- The implementation of five Neighbourhood Crime Fighting Teams (NCFT) within communities, responding quickly to tackle and prevent crime that is causing harm locally.
- An increase in specialist rape and sexual offence investigators in response to Operation Soteria, alongside Violence Against Women and Girls (VAWG) officers on each local policing area (LPA).
- Future Ways of Working (FWOW) has informed flexibility, agility, and innovation regarding where and when employees work. This seeks to maximise opportunities and provide clarity, direction, and commitment from the force to agile working, and making West Mercia a great place to work. This has also sought to maximise the estate utilisation in the areas where it has been adopted.
- A review of governance has identified the disproportionate amount of time spent preparing for and in meetings. Linking with the force Cultural Audit, behaviours are changing to ensure that time spent in meetings is focused and valuable. A slimmer and better-defined route for escalation and tasking, starting with the Finance Regulations and Scheme of Delegation, has been delivered. This has been alongside digital changes, and some challenges remain around the consistent implementation of tools to support meeting management.
- A force Cultural Audit has identified challenges and stressors within the force that are impacting on the morale and wellbeing of the workforce. The recommendations arising from the audit have been allocated to responsible owners and are being monitored through the Strategic Workforce and Talent Board. Alongside challenging results from the national morale survey by PFEW, Operation Delivery has been created to review processes where barriers and failure demand can be reduced, demand can be better met and provide a better service to the public.
- The force Strategic Business Planning cycle has been reviewed and a more dynamic process signed-off. This will ensure that planning is part of everyday activity and that decisions today form part of a longer-term vision for the force.

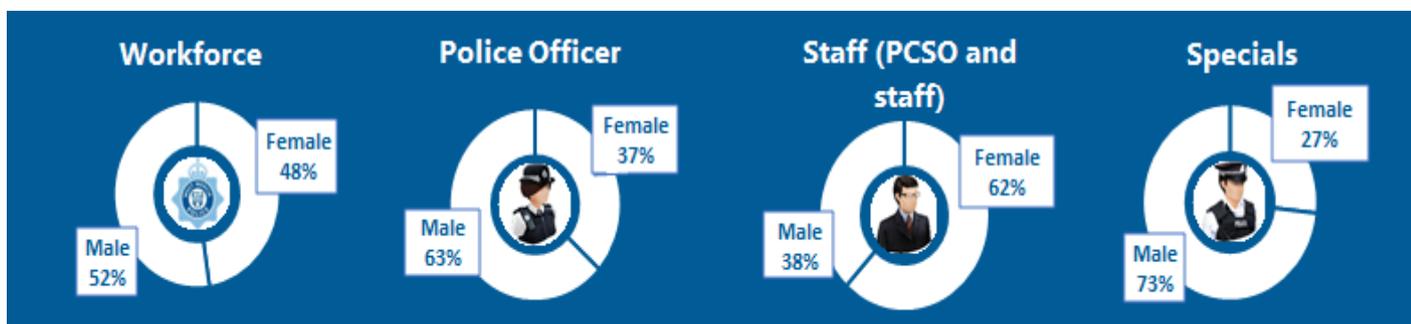
Workforce

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 Black and Minority Ethnic (BME) 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.

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Between April 2023 and April 2024, West Mercia’s workforce increased by 0.1%. Specifically, the number of officers increased by 0.4%, staff increased by 0.5% and Police Community support officers (PCSOs) decreased by 1.3%. The number of special constables increased by 25%. Within the force, 52% of the workforce are now male and 48% are female. The increase in females is linked to an increase in officers; this follows the force’s efforts to be more representative of the communities we serve.



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As of 3 April 2024, 12% of the workforce are aged 25 and under, 36% aged 26 – 40, 38% aged 41 – 55, and 14% are over 55 years.

Financial Performance

Revenue Outturn

The Police and Crime Commissioner is responsible for setting the annual budget within which the Chief Constable is expected to operate and against which financial performance is measured. The annual budget is funded mainly through government grants and the 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 was principally dominated by the continued impact of high inflation and the decision by the Bank of England to raise interest rates to 5.25% in September 2023, at which it has then remained. Whilst inflation has fallen from the 41-year high of 11.1%, down to 3.2% by the end of the year, there is no doubt that there has been pressure on budgets, particularly in respect of borrowing. The pay award agreed for implementation from September 2023 of 7% reflected the impact inflation on the cost of living. Whilst the award was higher than budgeted for, the government provided funding to cover the additional cost, Whilst the pay award cost has been met, the force has had to manage the wider impact of cost increases carefully through the year.

Funding Sources 2023/24

Funding Source	Budget £m
Central Government Funding	150.121
Locally Raised Funding – Precept (Council Tax)	122.639
Total Funding (excluding reserves)	272.76
Funding (from) / to Reserves	7.511
Total Funding (including reserves)	280.271

The original budget in 2023/24 as presented in the PCC budget report February 2023 was £277.068m, further funding and agreement to utilise carry forward from prior year underspend enabled the operational budget to be increased to £280.271m. The budget is supported through the council tax precept charge on Council Taxpayers of £264.50 (Band D equivalent) which is an increase of 5.94% (£15.00) on the 2022/23 charge.

