



STAFFORDSHIRE COMMISSIONER
Police | Fire and Rescue | Crime



STAFFORDSHIRE
POLICE

Unaudited Group Statement of Accounts 2025/26

Staffordshire and Stoke on Trent





Keep Staffordshire safe

Our Vision

A safe and confident Staffordshire, secured by an outstanding local police service that is passionate about serving the public, caring for its people and working in partnership.

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Section 1

Introduction



Staffordshire remains a safe place to live, visit and work. Overall crime rates are well below the regional and national average, and our area sees particularly low levels of neighbourhood crimes such as burglary, vehicle crime and robbery compared to most similar force areas.

Throughout my previous term of office and during my 2024 election campaign, I have consulted with individuals, families and community representatives. The issues that continue to concern them most are ASB, neighbourhood crime, drug dealing and road safety. My engagement and consultation also highlight consistent themes around the basic aspects of policing. People value a visible Police presence to deter offending and provide reassurance, they want a prompt response to calls for service and expect officers to take robust action and be effective in investigating crime. Whilst neighbourhood crime has reduced and improvements made in contact performance, I am concerned about increases in antisocial behaviour and some violent crime categories and continue to scrutinise force performance in tackling these

problems. People are, however, seeing improved criminal justice outcomes and levels of victim satisfaction and public confidence are rising.

His Majesty's Inspectorate of Constabulary and Fire & Rescue Service (HMICFRS) recently carried out its latest PEEL inspection of the force. Whilst it will be some time before its report and gradings are published, HMICFRS has already noted some positive improvements to performance. I would like to thank the force for their continued focus when central government funding of police services is not covering increases in cost and reform across the public sector means distraction and uncertainty. I am certain that Staffordshire Police will continue to strive to fulfil the ambitions set out in my Police & Crime Plan.

With council tax payers' support, I have been able to provide the resources for the service to invest in the technology, training and people required to help meet these daily challenges, weighing up risk and potential harm to prioritise tasks. Staffordshire's additional police officers have helped the force to respond more quickly and they are using their powers more often to address continued high demand, particularly in domestic violence. The Road Crime Team is robustly tackling crime on our road networks and making them safer, providing our communities with a more focused and localised service than previously. The Proactive and Rural Crime Team is addressing the issues that impact our rural communities, such as wildlife crime, burglary and organised gangs stealing machinery from businesses and farms.

Officers carried out over 16,000 hours of high visibility patrols in 19 hotspot areas as part of a strategy to reduce serious violence, knife crime, anti-social behaviour and retail crime in our town centres. The additional patrols made 536 additional arrests, 455 additional stop searches and achieved a 26% reduction in knife crime and an 8% reduction in serious violence in targeted areas. This funding has

now ended, but the good work will continue through 53 additional neighbourhood officers funded through the Neighbourhood Policing Guarantee.

A dedicated victims' portal, giving regular updates on the progress of their investigation, has contributed to an 11% increase in victims' positive opinion after contact with Staffordshire Police, and 100 more detectives in Staffordshire Police's Public Protection Unit which focuses on protecting vulnerable children and adults.

The overall financial position for Staffordshire Police has continued to improve in recent years, resulting in a more robust level of reserves that is more in line with reserve levels held nationally but is not excessive. The outturn for 2025/26 is a small underspend of £0.790m (0.29% of annual budget) and 87% of the £9.977m MTFS savings required being delivered. Both of these demonstrate strong financial management of the budget through the past financial year.

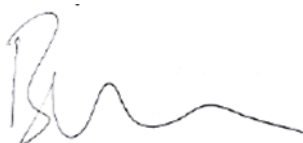
I continue to review the ongoing investment requirements of Staffordshire Police when considering council tax proposals and how much the residents of Staffordshire will have to pay as I recognise that these are challenging financial times for everyone. This has, however, been another difficult year for setting the budgets for our Police service. Once again, Government grant funding does not fully cover the increased cost of inflation, pay rises, or national policy decisions. The Government has acknowledged the impact of their funding decision by allowing PCC's to apply to the Home Office for permission to raise precept above the £15 announced in the settlement if they feel a balanced budget cannot be met without significant operational impact.

After taking consideration of the response from residents during the annual Precept Consultation, the views of the Chief Constable and recognising the effective financial management of the service, Staffordshire did not apply for further precept flexibility, as I do not feel that government should expect the Local Taxpayer to fill gaps created by national policy choices and decisions.

My office has worked with Staffordshire Police to address budget challenges over the past three years with savings targets consistently being met as part of a comprehensive transformation programme. The force is already lean, consistently benchmarking as providing good value for money, however, there is more to do to protect what has been achieved in recent years. To further improve efficiency and productivity as part of a renewed transformation programme a further £15m of new savings is required next year.

With this, inflation and wage pressures in mind, I increased the council tax precept by 5.2% in 2026/27, equivalent to £15 per year for a band property, which was in line with the referendum limit. This proposed increase, alongside the updated transformation work, is essential to limit reductions in service. I am acutely aware that household budgets are tight so I will always aim to keep council tax as low as possible without compromising the safety of officers and the community they serve. Not to take these measures now will mean bigger cuts in service and potentially bigger council tax increases in the future.

I am responsible for approving the Statement of Accounts for 2025/26 and will do so giving due consideration to the recommendations made by the Joint Audit and Risk Committee (JARC).



Ben Adams

Staffordshire Commissioner

Narrative Statement

The primary role of the Police and Crime Commissioner (PCC) for Staffordshire is to secure the maintenance of an efficient and effective police service across Staffordshire and Stoke-on-Trent, and to hold the Chief Constable to account for the delivery of operational policing functions in accordance with the Police Reform and Social Responsibility Act 2011.

For financial reporting purposes, the PCC and the Chief Constable operate as a single accounting group. Accordingly, this Statement of Accounts presents both the financial position of the PCC Group and the PCC as a single entity. The Chief Constable's standalone accounts are published separately. Further detail on the governance arrangements and structure of the group is provided within the notes to the accounts.

The purpose of this Narrative Statement is to provide a clear and accessible overview of the financial performance of the PCC Group for the year ended 31 March 2026, together with its financial position at the year end. It brings together key financial and operational information to support the reader in understanding the accounts and the context within which they have been prepared.