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The actual funding received was £0.133m higher than budgeted, due to a late notification of a change to council tax surplus from one local authority. The total funding available to apply to expenditure was therefore £280.404m

The table below provides an analysis of the West Mercia Police budget and the outturn based on the expenditure incurred:

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

West Mercia Police	Budget £m	Actual £m	Variance £m
Police Officer Pay	142.813	142.438	0.375
Police Officer Overtime	3.278	3.894	-0.616
Police Staff Pay	69.248	70.782	-1.534
Police Staff Overtime	0.673	0.955	-0.282
PCSO Pay	7.868	7.516	0.352
Pay Inflation Contingency	0.554	0	0.554
Police Pensions	3.599	5.161	-1.562
Other Employee Expenses	2.562	2.255	0.307
Premises	0.473	0.432	0.041
Transport	4.731	4.907	-0.176
Supplies & Services	29.706	28.285	1.421
Contribution to Reserves	0.4	0.4	0
Third Party Payments	10.709	10.477	0.232
Capital Financing	6.84	7.05	-0.21
Gross Expenditure	283.454	284.551	-1.098
Income	-27.137	-27.598	0.461
Operational Budget	256.317	256.953	-0.637

	Budget £m	Actual £m	Variance £m
Chief Constable	256.316	256.953	-0.637
Office of the PCC	23.955	20.094	3.861
Group Gross Outturn Expenditure	280.271	277.047	3.224

The net expenditure to 31st March of £277.047m.

With total funding received of £280.404m, there is a revenue underspend of £3.357m

An Outturn Report was presented to the West Mercia Governance Board on the 28th May 2024. The 2023/24 financial position is showing relatively small budget variances across all categories of expenditure. Police staff pay was overspent, due to lower turnover of staff than

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predicted. Police pensions were overspent by £0.710m whilst, an exceptional cost in relation to Scheme Sanctions Charges resulted in a £0.852m overspend.

The largest underspend was £1.645m on payments to Third Parties, mostly relating to commissioning activity from the Office of the PCC, specifically in relation to new community safety activity initiatives working in partnership with local public bodies. There was also £1.276m underspend on the purchase of goods and services from external bodies, although this was made up smaller variances across a number of budget holders. Income was the main contributing factor to the underspend, specifically the additional £1.872m Police officer uplift grant announced after the budget was set. Other large variances include an over achievement of loan interest of £0.820m, which was a positive result from the higher interest rates, which helped offsets higher costs to borrow. Also, Op Safeguard, which was a revenue source from central government to hold prisoners in police custody cells, continued for longer than expected contributing an additional £0.586m of income above budget.

The recommendation in the Outturn Report in Money Matters was that the full balance will be contributed to earmarked reserves at the 31st March 2024. This was approved in the reserve's strategy, presented to the West Mercia Governance Board on the 28th May.

The Group Accounts, Chief Constable's Accounts and PCC Accounts can be found on the Police and Crime Commissioners website.

Statement of Accounting Policies

i. General Principles

The Statement of Accounts summarises the Chief Constable's transactions for the 2023/24 financial year and its position at the year-end. The accounting policies are the specific principles, bases, conventions, rules and practices applied by the Chief Constable when preparing and presenting the financial statements. The Chief Constable is required to prepare an annual Statement of Accounts by the Accounts and Audit Regulations 2015, which must be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 supported by International Financial Reporting Standards (IFRS).

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

ii. Changes in Accounting Policies

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effects of transactions, other events and conditions in the Chief Constable's financial position or financial performance. Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied. There have been no changes made to the Chief Constable's accounting policies in 2023/24.

iii. Income and Cost Recognition and Intra-group Adjustment

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

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

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

iv. Accruals of Income and Expenditure

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

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

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

v. Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

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

vi. Charges to Revenue for Non-Current Assets

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

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

vii. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled wholly within 12 months of the year-end. They include such benefits as wages and salaries, paid annual leave, rest days, time off in lieu, paid sick leave and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year in which employees render service to the Chief Constable. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. The accrual is made at the salary rates applicable at the start of the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement In Reserve Statement (MIRS) so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs. The accumulated cost is carried to the Chief Constable's Balance Sheet where it is held as a liability and is matched by an unusable reserve.

Termination Benefits

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

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

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

Post-Employment Benefits

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

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

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

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

- the liabilities of the pension fund attributable to the Chief Constable are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of anticipated earnings for current employees.
- International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds.
- PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin and the LGPS liabilities are discounted to their value at current prices, using a discount rate based on corporate bond yields as at 31 March 2024.
- The discount rates used by the actuaries and other principal assumptions are set out in Note 20.
- The assets of the LGPS fund attributable to the Chief Constable are included in the Balance Sheet at their fair value:
 - Quoted securities – current bid price
 - Unquoted securities – professional estimate
 - Unitised securities – current bid price
 - Property – market value

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

- **Current service cost** – the increase in liabilities as a result of years of service earned in the current year – allocated in the CIES to the services for which the employees worked.
- **Past service cost** – the increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs.
- **Net interest on the net defined benefit liability** i.e. net interest expense for the Group – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the end of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

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

A difference between the two schemes is that the PPS is an unfunded, defined benefit, career average salary scheme, whereas the LGPS is a funded, defined benefit, career average scheme. With effect from 1 April 2014, the LGPS became a career average (CARE) rather than final salary scheme. The PPS became a career average scheme from the introduction of the 2015 scheme, however officers currently retiring have the option to take their benefits under the 1987 or 2006 scheme, which were final salary schemes, due to the judgement in the McCloud case. The 1987 and 2006 schemes were closed as at the 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 eventually fall due. This is further explained in the notes to the Police Pension Fund Account on page 55.

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

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

viii. Inventories and Long-Term Contracts

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

ix. Jointly Controlled Operations and Jointly Controlled Assets

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

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

x. Leases

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

xi. Segmental Analysis

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

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

xii. Prior Year Adjustments

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

xiii. Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

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

xiv. Reserves

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

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

xv. Value Added Tax

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

Statement of Responsibilities

Responsibilities of the Chief Constable of West Mercia Police

The Chief Constable is required to:

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

I accept the above responsibilities and approve this Statement of Accounts for 2023/24.