The Narrative Statement includes an overview of the governance framework and organisational arrangements of both the PCC and the Chief Constable, together with a summary of financial performance, service delivery and workforce activity across Staffordshire Police during 2025/26. This reflects the continued evolution of policing demand, including increasing complexity in crime types and ongoing pressures associated with safeguarding vulnerable people, public protection, and digital-enabled offending, as highlighted in previous years' reporting.

The structure and content of the Statement of Accounts have been prepared in accordance with the CIPFA Code of Practice on Local Authority Accounting in the United Kingdom. The narrative report consists of the following sections:

1. Strategy and structure, including an overview of the PCC and the Group
2. Governance arrangements of the PCC and the Force
3. Our Workforce
4. About Staffordshire
5. Non-financial performance
6. Partnership Collaboration
7. Financial Review
8. Key risks, future challenges and financial sustainability
9. Conclusion
10. Summary on the Statement of Accounts

The 2025/26 financial year represents the second year of delivery against the PCC's current Police and Crime Plan, which sets out the strategic priorities for policing and community safety across Staffordshire. The Plan continues to be informed by public consultation and engagement with partners, with key themes including visible neighbourhood policing, crime prevention, protecting vulnerable people, and improving outcomes for victims.

The policing environment remains increasingly complex and demanding, and 2025/26 has been no exception. The Force continues to respond to evolving patterns of demand, including the growing complexity of crime, particularly in areas such as safeguarding, serious violence, online offending and crimes involving vulnerable individuals. Ongoing investment in workforce capacity, technology and crime prevention initiatives has supported the Force in addressing these challenges and maintaining effective service delivery.

Officer and staff resources have been sustained at levels that enable the continued delivery of visible and responsive policing services. Investment in digital capability and more efficient ways of working has further enhanced the Force's ability to deploy resources effectively. However, there remains a continued requirement to identify efficiencies and improve productivity to ensure the long-term sustainability of policing services.

Maintaining public trust and confidence remains a key priority for both the Police and Crime Commissioner (PCC) and the Chief Constable. There continues to be a strong focus on upholding the highest standards of professional conduct, with robust processes in place to address misconduct and reinforce public assurance in policing services.

The wider economic environment continues to present challenges during 2025/26. While inflationary pressures have begun to ease, the legacy of previous increases—particularly in pay, energy and contractual costs—continues to impact the Force’s financial position. At a national level, policing continues to operate within a constrained funding environment, requiring careful prioritisation of resources and a continued focus on delivering value for money.

Throughout the year, significant activity has continued to enhance the efficiency and effectiveness of policing across Staffordshire. This has been supported by strong partnership working at local, regional and national levels, enabling a coordinated approach to tackling crime, protecting vulnerable people and supporting victims. The PCC and Chief Constable have worked collaboratively to ensure that the organisation remains financially sustainable while continuing to deliver high-quality policing services to the communities of Staffordshire and Stoke-on-Trent.

The Narrative Statement also highlights the key risks and uncertainties facing the organisation, including funding constraints, demand volatility and the need to adapt to an increasingly complex policing landscape. It provides forward-looking commentary on financial sustainability and the actions being taken to ensure that Staffordshire Police remains well positioned to respond to future challenges.

Strategy & Structure

The Police Reform and Social Responsibility Act 2011 established the Police and Crime Commissioner (PCC) and the Chief Constable as two separate legal entities, each with distinct roles and responsibilities. Under this framework, the Chief Constable is responsible for the direction and control of operational policing, including the employment of police officers and staff, a function which formally transferred on 1 April 2014. The PCC retains overall responsibility for setting the strategic direction of policing, securing the maintenance of an efficient and effective police service, and holding the Chief Constable to account for performance.

These accounts have been prepared in accordance with the requirements of the Police Reform and Social Responsibility Act 2011 and the applicable accounting framework. For reporting purposes, the PCC and Chief Constable are treated as a single accounting group, reflecting the close financial and operational relationship between the two organisations.

Throughout this Statement of Accounts, the PCC is referred to as the Staffordshire Commissioner. In addition to their responsibilities as the elected Police and Crime Commissioner, the Staffordshire Commissioner also has governance responsibilities in relation to the Staffordshire Commissioner Fire and Rescue Authority. This reflects the broader governance arrangements in place locally, ensuring alignment between policing and fire and rescue services, supporting collaborative working and the efficient use of public resources.

The structure of this group and the respective roles and responsibilities of the PCC and Chief Constable are explained in further detail



Of note in the Protocol is that the Chief Constable is accountable to the law for the exercise of police powers, and to the Police, Fire & Crime Commissioner for the delivery of efficient and effective policing, as well as for the management of resources and expenditure by the police force. At all times, the Chief Constable, their officers and staff remain operationally independent.

Given the statutory responsibilities of the Police, Fire & Crime Commissioner outlined above, these Police, Fire & Crime Commissioner and Group Accounts focus on the discrete activities which fall under the direct responsibility of the Commissioner. This includes community safety activity, crime prevention initiatives, and the commissioning of services to support victims and witnesses of crime.

The "PFCC Group" accounts encompass all aspects of operational policing under the direction and control of the Chief Constable. The separate Chief Constable Accounts explain how the resources

provided by the Commissioner have been utilised to deliver operational policing services across Staffordshire and Stoke-on-Trent.

As the elected representative of local residents, the Police, Fire & Crime Commissioner sets the strategic direction for policing and community safety, holding the Chief Constable to account for the delivery of operational policing, public protection, and outcomes aligned to the Police and Crime Plan.

The Commissioner also acts as custodian of public funding for policing and wider community safety activity, including commissioning services aimed at preventing crime and supporting victims.

The Chief Constable, supported by the Chief Officer team, is responsible for delivering operational policing in line with the priorities set out in the Police and Crime Plan for Staffordshire and Stoke-on-Trent (2024–2028), which establishes the strategic framework for policing, criminal justice, and community safety over the medium term.

The Commissioner adopts a multi-year approach to financial planning, supported by key strategic documents including the Medium-Term Financial Strategy, Capital Strategy, Reserves Strategy and Treasury Management Strategy, which are updated annually as part of the budget setting process. These strategies underpin the delivery of a financially sustainable, efficient and effective policing service that provides value for money for local communities.

The four priorities of the Police and Crime Plan 2024-2028 are outlined below:

An outstanding local Police service

Closer to communities to really understand what matters to them and proactive in solving their concerns. Easy to contact, focused on the needs of victims and providing excellent customer service. Proficient and professional in everything they do. This will mean that people are safer and feel safer, and are confident in and proud of Staffordshire Police.

Preventing and protecting

Prevent harm and protect people (particularly children and those who are vulnerable) by intervening early, ensuring they are appropriately safeguarded and receive the help and support they need. Challenge and support people to make life choices that will prevent them from offending or reoffending. Doing so will mean fewer victims of crime.

Supporting victims

Ensure that victims (which includes witnesses) are treated with respect and empathy to ensure they remain confident in the force's response and are provided with high quality, specialist support services so they feel able to cope and recover from the impact of crime and ASB.

Impactful partnerships

Bring partners together and ensure the appropriate agency plays to its strengths in preventing crime and ASB, protecting people from harm, supporting those affected and delivering justice. Encourage people to get more involved in shaping priorities, volunteering and helping to solve problems in their community.

Our approach

Community focused

Understanding communities and recognising their different needs is essential to delivering a style of policing and related services in their area that builds relationships, tackles the issues most important to them and increases public confidence. It's important to give people a voice so that they feel they are being heard and are confident to report crime and ASB and provide information that can help to prevent crime.

Prevention and early intervention

Targeting interventions at those more vulnerable to crime and ASB and intervening as early as possible prevents issues from happening in the first place or escalating so that they become even more damaging, complex and costly.

Supported and equipped

Our Police service must have the equipment, vehicles, buildings and technology it needs to improve services, help protect the public and deliver real value for money. Staffordshire Police's most valuable asset is its people; officers, staff and volunteers must have the right leadership, management, training and wellbeing support, underpinned by the right organisational culture.

Solving problems together

The issues affecting individuals, families and communities are often complex and rarely solved by one organisation alone so we need to bring organisations together to prevent problems from escalating and protect people from harm. This means sharing resources and knowledge and aligning services to deliver more efficient and comprehensive solutions. Even better collaboration between partners including neighbouring Police forces, other blue light services, councils, health authorities, criminal justice partners, businesses, communities and the voluntary sector is essential.

Value for money

Every penny in policing should be directed at keeping people safe by preventing and reducing crime. We can use our resources efficiently and continuously improve by listening to the people doing the job, learning from best practice elsewhere and listening to those who receive our services, remembering that government grants and the Police share of council tax are not just to cover policing; PCCs have broader statutory responsibilities to prevent crime and support victims with services which cannot be delivered by Staffordshire Police alone.

Open and transparent

I will listen, act on public concerns, explain what we are doing to address them and treat people fairly, and I expect Staffordshire Police to do the same. In holding the force and partners to account, I will challenge, scrutinise and share performance data to demonstrate my expectation of the highest standards of public service and to increase trust and confidence.

The full document can be viewed here [Police-and-Crime-Plan_AW4.pdf](#)

Performance against the priorities identified in the Police and Crime Plan are monitored through a framework and are reported regularly to the Police, Fire and Crime Panel, and in the PCC's Annual Report. The accomplishment of these objectives will be through continued effective partnership working at all levels, not just with the force as its key partner, but also by working closely with local authorities and community safety partnerships (CSPs), other key local, regional and national stakeholders and partners. A delivery plan has also been created to measure the progress and performance of the Police and Crime Plan 2024-2028, and this will be monitored and reported upon throughout 2025/26

Governance arrangements of the PCC and the Force

The Home Office has set clear national priorities focused on improving public safety, reducing crime and strengthening confidence in policing. These priorities emphasise a data-driven approach to performance and accountability, ensuring that resources are directed towards areas of greatest harm and risk.

For 2025/26, the key national policing priorities are:

1. Reducing violence, including homicide and serious violence
2. Tackling neighbourhood crime, including burglary, robbery and vehicle crime
3. Disrupting serious and organised crime, including drugs supply and county lines
4. Protecting vulnerable people, including victims of domestic abuse and violence against women and girls
5. Improving the response to fraud and cyber-enabled crime
6. Improving victim satisfaction and overall confidence in policing

These priorities are supported by national performance measures and transparency requirements, with Police, Fire & Crime Commissioners responsible for holding Chief Constables to account for delivery.

The Staffordshire Police, Fire & Crime Commissioner's Police and Crime Plan (2024–2028) aligns with these national priorities, ensuring that local resources are targeted at the issues that matter most to communities while contributing to wider government objectives for crime reduction, victim support and improved public confidence.

The Police and Crime Plan sets out a clear focus on keeping Staffordshire and Stoke-on-Trent safe through: delivering an outstanding local policing service; preventing harm and protecting vulnerable people; supporting victims; and strengthening partnerships to tackle crime and anti-social behaviour. These priorities are closely aligned with national expectations and demonstrate how local delivery contributes to wider government objectives for policing and community safety.

The Commissioner continues to engage with local communities, partner agencies, and the police service to ensure a coordinated and effective response to crime and its underlying causes. This includes working through established governance structures such as community safety partnerships and regional collaboration arrangements to maximise collective impact.

The Police, Fire & Crime Commissioner is responsible for ensuring that all activities are conducted in accordance with the law and proper standards, and that public funds are safeguarded and used effectively. In line with the Police Reform and Social Responsibility Act, the Commissioner must secure value for money through the efficient, effective, economic and equitable use of resources.

To support this, robust governance arrangements are in place, including a Joint Corporate Governance Framework, financial and contract regulations, and a scheme of delegation. These are reviewed regularly to ensure they remain fit for purpose and are accessible to the public. The Annual Governance Statement, published alongside the Statement of Accounts, provides assurance on the effectiveness of these arrangements, including the management of risk, internal control, and compliance with statutory responsibilities.

A key element of the governance arrangements is the Joint Audit and Risk Committee (JARC), which supports both the Police, Fire & Crime Commissioner (PFCC) and the Chief Constable. The Committee generally meets on a quarterly basis and receives reports covering performance monitoring, internal and external audit, financial monitoring, strategies and policies, risk management, and the strategic risk register, alongside wider governance and assurance matters.

The Committee operates under agreed terms of reference and provides independent scrutiny and challenge, offering assurance to the PFCC and Chief Constable on the effectiveness of governance, risk management and internal control arrangements.

The PFCP is composed of locally elected councillors and independent members, who hold the PCC to account through a process of scrutiny and review, which includes scrutinising performance against the priorities set out in the Police, Fire and Crime Plan, the annual budget, and the precept. The PFCP meets in open session several times throughout the year. The PFCP also has a working group who meet to seek greater understanding on a variety of performance and other related issues. Whilst establishing openness in the conduct of police business the intention is that the PFCP supports the PCC in the effective exercise of his functions.