Alex Murray
Date:

Temporary Chief Constable of West Mercia Police

Responsibilities of the Director of Commercial Services

The Director of Commercial Services is responsible for the preparation of the Chief Constable's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code).

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

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

The Director of Commercial Services has also:

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

The unaudited Statement of Accounts for the Chief Constable of West Mercia Police were issued on 31st May 2024 by authority of the Director of Commercial Services.

I certify that the Statement of Accounts represents a true and fair view of the financial position of the Chief Constable of West Mercia Police at the accounting date and of the income and expenditure for the year ended 31st March 2024.



Richard Muirhead
Date: 31st May 2024

Director of Commercial Services

Independent auditor's report to the Chief Constable of West Mercia
Report on the Audit of the Financial Statements

****TO BE ADDED FOLLOWING COMPLETION OF AUDIT****

Comprehensive Income and Expenditure Statement (CIES)

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

2022/23 Gross Expenditure £000	2022/23 Gross Income £000	2022/23 Net Expenditure £000		Notes	2023/24 Gross Expenditure £000	2023/24 Gross Income £000	2023/24 Net Expenditure £000
298,368	0	298,368	Policing Services		273,381	0	273,381
	0	298,368	Cost of Policing Services	1	273,381	0	273,381
(268,680)	0	(268,680)	PCC's funding for Resources Consumed	9	(288,442)	0	(288,442)
		29,688	Net Cost of Policing Services				(15,061)
		76,616	Financing and investment net expenditure (<i>Note 20</i>)				90,679
		(38,740)	Home Office Grant Towards the Cost of Retirement				(35,563)
		67,564	Deficit on Provision of Services				40,055
		(980,847)	Re-measurement of the net defined benefit liability (<i>Notes 5 and 20</i>)				(15,275)
		(980,847)	Other Comprehensive (Income) & Expenditure				(15,275)
		(913,283)	Total Comprehensive (Income) & Expenditure				24,780

Movement in Reserves Statement (MIRS)

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

	Notes	Police Fund Balance	Unusable Reserves	Total Chief Constable Reserves
		£000	£000	£000
Opening Balance at 1 April 2022			(2,902,432)	(£2,902,432)
Movement in reserves during 2022/23				
Total Comprehensive Income and Expenditure		(67,564)	980,847	913,283
Adjustments between accounting basis and funding basis under regulations	7	67,564	(67,564)	0
Net Increase before transfers to Earmarked Reserves		0	913,283	913,283
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	913,283	913,283
Balance at 31 March 2023 Carried Forward				(1,989,149)
Movement in reserves during 2023/24				
Total Comprehensive Income and Expenditure		(40,055)	15,275	(24,780)
Adjustments between accounting basis and funding basis under regulations	7	40,055	(40,055)	0
Net Increase before transfers to Earmarked Reserves			(24,780)	(24,780)
Transfers to/from Earmarked Reserves		0	0	0
Increase/(Decrease) in Year		0	(24,780)	(24,780)
Balance at 31 March 2024 Carried Forward				(2,013,929)

Balance Sheet

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

31 March 2023		Notes	31 March 2024
£000			
0	Long Term Assets		
20,836	Short Term Debtors	15	9,739
785	Inventories	15	811
0	Intra-Group Debtor	9	3,076
21,622	Current Assets		13,626
(17,374)	Short Term Creditors	16	(19,209)
(1,209)	Provisions	17	(2,225)
(8,203)	Intra-Group Creditor	9	0
(26,786)	Current Liabilities		(21,434)
(1,983,985)	Liability Relating to Defined Benefit Pension Schemes	20	(2,006,121)
(1,983,985)	Long Term Liabilities		(2,006,121)
(1,989,149)	Net Liabilities		(2,013,929)
1,989,149	Unusable Reserves	8	2,013,929
1,989,149	Total Reserves		2,013,929

The unaudited Statement of Accounts were issued on 31st May 2024.



Richard Muirhead

Director of Commercial Services

Cash Flow Statement

This statement shows the changes in cash and cash equivalents of the Chief Constable during the reporting period. The statement shows how the Chief Constable generates and uses cash and cash equivalents by classifying cash flows as; operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the Chief Constable are funded by the PCC.

2022/23 £000		Notes	2023/24 £000
67,564	Net deficit on the provision of services		40,055
(67,564)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	19	(40,055)
0	Adjustments for items included in the net (surplus) or deficit on the provision of services that are investing and financing activities		0
0	Net cash flows from Operating Activities		0
0	Investing Activities		0
0	Financing Activities		0
0	Net increase or decrease in cash and cash equivalents		0
0	Cash and cash equivalents at the beginning of the reporting period		0
0	Cash and cash equivalents at the end of the reporting period		0

Notes to the Financial Statements

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

1. Expenditure and Funding Analysis (EFA)

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

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

Opening Police Fund at 31 March 2023	0
Less Deficit on Police Fund in Year	0
Closing Police Fund at 31 March 2024	0

	2022/23 Net Expenditure Chargeable to the Police Fund Balances £000	2022/23 Adjustments between the Funding and Accounting Basis £000	2022/23 Net Expenditure in the CIES £000
Policing Services	265,743	32,625	298,368
Net Cost of Policing Services	265,743	32,625	298,368
Funding from the PCC	(265,743)	(2,937)	(268,680)
Other income and expenditure	0	37,876	37,876
(Surplus) or deficit on provision of Services	0	67,564	67,564

Opening Police Fund at 31 March 2022	0
Less Deficit on Police Fund in Year	0
Closing Police Fund at 31 March 2023	0

Notes to the Financial Statements**1(a) Note to the EFA**

Adjustments between Funding and Accounting Basis

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	1,324	(17,705)	(1,574)	3,535	(14,420)
<i>Net Cost of Services</i>	1,324	(17,705)	(1,574)	3,535	(14,420)
Funding from the PCC	(1,324)	0	1,574	(891)	(641)
Other income and expenditure from the Funding Analysis	0	55,116	0	0	55,116
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	37,411	0	2,644	40,055

2022/23					
Adjustments from Police Fund to arrive at the CIES amounts	Adjustments for Capital Purposes (note i)	Restated 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	2,538	30,296	(905)	696	32,625
<i>Net Cost of Services</i>	2,538	30,296	(905)	696	32,625
Funding from the PCC	(2,538)	0	905	(1,305)	(2,937)
Other income and expenditure from the Funding Analysis	0	37,876	0	0	37,876
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	68,172	0	(609)	67,564

Note (i) Adjustments for Capital Purposes

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

Note (ii) Net Change for Pensions Adjustments

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

Notes to the Financial Statements

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

Note (iv) Other Adjustments – this column reflects timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account). Also included is £0.891m (£1.305m in 2022/23) in respect of the training costs funded by the government from the Apprenticeship Levy.

1(b) Expenditure and Income Analysed by Nature

2022/23 £000		2023/24 £000
135,603	Police officers pay	148,093
76,817	Police staff pay	79,545
3,574	Police pensions	5,161
3,402	Other Employee Expenses	3,538
70,537	Pensions current cost of service	26,606
(40,571)	Cost of pensions based on cash flows	(44,513)
(609)	Accumulated absences	2,644
330	Non distributed costs	202
40,880	Other service expenditure	43,562
8,368	Depreciation, Amortisation, Revaluation Loss and REFCUS (see glossary)	8,712
37	Capital Charges from the PCC to the Chief Constable – net	(170)
76,616	Net interest on the net defined benefit liability	90,679
374,984	Total Expenditure	364,059
(268,680)	Funding from the PCC for financial resources consumed	(288,442)
(38,740)	Government grants and contributions	(35,562)
0	Capital Charges from the PCC to the Chief Constable – net	0
(307,420)	Total Income	(324,004)
67,564	Deficit on the Provision of services	40,055

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

The Code requires the Chief Constable 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 four changed standards:

Notes to the Financial Statements

- IFRS 16 (Leases) – delay of implementation to 1st April 2024 and measurement requirements for sale and leaseback.
- IAS 1 – Classification of liabilities as Current or Non-current.
- IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction.
- IAS7 & IFRS7 – additional disclosure requirements around supplier finance arrangements.

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

The implementation of IFRS 16 – Leases for Public Sector Accounts has been deferred until 1 April 2024. The 2023/24 Code does allow for early adoption of IFRS 16, should an authority so choose, but West Mercia Police has not elected to do so.

An analysis of the impact moving to IFRS 16 is included within note 19 of the West Mercia PCC and Group accounts.

3. Critical judgements in applying accounting policies

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

PCC and Chief Constable group relationship

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

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

The approach taken to the accounts is that:

- Revenue expenditure directly relating to those budgets delegated to the CC for the provision of policing services is predominantly included within their Accounts.
- The CC's accounts have been charged with the expense associated with IAS19 pensions and accumulated staff absences as well as the current value of non-current assets consumed during the year and the CC's Balance Sheet contains the net liabilities

Notes to the Financial Statements

associated with these items offset by unusable reserves as required by the Code of Practice.

- An intra-group transfer has been made between the CC's and the PCC's CIES offsetting the above expenses.
- Within the Group accounts, where material, a distinction is made between the transactions and balances of the Group and the PCC.
- The Chief Constable's Balance Sheet contains employment-related debtors, creditors, and provisions together with all material inventories.

Post-employment benefits (pension liability)

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

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

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

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

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

The Net Cost of Policing Services has decreased by £24.987m compared to 2022/23, mainly due to fluctuations between years relating to the valuations of pensions costs, especially a reduction in the current service cost, 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 Chief Constable about the future or that are otherwise uncertain. However, because balances cannot be determined with certainty, actual results could be materially different from those that have been estimated. The items in the Balance Sheet as at 31 March 2024 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Post-Employment Benefits (Pension Liability)

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

Employee benefits

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

Provisions

The Chief Constable held three provisions as at 31 March 2024. A Legal provision was created during 2022/23 for a value of £1.209m, during the year, £0.651m was used from the provision and the provision was increased by £0.473m at the end of the financial year to meet future liabilities. The provision balance as at 31st March 2024 was £1.031m

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, two new provisions were created during 2023/24:

- A redundancy provision of £0.342m was created to fund redundancies expected in 2024/25 as a result of the force's management of change programme.
- A Scheme Sanction Charge provision was created for £0.852m to repay retired officers an amount which was incorrectly deducted from their lump sum payments upon retirement.

Notes to the Financial Statements

Further information regarding Provisions can be found in Note 17.

5. Material items of income and expenditure

The re-measurement of the net defined benefit liability in the Other Comprehensive Income and Expenditure section of the CIES is a gain of £15.275m, compared to a gain of £990.847m in 2022/23. 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 Pensions Liability held on the Balance Sheet, has increased by £22.2m to £2,006.1m at 31 March 2024. Further information regarding the Pensions Liabilities can be found in Note 20.

6. Events after the Reporting Period

The unaudited Statement of Accounts was issued by the Director of Commercial Services on 31st May 2024. Events taking place after this date are not reflected in the financial statements or notes.