To fulfil the Police, Fire & Crime Commissioner's (PFCC) responsibility to hold the Chief Constable to account for the performance of Staffordshire Police, the PFCC chairs a formal Strategic Governance Board (SGB) with the Chief Constable.

The SGB provides a structured forum to review and scrutinise key areas of business, including operational performance, financial management, estates, and workforce planning. The meeting is attended by senior officers and staff from both Staffordshire Police and the Office of the Police, Fire & Crime Commissioner (OPFCC).

The Board enables detailed discussion and challenge across a range of strategic and operational issues, supporting effective oversight and informed decision-making.

Our Workforce

Staffordshire Police continues to recognise that a skilled, diverse and inclusive workforce is fundamental to delivering high-quality policing services and maintaining public trust. The organisation remains committed to embedding Equality, Diversity and Inclusion (EDI) across all aspects of its operations, ensuring compliance with the Public Sector Equality Duty (PSED) and supporting improved outcomes for both communities and employees.

The workforce strategy aligns with the broader Policing and EDI Strategies, with a focus on creating an inclusive organisational culture, enabling staff to reach their full potential, and ensuring that services are designed to meet the needs of diverse communities.



Officers and staff



Officers

2,073

PCSOs

167

Police Staff

1,590

Special
Constables

107

About Staffordshire

Staffordshire Police provides policing services across the County of Staffordshire and the City of Stoke-on-Trent. Our purpose is keeping our communities safe and reassured through preventing crime, protecting the public and bringing offenders to justice.

Staffordshire has the largest total road length of any authority area of the West Midlands and has one of the largest in the country. There are 64 miles of motorway in Staffordshire and the West Coast Mainline connects the county by rail. The section of the motorway through Staffordshire and Cheshire has around 21 million vehicle movements per year.



Motorways

64.5 miles

30

A roads

543.5 miles

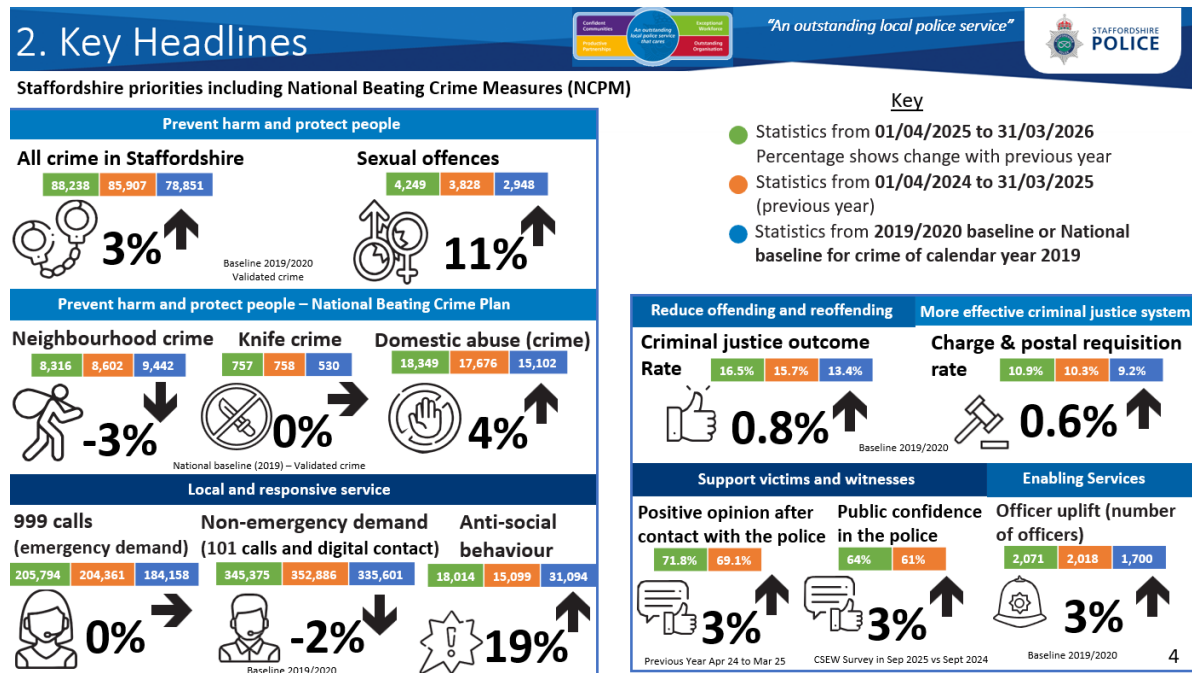
Minor roads

3,895.5 miles

Non-financial performance

During 2025/26, the Force has demonstrated a continued improvement in overall operational performance while managing increasing demand and the evolving complexity of modern policing. This progress reflects sustained investment in workforce capability, technological transformation, and targeted operational initiatives aligned to local priorities and national crime measures.

Whilst recorded crime increased slightly over the period, performance improvements were observed across key service areas including emergency response, public confidence, victim satisfaction, and criminal justice outcomes, demonstrating the Force's commitment to delivering an effective and responsive policing service.



Further information can be found here [Performance](#)

Partnership collaboration

Regional Policing

Regional Policing Criminals don't recognise borders so it is important that Staffordshire Police works effectively with our neighbouring forces. It also means that more specialised services can be provided on a larger scale to tackle the most acute problems across a broader geography in a way that would not be affordable locally.

The **Regional Organised Crime Unit** comprises officers from Staffordshire, West Midlands, Warwickshire and West Mercia forces and delivers a cohesive and coordinated response to serious organised crime across the region.

The **West Midlands Counter Terrorism Unit** is part of the national counter terrorism network that leads the response to international terrorism and domestic extremism. Its team of specialist officers provides a coordinated response in support to Staffordshire, West Midlands, Warwickshire and West Mercia forces and supports the national network as required.

Staffordshire has a collaborative arrangement with West Mercia and Warwickshire Police for delivery of **Police Constable Entry Route** (PCER) programmes through Staffordshire University's Institute of Policing. The PCER includes undergraduate and postgraduate courses for new recruits.

Staffordshire and West Midlands also have joint teams for **Legal Services** and **Firearms Licensing**.