7. Adjustments between accounting basis and funding basis under regulations

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

2023/24	Police Fund Balance
	£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)	(37,411)
Accumulated Absences (transferred to the Accumulated Absences Reserve)	(2,644)
Total Adjustments	(40,055)

2022/23	Police Fund Balance
	£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)	(68,173)
Accumulated Absences (transferred to the Accumulated Absences Reserve)	609
Total Adjustments	(67,564)

Notes to the Financial Statements**8. Unusable reserves**

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

31 March 2023 £000		31 March 2024 £000
1,983,985	Pension Reserve	2,006,121
5,164	Accumulated Absences Reserve	7,808
1,989,149	Total Unusable Reserves	2,013,929

(i) Pensions Reserve

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

2022/23 £000		2023/24 £000
2,896,659	Balance as at 1 April	1,983,985
(980,847)	Re-measurement of the net defined benefit liability	(15,275)
147,483	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the CIES	117,487
(79,310)	Employer's pensions contributions and direct payments to pensioners payable in the year	(80,076)
1,983,985	Balance as at 31 March	2,006,121

(ii) Accumulated Absences Account

The cost of employment benefits and the associated Accumulated Absences liability is shown in the Chief Constable's Accounts. The Accumulated Absences Account absorbs the differences that would otherwise arise on the Police Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. time off in lieu carried forward at 31 March 2023. Statutory arrangements require that the impact on the Police Fund Balance is neutralised by transfers to or from the Account.

Notes to the Financial Statements

2022/23			2023/24	
£000	£000		£000	£000
	5,773	Balance as at 1 April		5,164
(5,773)		Cancellation of accrual made at the end of the preceding year	(5,164)	
5,164		Amount accrued at the end of the current year	7,808	
	(609)	Amount by which remuneration charged to the CIES on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements		2,644
	5,164	Balance as at 31 March		7,808

9. 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 2023/24 amounts to £288.4m (£268.7m in 2022/23). This is included within the Net Cost of Policing Services in the CIES, in line with current best practice for the preparation of Police Accounts.

The Chief Constable's Balance Sheet includes an Intra-Group Debtor of £3.076m (Creditor of £8.203m in 2022/23) being the net balance of funding not settled between the PCC and Chief Constable as at the 31 March; this relates mainly to the balance of Debtors and Creditors shown in each of the single-entity accounts as at this date. The movement is largely due to the reduction of the Pension Top up grant debtor by £9.8m.

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

2022/23 £000		2023/24
298,368	Chief Constable's Cost of Services	273,381
76,616	Interest on the net defined benefit liability	90,679
(38,740)	Home Office grant towards the cost of retirement	(35,563)
(980,847)	Re-measurement of the net defined benefit liability	(15,275)
(644,603)	Resources consumed	313,222
	Items removed through the MIRS	
912,674	Movement in pensions liability	(22,136)
609	Movement in accumulated absences liability	(2,644)
268,680	Total resources consumed for the year by the Chief Constable and funded by the PCC	288,442

10. Pooled budgets and joint operations

West Midlands Regional Organised Crime Unit

The West Midlands Regional Organised Crime Unit (WMROCU) is a collaboration between the police forces of Staffordshire, Warwickshire, West Midlands and West Mercia to fight organised

Notes to the Financial Statements

crime across the region. The collaboration is agreed between the PCCs for the forces with the operational activity under the direction of the Chief Constables.

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

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

2022/23 restated with final figures from West Mids		2023/24
£000		£000
(16,284)	Contribution from West Midlands Police	(16,545)
(4,683)	Contribution from West Mercia Police	(5,080)
(4,549)	Contribution from Staffordshire Police	(4,935)
(2,274)	Contribution from Warwickshire Police	(2,467)
(2,399)	WMROCU Grant	(2,399)
(280)	National Cyber Security Programme funding	(280)
(238)	Regional Asset Recovery Team grant	(242)
(26)	ROCU Reserves	(275)
(1,096)	Undercover Online Operatives (UCOL) Funding	(1,096)
(122)	Threat Assessment Team (ROCTA) Funding	(153)
(72)	Disruption Team Funding	(256)
(250)	Dark Web Funding	(250)
(129)	Operational Security (OPSY) Income	0
(164)	Fraud Investigation	(153)
(442)	Illicit Cash Team	0
(33,008)	Total funding provided to the WMROCU	(34,131)
1,415	Regional Asset Recovery Team (RART)	1,792
244	RART – ACE team	243
696	Regional Cyber Crime Unit	880
292	Regional Fraud Team	797
1,301	Regional Prisons Intelligence Unit	1,429
91	Operational Security (OPSY)	78
45	Regional Government Agency Intelligence Network (GAIN)	22
1,417	Command Team	1,429
6,596	Regional Confidential Unit	6,699
275	Posts created from underspend	0
781	TIDU – Technical Intelligence	694
417	Enabling Services	456
5,791	Serious and Organised Crime Unit (SOCU)	6,553
8,421	Regional Surveillance Unit (FSU)	8,657
283	Threat Assessment Team (ROCTA)	336
72	Disruption Team	288

Notes to the Financial Statements

262	Dark Web	48
4,167	Other Regional Operations	3,730
442	Illicit Cash Team	0
0	Additional Contribution to Reserves	0
33,008	Total Expenditure	34,131
0	Total Net Expenditure	0

File Storage

File storage, a shared service delivered to Warwickshire Police, generated income of £0.061m (£0.059m 2022/23).

National Police Air Service (NPAS)

NPAS was set up by the Home Office with effect from 2 October 2012 with administration of the service being provided by the Chief Constable of West Yorkshire. NPAS does not constitute a jointly controlled operation and so the Chief Constable only accounts for the expense of payments to NPAS amounting to £0.784m in 2023/24, £0.738m in 2022/23) and not for a share of the assets or liabilities.

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

11. Exit Packages

Exit packages include charges by the LGPS in respect of benefits paid before normal retirement age. There were no compromise agreements covering the 2023/24 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	
	2022/23	2023/24	2022/23 £000	2023/24 £000
£0 - £20,000	3	3	29	18
£20,001 - £40,000	0	1	0	30
£40,001 - £60,000	0	0	0	0
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	0	0	0	0
£100,001 - £150,000	0	0	0	0
£150,001 +	0	0	0	0
Total	3	4	29	48

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12. Officers' Remuneration

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

Senior Officer and Relevant Police Officer Emoluments:

		Salary, Fees & Allowances	Bonuses	Expenses Allowances	Benefits in Kind (e.g. car allowance)	Other Payments (Police Officer only)	Exit Packages	Pension Contributions	Total
		£	£	£	£	£	£	£	£
Chief Constable – Note 1	2023/24	94,878			444			27,980	123,302
	2022/23	157,803	0	0	974	0	0	48,919	207,696
Temporary Chief– Note 2	2023/24	82,112			872			29,545	112,529
	2022/23	0	0	0	0	0	0	0	0
Deputy Chief Constable 1 – Note 3	2023/24	0	0	0	0	0	0	0	0
	2022/23	71,137	0	0	1,824	4,041	0	22,053	99,055
Deputy Chief Constable 2 – Note 4	2023/24	68,612						17,180	85,7912
	2022/23	69,955	0	0	541	0	0	21,686	92,182
Temporary Deputy Chief Constable 2 – Note 5	2023/24	69,884			805			22,062	92,751
	2022/23	0	0	0	0	0	0	0	0
Asst Chief Constable 1	2023/24	126,068			791			39,081	165,940
	2022/23	120,330	0	0	1,969	0	0	37,302	159,601
Asst Chief Constable 2 – Note 6	2023/24	55,658				516		17,254	73,428
	2022/23	0	0	0	0	0	0	0	0
Asst Chief Constable 4 – Note 7	2023/24	57,820						14,971	72,791
	2022/23	107,167	0	0	2,764	0	0	33,222	143,153
Director of Business Services	2023/24	126,068			5,061			22,566	153,695
	2022/23	120,330	0	0	5,222	0	0	19,734	145,286
Director of Commercial Services	2023/24	120,797		362	759			21,623	143,541
	2022/23	105,007	0	0	118	0	0	17,221	122,346
Notes:									
1	Chief Constable Mills left the organisation on 23 rd October 2023								

Notes to the Financial Statements

2	T/Chief Constable Murray took over as Temporary Chief Constable on 7 th October 2023
3	Deputy Chief Constable Moss left West Mercia on 18 th October
4	Deputy Chief Constable Murray ended his substantive role to take on the role of Temporary Chief Constable on 6 th October 2023. The 2022/23 values are part year amounts – DCC Murray started with West Mercia on 17 th November 2022
5	The Temporary Deputy Chief Constable took up post on 7 th October 2023
6	Temporary promotion to ACC started on 7 th October 2023
7	The Assistant Chief Constable ended their substantive role to take on the role of Temporary Deputy Chief Constable on 7 th October 2023

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

Number of Employees		Number of Employees
2022/23	Remuneration Band	2023/24
221	£50,000 - £54,999	417
134	£55,000 - £59,999	149
73	£60,000 - £64,999	133
18	£65,000 - £69,999	47
11	£70,000 - £74,999	13
10	£75,000 - £79,999	10
4	£80,000 - £84,999	8
5	£85,000 - £89,999	4
4	£90,000 - £94,999	7
1	£95,000 - £99,999	0
0	£100,000 - £104,999	2
2	£105,000 - £109,999	1
1	£110,000 - £114,999	0
0	£115,000 - £119,999	0
2	£120,000 - £124,999	2
0	£125,000 - £129,999	3
0	£135,000 - £139,999	1
1	£155,000 - £159,999	0
487	Total	797

13. External Audit Costs

The Chief Constable’s Audit Fee for 2023/24 is £54,798 (£24,332 in 2022/23) in relation to the Statement of Accounts statutory audit provided by the Group’s external auditors, Grant Thornton. The total Audit fee for the Group is £150,657 (£67,619 in 2022/23).

The actual amount charged to the CIES totalled £67,290 for the Chief Constable. This figure includes the fee variation for the 2021/22 Accounts (£5,892) and the anticipated fee variation

Notes to the Financial Statements

for the 2022/23 Accounts (£6,600) charged by Grant Thornton for additional work not covered by the originally agreed fee.

Grant Thornton provided no non-audit services during the year (nil in 2022/23).

Bishop Fleming have been appointed as the new External Auditors for the group for Financial Year ending 31st March 2025 following a competitive re-tendering process completed by the Public Sector Audit Appointments (PSAA).

14. Related Parties

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

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

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

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

	Expenditure	Income
	£000	£000
Local Authorities in the Policing Area	6,523	(2,009)
Other Local Authorities	183	(4)
Seconded Police Officers	3,710	(3,445)
Other Police Forces	1,108	(1,108)
Total	11,524	(6,566)

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

15. Debtors and other current assets

This note shows money owed to the Chief Constable for funding and services provided on or before 31 March 2024 where the money has not been received by this date.

Notes to the Financial Statements

31 March 2023 £000		31 March 2024 £000
785	Inventories	811
4,900	Prepayments	160
1	Trade Receivables	(2)
15,936	Other Receivables (mainly balance of Police Pensions Top-up Grant)	9,581
21,622	Total Debtors	10,550

The main reason for the decrease is a £9.8m movement in the Home Office Top Up Grant Pension debtor. There was also a £0.300m increase in the Pension prepayment for the April Pensions payment which was paid at the end of March due to the timing of the Easter holidays.

16. Creditors

This note shows money owed by the Chief Constable for goods and services purchased and received on or before 31 March 2024 where the money has not been paid by this date.