Police/Fire Collaboration Staffordshire

Staffordshire was the second area in England where governance of Fire & Rescue was transferred to an elected Police, Fire and Crime Commissioner in 2018. Collaborative work has brought real benefits to how Police and Fire & Rescue work together to keep communities safe and delivered significant financial benefits. There are now five Police, Fire & Crime Commissioners and the Government is encouraging more coterminous Police and Fire & Rescue areas to consider the benefits of collaboration.

A bold joint estates plan has seen Police and Fire & Rescue teams brought together in modern facilities in Hanley, Tamworth, Penkridge, Stone, Uttoxeter, Chase Terrace and Kinver, with public money no longer misspent on separate buildings for each team. There are plans for similar arrangements in other locations across Staffordshire.

Staffordshire Police and Staffordshire Fire & Rescue Service now share a number of vital support services including vehicle fleet management, estates management, corporate communications, financial services, supplies and logistics, HR, occupational health and equality, diversity and inclusion. This saves money that is redirected to frontline services.

In addition to financial savings, closer working between Police and Fire & Rescue is bringing benefits such as joined-up approaches to protecting vulnerable people, and missing persons searches that take advantage of both services' resources and skills.



Financial Review

Headline figures for the year

Our financial performance in 2025/26 was positive. The Group's core funding grew to £272.365m and operating surplus of £0.790m (0.29%) against the annual budget. This underspend will be added to our general reserve, providing additional support in future years in an increasingly uncertain external environment. We have excluded the statutory accounting adjustments.



	2026 £'000	2025 £'000
Income	(35,643)	(30,120)
Expenditure	307,218	294,784
Total	271,575	264,664
Core Funding	(272,365)	(264,811)
Operating surplus	(790)	(147)

During 2025/26, the Group demonstrated strong financial stewardship, delivering an underspend of £0.790m (0.29%) against the net revenue budget through robust financial management and effective in-year monitoring.

The Group achieved 87% of its planned savings programme, reflecting solid delivery against a challenging Medium Term Financial Strategy while continuing to meet operational demands.

Financial resilience improved during the year, with general reserves increasing to £10.573m, representing 3.88% of the net revenue budget, thereby strengthening the Group's ability to manage future financial risks.

The Group also continued to reduce its reliance on external borrowing, with maturing debt repaid from internal cash balances, lowering interest costs and delivering improved value for money for the taxpayer.

Further efficiencies were realised through procurement and commercial improvements, alongside effective management of both pay and non-pay expenditure, ensuring resources were aligned to operational priorities despite inflationary and workforce pressures

In addition, increased Home Office grant funding and targeted support through the Police Officer Maintenance Grant enabled the Group to maintain officer numbers and sustain service delivery.

Overall, these achievements demonstrate the Group's continued focus on financial sustainability, efficiency and value for money while supporting the delivery of policing priorities.

Reserves

Reserves	General Fund Actual £000	Earmarked Reserves Actual £000
General Reserve		
General Reserves Balance at 1 st April 2025	9,783	37,698
(Over)/Underspend against Budget	790	0
Transfers In/(Out)	0	(1,795)
General Reserve at 31st March 2026	10,573	35,903

The general reserve balance at 31st March 2026 as shown in the above table is £10.573m and is held to cover any unexpected or emergency events that are to be considered to be a medium or high risk by the Group.

As set out in the Reserves Strategy, the Staffordshire Commissioner has indicated that the level of the general reserves is set at a minimum of 3.88% of the annual revenue budget. This is considered to be a reasonable provision for an emergency events that may occur and in line with the Commissioner's Reserves Strategy. The balance includes the underspend in year of £0.790m.

There are a number of transfers to earmarked reserves in 2025/26 taking the total value of earmarked reserves to £35.903m as at 31st March 2026.

Reserves are not held without good reason and are fully supported by a detailed Reserves Strategy that is updated annually. Whilst reserves are held to support known and future liabilities and commitments, reserves are also earmarked to support future capital investment resulting in lower capital financing costs into the medium term.

Capital Investment

During 2025/26, £23.868m was invested in capital projects, summarised as follows.

Capital Expenditure Outturn	Revised Budget £000	Actual £000	Actual %
Property, Plant and Equipment	16,481	14,133	59%
Digital, Data and Technology	13,993	5,099	21%
Vehicles	3,021	3,295	14%
Operational Equipment	1,447	1,341	6%
Total Capital Expenditure	34,942	23,868	100%

The table above shows the net capital position against the revised budget for 2025/26. The variance to budget is attributable to some project slippage mainly due to the profiling of spend against large complex capital projects.

The capital programme is supported mainly by external borrowing and planned capital receipts, with no capital grant funding from the government being available.

Depending on the project, business case and life expectancy, the Staffordshire Commissioner may borrow to fund the longer life assets. Any decision to borrow will be made, like all decisions, with value for money for the taxpayer in mind and only be done when it is the most cost-effective way of delivering a project.

During the financial year, additional revenue contributions to capital in year were made, these funded the vehicle replacement programme. The capital financing requirement (net debt) has increased by c.£14.472m in year.

The capital programme spend of £23.868 million in year has been funded as follows:

Capital Financing	31 st March 2026 £000
Capital Grants	(30)
Capital Receipts	(14)
Revenue Contribution to Capital	(4,972)
Internal Borrowing	(18,852)
Total Capital Funding	(23,868)

(This does exclude revenue contribution to capital which has funded assets under construction which have become operational during the year and any statutory adjustments).

Balance Sheet

The balance sheet is a snapshot of the Group's assets and liabilities, cash balances and reserves at the balance sheet date. A table summary is provided below.

	31 st March 2025 £000	31 st March 2026 £000
Long Term Assets	99,831	107,344
Current Assets	65,619	51,079
Current Liabilities	(41,918)	(45,569)
Long Term Pension Liabilities	(1,114,791)	(1,070,593)
Other Long Term Liabilities	(68,648)	(65,878)
Net Liabilities	(1,059,907)	(1,023,617)
Usable Reserves	(47,812)	(46,807)
Unusable Reserves	1,107,719	1,070,424
Total Reserves	1,059,907	1,023,617

As at 31st March the balance sheet shows the group had negative assets, fortunately this is not the case. The sole reason for this is the unfunded Police Pension Scheme and the funded Local Government Pension Scheme (LGPS) pension scheme. Excluding these pension liabilities, the Group Balance sheet has net assets of £46.976m including usable reserves of £46.807m.