31 March 2023 £000		31 March 2024 £000
(96)	Trade Payables	(96)
(17,278)	Other Payables (including Tax, NI and Pension contributions payable and Accumulated Absences)	(19,113)
(17,374)	Total Creditors	(19,209)

17. Provisions and Contingent Liabilities

Termination Benefits

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

	Termination Benefits £000
Balance at 1 April 2023	0
Additional provisions made in 2023/24	(342)
Amounts used in 2023/24	0
Balance at 31 March 2024 for the CC	(342)

Legal Provision

A legal provision was created during 2022/23 to provide for the settlement of legal cases which are currently in progress. The cases have been assessed and meet the criteria for provision, being that a past action has given rise to a requirement to pay an uncertain amount of funds at a future date in time. A best assessment of the likely costs associated has been calculated as the basis for the provision.

	Legal Provision
	£000
Balance at 1 April 2023	(1,209)
Additional provisions made in 2023/24	(473)
Amounts used in 2023/24	651
Balance at 31 March 2024 for the CC	(1,031)

Scheme Sanction Charge Provision

A provision has been created during 2023/24 to provide for the repayment of Scheme Sanction Charges to retired officers. The Scheme Sanction Charges had been deducted from some Commuted Pension Lump Sums in error.

	SSC Provision
	£000
Balance at 1 April 2023	0
Additional provisions made in 2023/24	(852)
Amounts used in 2023/24	0
Balance at 31 March 2024 for the CC	(852)

No other provisions were charged to the CIES in 2023/24 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 2024, it is not possible to reliably estimate the extent or likelihood of Penningtons claims being successful, and therefore no liability in respect of compensation claims is recognised in these accounts.

Notes to the Financial Statements**18. 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 £1.640m.

19. Cash Flow Statement – Operating Activities

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

2022/23 £000		2023/24 £000
(778)	(Increase)/decrease in revenue creditors	(1835)
11,725	Increase/(decrease) in revenue debtors	(11,098)
114	Increase/(decrease) in revenue inventories	26
(9,243)	Movement in Intra-Group Funding	11,279
(68,173)	Movement in pension liability	(37,411)
(1,209)	Movement in provisions	(1,016)
(67,564)	Total – Group and PCC	(40,055)

20. Defined Benefit Pension Schemes

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

Participation in Pension Schemes

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

The Chief Constable participates in two defined benefit pension schemes:

- the Local Government Pension Scheme (LGPS), for police staff and PCSOs, administered locally by Worcestershire County Council. This is a funded, defined benefit scheme, meaning that the Chief Constable and the employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. With effect from 1 April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.

Notes to the Financial Statements

- the Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Administration. These are unfunded defined benefit final salary schemes, meaning that there are no investment assets built up to meet the pensions liabilities, and cash has to be generated to meet the actual pensions payments as they eventually fall due. The disclosures for the various Police Pension Schemes, including the Injury Awards Scheme, are consolidated in the notes below, as the rules of the schemes are not materially different. The income and expenditure incurred by the police pension schemes and how they are funded is summarised in the section covering the Police Pensions Fund Account.

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

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

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

Legal Cases

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

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

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:

Notes to the Financial Statements

- Eligible members of the main unfunded pension schemes have a choice of the benefits they wish to take for the “remedy period” of April 2015 to 31 March 2022.
- From 1 April 2022, when the remedy period ended, all those in service in main unfunded schemes will be members of the reformed pension scheme, ensuring equal treatment from that point on.
- Ensures there are no reductions to member benefits as a result of the 2016 cost control valuations.

Impact on pension liability

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

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

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

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

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

Transactions relating to post-employment benefits

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

Notes to the Financial Statements

The following transactions have been made in the Group CIES and the Police Fund via the MIRS during the year:

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

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
CIES			
Cost of Services:			
- current service costs	22,417	48,120	70,537
- past service costs and gain/loss from settlements	0	330	330
Financing and Investment Income and Expenditure			
- net interest expense	5,396	71,220	76,616
Total Post Employment Benefit charged to the surplus or	27,813	119,670	147,483

Notes to the Financial Statements

deficit on the Provision of Services			
Other Post-Employment Benefits charged to the CIES			
Re-measurement of the net defined benefit liability and return on plan assets	(214,669)	(766,178)	(980,847)
Total Post Employment Benefit charged to the CIES	(186,856)	(646,508)	(833,364)
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.	(27,813)	(119,670)	(147,483)
Actual amount charged against the Police Fund Balance for pensions in the year			
- employers' contributions payable to the scheme	11,488	64,872	76,360
- benefits paid direct to beneficiaries	0	2,950	2,950

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

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

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

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
Present value of the defined benefit obligation	(371,826)	(1,982,751)	(2,354,577)
Fair value of plan assets	370,592	0	370,592
Net liabilities arising from the defined benefit obligation	(1,234)	(1,982,751)	(1,983,985)

Notes to the Financial Statements**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.

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 net asset is shown as £0.0m.

This year the Chief Constable's LGPS valuation shows the Fair value of plan assets to be £422.630m and the present value of the defined benefit obligation to be £382.268m. This would show the scheme as being in surplus by £40.362m, 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 £382.268m.

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

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

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

Notes to the Financial Statements

2022/23	LGPS £000	Police Pension Schemes £000	Total £000
Opening balance at 1 April	(562,250)	(2,697,081)	(3,259,331)
Current service cost	(22,417)	(48,120)	(70,537)
Interest cost	(15,653)	(71,220)	(86,873)
Contributions by scheme participants	(3,733)	(11,210)	(14,943)
Re-measurement of liabilities	222,080	766,660	988,740
Business Combinations (PPL - see note above)	0	0	0
Benefits paid	10,147	78,550	88,697
Past service costs	0	(330)	(330)
Curtailments	0	0	0
Closing balance 31 March	(371,826)	(1,982,751)	(2,354,577)

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

2022/23 £000	Reconciliation of fair value of the scheme assets (LGPS)	2023/24 £000
362,672	Opening balance at 1 April	370,592
10,257	Interest income	17,899
(7,186)	Re-measurement gain/loss: The return on plan assets, excluding the amount included in the net interest expense*	(11,709)
(225)	Administration expenses	0
11,488	Contributions by employer	11,483
3,733	Contributions from employees into the scheme	3,919
0	Business Combinations (PPL - see note above)	0
(10,147)	Benefits paid	(9,916)
370,592	Closing balance 31 March	382,268

* adjusted in respect of the asset celling calculation. A £28.653m gain less £40.362m adjustment.

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.

Notes to the Financial Statements

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

The total contributions expected to be made to the LGPS by the Group in the year to 31 March 2025 is £13.3m. Expected contributions for the Police Pension Schemes by the Chief Constable in the year to 31 March 2025 are £34.6m.

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

The analysis of the re-measurement of the net defined benefit liabilities for 2023/24 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 £000	Police Pension Schemes £000	Total £000
2023/24			
Changes in financial assumptions	(7,855)	(39,617)	(47,472)
Changes in demographic assumptions	(5,625)	0	(5,625)
Re-measurement of assets*	11,709	0	11,709
Experience gains and losses	2,623	23,490	26,113
Total re-measurement	852	(16,127)	(15,275)

	LGPS £000	Police Pension Schemes £000	Total £000
2022/23			
Changes in financial assumptions	(256,265)	(917,698)	(1,173,963)
Changes in demographic assumptions	(9,042)	(40,550)	(49,592)
Re-measurement of assets	7,411	0	7,411
Experience gains and losses	43,227	153,350	196,577
Total re-measurement	(214,669)	(804,898)	(1,019,567)

*adjusted in respect of the asset celling calculation. A £28.653m gain less £40.362m adjustment.

LGPS Assets

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

Notes to the Financial Statements

Total 31 March 2023 £000	Split of Assets between Investment categories %		Total 31 March 2024 £000	Split of Assets between Investment categories %
267,694	72.2	Equities	44,790	10.6
5,115	1.4	Government Bonds	0	0.0
4,452	1.2	Other Bonds	0	0.0
31,841	8.6	Property	33,772	8.0
56,022	15.1	Alternatives—UK Infrastructure etc	336,871	79.7
5,468	1.5	Cash-Liquidity	7,197	1.7
370,592	100	Total Assets	422,630	100

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 Robertson, 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 2024. 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:

2022/23			2023/24	
LGPS	Police Pension Schemes		LGPS	Police Pension Schemes
		Mortality assumptions		
		Longevity at 65 for current pensioners:		
22 years	21.9 years	Men	21.3 years	21.9 years
24.2 years	23.5 years	Women	23.6 years	23.6 years
		Longevity at 65 for future pensioners:		
23.3 years	23.5 years	Men	22.6 years	23.6 years
26.1 years	25 years	Women	25.5 years	25.1 years
2.7%	2.6%	Rate of CPI inflation	2.75%	2.60%
4.2%	3.9%	Rate of increase in salaries (long-term)	4.25%	3.85%
n/a	n/a	Rate of increase in salaries (short-term)	n/a	n/a
2.8%	2.6%	Rate of increase in pensions	2.75%	2.60%
4.8%	4.7%	Rate for discounting scheme liabilities	4.85%	4.75%
2.7%	3.9%	CARE Revaluation rate	2.75%	3.85%
50%	100%	Take-up of option to convert annual pension into retirement lump sum	50%	100%

Notes to the Financial Statements

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

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

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

	Impact on the Defined Benefit Obligation in the Scheme	
	Increase in assumption	Decrease in assumption
	£000	£000
Longevity (increase or decrease in 1 year)	104,653	(104,653)
Rate of inflation (increase or decrease by 1%) – Police staff only	475,900	(475,900)
Rate of increase in salaries (increase or decrease by 1%)	444,120	(444,120)
Rate of increase in pensions (increase or decrease by 1%) – PPS only	308,000	(308,000)
Rate for discounting scheme liabilities (increase or decrease by 1%)	16,170	(16,170)

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.

2022/23			2023/24	
£000	£000		£000	£000
		Contributions Receivable		
		From employer		
(26,145)		- Normal at 31% of pensionable pay	(28,820)	
(601)		- Ill Health Capital Sum Income	(900)	
(11,216)		From members (serving police officers)	(12,451)	
	(37,962)			(42,171)
	(365)	Individual Transfers In from other schemes		(148)
		Benefits Payable		
61,279		Pensions	67,564	
15,708		Commutations and Lump Sum retirement benefits	9,885	
0		Lump sum death benefits	278	
	76,988			77,727
		Payments to and on account of leavers		
79		Refunds of contributions	132	
0		Individual transfers out to other schemes	23	
	79			155
	38,740	Sub-total for the year before transfer from the Group of amount equal to the deficit		35,563
	(38,740)	Additional funding payable by the Group to meet deficit for the year		(35,563)
	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 20;
6. Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 31% of police officer pensionable pay from 1 April 2019;
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.

Glossary

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

Glossary

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.

Glossary

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.

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.

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.

Glossary

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.

Glossary

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.

Glossary

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.

Glossary

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

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

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

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.

(Strategic) Alliance – The alliance formed by Warwickshire Police and West Mercia Police to use their combined resources to deliver all policing services to the people and communities of Herefordshire, Shropshire, Telford & Wrekin, Warwickshire and Worcestershire; the alliance ended on 31st March 2020.

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.