Treasury Management

The Staffordshire Commissioner approves a Treasury Management and Investment Strategy before the start of each financial year and receives regular updates on treasury performance during the year.

Cash

	31 st March 2025 £000	31 st March 2026 £000
Cash and Cash Equivalents	350	394
Short Term Deposits	26,100	19,235
Total	26,450	19,629

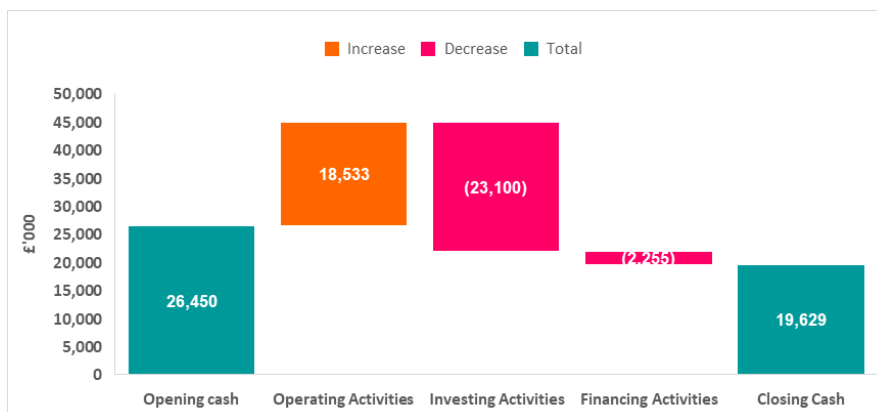
Overall, group cash position has fallen during the year to £19.629m of cash held in bank and deposits as at 31 March 2026.

External Debt

Historically long-term borrowing has been utilised to finance part of the overall capital programme. As at 31st March 2026 the Group had total external long term borrowing of £58.050m (£59.650m 2024/25). This is still under the Authorised limit for external debt.

Cash Flow Statement 2024/25

The organisation's cash position has fallen during 2025/26 with a net decrease of £6.822m. In addition, total external debt has fallen by £1.850m.



1. Inflow from operating activities reflects operating surplus generated in the year.
2. Other investing activities outflow is due to investment acquisitions and disposals.
3. Outflow on financing activities is largely loan repayments made on debt.

Pensions

Accounting standards require the full cost of pension benefits as they are earned to be reported in the accounts. The impact of this requirement on the accounts is significant with the total balance sheet liability for pensions amounting to £1,070m. The amounts included within the balance sheet reflect an estimate of the total pension liability and incorporates a number of assumptions that change over time. This liability does not affect the ability to continue as a going concern as it refers to future liabilities that will be met by future contributions. Excluding the pension liability, the balance sheet shows net assets of £46.976m.

Police Pension Scheme (PPS)

The Police Pension Schemes are unfunded defined benefit schemes and any deficit on the scheme is met by Central Government through the Home Office and a top-up payment is received annually to cover any shortfall. Employer contributions to the scheme at the rate of 35.3% (35.3% in 2024/25) of pay for current officers are funded from the revenue budget which includes council tax funding. The cost of pension payments to pensioners is largely met from the Home Office top-up grant and is therefore not funded by Council Tax. The assessed liability overall of Staffordshire in the Police Pension Scheme as at 31st March 2026 was:

	31 March 2025	31 March 2026
	£'000	£'000
Police Pension Scheme Obligation	(1,114,195)	(1,070,043)
Total Deficit	(1,114,195)	(1,070,043)

The net defined benefit liability for the Police Pension Schemes has decreased slightly from £1,675.79 million at 31 March 2025 to £1,674.73 million at 31 March 2026, representing a marginal reduction of approximately £1.06 million over the financial year.

This limited overall movement reflects the combined effect of normal in-year cost movements and actuarial remeasurements. During the year, the liability increased as a result of the current service cost and the net interest on the defined benefit obligation, which arise from the accrual of additional pension benefits and the unwinding of the discount applied to future liabilities. These increases were broadly offset by benefits paid of £90.52 million, which reduce the obligation as pension payments are made to scheme members.

In addition, a net actuarial gain of £24.40 million was recognised in 2025/26 through remeasurement of the defined benefit obligation. This reflects a gain of £55.63 million arising from changes in financial assumptions, partially offset by an experience loss of £31.23 million, representing differences between actuarial assumptions and actual outcomes during the year.

The gain from financial assumptions is primarily driven by changes in key actuarial variables. The discount rate increased from 5.65% at 31 March 2025 to 6.10% at 31 March 2026, resulting in a reduction in the present value of future pension liabilities and therefore a significant actuarial gain. Conversely, inflation increased from 2.70% to 2.95%, and salary growth assumptions increased from 3.45% to 3.70%, both of which act to increase the valuation of future pension benefits and therefore partially offset the positive impact of the higher discount rate.

Sensitivity analysis provided by the actuary demonstrates that the liability is particularly responsive to movements in the discount rate, with relatively small changes having a materially larger impact than equivalent changes in inflation or salary assumptions. As such, the increase in the discount rate remains the dominant factor influencing the financial assumption gain recognised in the year.

Overall, the combination of favourable changes in financial assumptions, offset by experience losses and normal service and financing costs, has resulted in the pension liability remaining broadly stable at 31 March 2026.

Police Staff Pensions, Local Government Pension scheme (LGPS)

Staff working for Staffordshire Police, the Staffordshire Commissioner's Office and PCSOs are eligible to be members of the Local Government Pension Scheme (LGPS) administered by Staffordshire

County Council and is a funded scheme: The current contribution rate for employees is 21.5% of pay, and this is met from the revenue budget which includes council tax funds.

	31 March 2025	31 March 2026
	£'000	£'000
LGPS Defined Benefit Obligations	(402,533)	(446,664)
Fair Value of LGPS Assets	401,937	446,114
Total	(596)	(550)

The movement in the net defined benefit position for the LGPS in 2025/26 is primarily driven by remeasurements recognised through Other Comprehensive Income (OCI), reflecting changes in both actuarial assumptions and actual market and demographic experience. The closing balance sheet position has been particularly influenced by changes in financial assumptions, most notably the discount rate.

During the period, financial assumption changes resulted in a net actuarial gain of approximately £14.3 million, reflecting the combined impact of movements in discount rate, inflation and salary growth assumptions. The discount rate increased from 5.80% at 31 March 2025 to 6.30% at 31 March 2026, driven by higher corporate bond yields at the accounting date. This increase reduces the present value of future pension obligations and therefore generated a significant actuarial gain of approximately £28.1 million, representing the dominant driver of the favourable movement on the balance sheet.

This gain was partially offset by increases in other financial assumptions. The pension increase (CPI) assumption rose from 2.75% to 3.00%, reflecting higher market expectations of inflation, which increases the projected value of future pension payments and resulted in an actuarial loss of approximately £13.2 million. Similarly, the salary growth assumption increased from 3.25% to 3.50%, giving rise to a further loss of approximately £0.7 million, although the overall impact of salary growth is comparatively limited given the CARE structure of LGPS benefits.

In addition to financial assumptions, changes in demographic assumptions resulted in a gain of approximately £5.1 million. This reflects the adoption of updated longevity assumptions, including the move to the latest CMI 2025 mortality improvement model, which results in a marginal reduction in life expectancy assumptions and therefore a lower valuation of pension liabilities.

Further movements arose from experience adjustments within OCI, including the impact of actual pension increases and the introduction of updated funding valuation data. In particular, the application of the April 2026 pension increase of 3.8%, which exceeded the prior year inflation assumption, increased the value of liabilities and contributed to an overall experience loss on obligations. However, strong actual investment returns of approximately 8.4% over the year, compared to an expected return based on the discount rate of 5.8%, generated a positive return on assets and contributed to gains recognised within OCI

The assumptions adopted for preparing the latest accounting disclosures are summarised below:

	31 March 2025	31 March 2026
	£'000	£'000
Pension Increase Rate (CPI)	2.75%	3.00%pa
Salary Increase Rate	3.25%	3.50%pa
Discount Rate	5.80%	6.30%pa

Overall, while inflation and experience factors increased the value of liabilities, the increase in the discount rate has been the predominant factor, significantly reducing the present value of future obligations. The combined effect of these remeasurements has resulted in an overall improvement in the gross balance sheet position (before asset ceiling adjustments), demonstrating the sensitivity of the LGPS valuation to market conditions, particularly corporate bond yields.

Key risks, future challenges and financial sustainability

The Staffordshire Commissioner and the Chief Constable each maintain robust and well-established risk management frameworks to ensure that strategic, operational and financial risks are appropriately identified, evaluated and managed. Corporate risk registers are regularly reviewed by chief officer and senior management teams, with independent oversight provided through governance arrangements, including the JARC to provide assurance that risks are effectively mitigated and monitored.

The Medium-Term Financial Strategy (MTFS) and annual budget process are closely aligned with these corporate risks. Financial resources are directed towards areas of highest strategic priority, with a risk-based approach adopted to ensure that operational delivery is maintained whilst addressing emerging pressures.

The national policing environment continues to evolve, with the Government's Police Reform White Paper (January 2026) setting out a programme of wide-ranging reform. The White Paper places a strong emphasis on strengthening neighbourhood policing, improving national performance frameworks, enhancing policing capabilities, and increasing focus on prevention and early intervention. Central to this is the introduction of a more consistent, data-driven performance regime across forces, alongside a renewed focus on visible, community-based policing and public confidence.

The reform programme also outlines a greater role for technology, data and system-wide collaboration in delivering policing services, supported by expectations of improved productivity and efficiency. Whilst these reforms aim to drive improvements in outcomes and accountability, they also introduce additional delivery requirements and expectations on forces, with associated financial and operational implications. As with previous national initiatives, there remains a risk that new burdens and policy requirements are only partially funded, requiring local mitigation through efficiency programmes, prioritisation or local funding decisions.

Uncertainty also remains in relation to wider public sector reform, including local government reorganisation and devolution, which may alter governance arrangements and partnership structures. Whilst the full impact on policing is not yet clear, Staffordshire Police established collaborative relationships provide a strong platform to respond to future changes. Demand modelling continues to draw on statistical analysis, historic trends and operational insight to ensure that the Force's operating model remains responsive to evolving demand and emerging risks.

The financial outlook remains challenging and is characterised by continued uncertainty in government funding, sustained inflationary pressures and increasing reliance on local taxation. As highlighted in the MTFS, a significant proportion of the cost base relates to pay, limiting flexibility in achieving further savings and increasing exposure to nationally determined pay awards. In addition, nationally driven cost pressures, including those arising from reform programmes and technological change, are not always fully funded, placing additional pressure on local budgets.



The Commissioner has responded to these challenges through prudent financial planning, including maximising precept flexibility within national limits, supporting delivery of transformation and efficiency programmes and aligning investment to strategic priorities. Reserves continue to be used in a planned and controlled manner to support financial sustainability, although levels are expected to reduce over the medium term, requiring continued focus on delivery of savings and careful management of financial risk.

The capital programme remains essential to supporting operational effectiveness, digital transformation and estate modernisation. However, limited availability of capital grant funding requires ongoing reliance on borrowing and revenue contributions, increasing future revenue commitments and reinforcing the need for strong financial discipline.

Despite these pressures, the financial position remains resilient. The Commissioner continues to set a balanced budget supported by a robust MTFS, a prudent reserves strategy and a strong track record of delivering efficiencies. Whilst the external environment remains uncertain and challenging, Staffordshire Police is well positioned to manage emerging risks and maintain financial sustainability through effective governance, sound financial management and a continued focus on transformation and value for money.

Conclusion

The Police, Fire and Crime Commissioner and the Chief Constable will continue to drive value for money across all areas of policing, supported by robust financial management and close in-year monitoring of financial performance. This ensures that operational demand can be met within the resources available in the approved budget. For 2025/26, the Group delivered a net revenue outturn of £271.574m against a budget of £272.364m, representing a small underspend of £0.790m (0.29%), demonstrating strong financial control in a challenging environment.

The Commissioner has set a clear strategic direction through the Police and Crime Plan, focused on maintaining an outstanding local policing service, enhancing visibility through neighbourhood policing, and continuing investment in digital and operational capability. This is delivered in the context of relatively low funding compared to other forces, alongside lower officer numbers per head of population, requiring a continued emphasis on efficiency, productivity and effective deployment of resources.

The financial affairs of the Commissioner and Chief Constable continue to be managed prudently and in accordance with CIPFA guidance and recognised best practice in financial management, governance and treasury management. The organisation maintains a strong focus on cost control and the delivery of efficiency savings, with £8.643m of savings delivered in 2025/26 (87% of the target), alongside additional in-year efficiencies identified to mitigate pressures.

Looking ahead, the key challenge remains balancing increasing demand for policing services with the resources available. This includes managing pay and inflationary pressures, reducing reliance on vacancy-led underspends and overtime, and maintaining financial resilience as reserves are used in a planned manner over the life of the Medium-Term Financial Strategy. The continued delivery of the capital programme, including investment in estates, digital infrastructure and operational equipment totalling £23.867m in 2025/26, will be critical in supporting service transformation and long-term efficiency.

The Commissioner and Chief Constable will continue to focus on improving productivity, maximising the benefits of technology and sustaining strong partnership working to deliver effective policing outcomes. Maintaining financial resilience, securing ongoing funding, and delivering the required savings programme will remain central to ensuring that Staffordshire Police continue to provide a high-quality, sustainable service to the public.

Summary on the Statement of Accounts

This section explains the accounting policies applied in producing the Statement of Accounts. The accounting policies apply to all of the Group, OPCC and CC single entity transactions and statements unless stated otherwise. Where the term "Group" is used below this refers to both the individual statements as well.

The Statement of Accounts are prepared on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future, and using International Financial Reporting Standards (IFRS). Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2022 and the Code of Practice on Local Authority Accounting.

The Statement of Accounts are a legal requirement under the Accounts and Audit Regulations 2015 and must comply with proper accounting practices. These practices are set out in the Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) which is based on International Financial Reporting Standards and other supporting accounting standards.

Statement of Responsibilities for the Statement of Accounts which sets out the respective responsibilities of the Authority and the Treasurer for the accounts.

Statement of Accounting Policies which sets out the basis for recognising, measuring and disclosing transactions in the accounts;

Movement in Reserves Statement (MIRS) which reconciles the Income and Expenditure Account with General Fund Balances considering contributions to reserves committed for future expenditure;

Comprehensive Income and Expenditure Statement (CIES) which summaries the income and expenditure activity for the financial year. This statement analyses the income and expenditure by type of spend.

Balance Sheet which sets out statement of the financial position as at 31st March, showing the assets, liabilities and reserves as valued at that date.

Cash Flow Statement which summaries the changes in cash balances during the year and sets out whether the change is due to operating activities, new investment or financing activities.

Auditors Report gives the auditors opinion on whether the accounts provide a true and fair view of the financial position and operations for the year.

Disclosure Notes to these financial statements it provides more detail on the Group and PCC accounting policies and individual transactions.

Police Pension Fund Account (Police Officers ONLY) 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 close the balance for that year.

Section 2

Independent auditors report to the Police and Crime Commissioner of Staffordshire

Report on the audit of the financial statements

To be inserted when audit completed.

Section 3

Statement of Responsibilities

The Police and Crime Commissioner Responsibilities

The commissioner is required to:

- Make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. For this authority, the responsibility rests with the Director of Finance.
- Manage the PCC's affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- Approve the Statement of Accounts.

I accept the above responsibilities and approve these Statements of Accounts for 2025/26.

Ben Adams
Police, Fire and Crime Commissioner for Staffordshire
Date

The Director of Finance Responsibilities

The Director of Finance is responsible for the preparation of the PCC single entity and OPCC Group 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 (the Code)*.

In preparing this Statement of Accounts, I have:

- Selected suitable accounting policies and then applied them consistently.
- Made judgments and estimates that were reasonable and prudent.
- Complied with the local authority code.

I have also

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

These financial statements give a true and fair view of the financial position of the authority at the reporting date and of its income and expenditure for the year ended 31st March 2026.

Sarah Wilkes
Director of Finance, Staffordshire Commissioner's Office / S151 Officer
Date

Section 4

Statement of Accounting Policies

1. General Principles (IAS 8)

The Statement of Accounts for the Staffordshire Police and Crime Commissioner (PCC), the Chief Constable (CC) and the consolidated Group for the year ended 31 March 2026 has been prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2025/26 (the Code) and is supported by International Financial Reporting Standards (IFRS). The Accounts are prepared under the Accounts and Audit Regulations 2024 and follow the accruals basis of accounting.

The PCC is responsible for stewardship of public funds, including the Police Fund. The Statement of Accounts is prepared on a going-concern basis and presents a true and fair view of the financial position and performance of the PCC, CC and Group.

2. Changes in Accounting Policy

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

The only changes to Staffordshire Police's accounting policies for 2025/26 relate to updates in the Code concerning the treatment and valuation of non-investment assets, particularly Property, Plant and Equipment (PPE) and Intangible Assets. These changes reflect the outcomes of HM Treasury's Thematic Review of Non-investment Assets and associated amendments to IFRS-based UK public sector standards.

3. Group Accounts

Following the Police Reform and Social Responsibility Act 2011, two corporation sole bodies exist: the PCC and the CC. For accounting purposes, the CC is treated as a subsidiary of the PCC and Group Accounts are prepared.

The PCC controls economic resources and bears the majority of risks and rewards (including ownership of all non-current assets, reserves, and the statutory responsibility for the Police Fund). The CC is responsible for operational policing. Consolidation is performed using the acquisition method, eliminating intra-group transactions and balances, so that the Group financial statements present the activities of the PCC and the CC as a single economic entity.

The single-entity statements of the PCC show the Police Fund and strategic resources, while the CC single-entity statements show the cost of operational policing. The Group statements combine both.

4. Income and Cost Recognition and Intra-group Adjustments

The PCC is responsible for the single Police Fund into which all income for Staffordshire Police is received and from which all expenditure is paid, meaning the Chief Constable does not operate a separate bank account into which money can be received or from which payments can be made.

The Chief Constable's Accounts record the full cost of delivering day-to-day operational policing, including salaries for officers, PCSOs and staff, operational running costs, and charges for the use of PCC-owned assets, which are based on depreciation, amortisation and any impairments. To reflect that all operational policing is funded by the PCC, the Chief Constable's Accounts show income in the form of funding provided by the PCC; however, because the PCC holds and manages all cash, this funding is an accounting entry only rather than an actual cash flow. These shared accounting entries form the basis of the intra-group adjustment made when the PCC and Chief Constable's Accounts are consolidated into the Group Accounts.

In addition, the Chief Constable's Accounts also recognise the cost of post-employment benefits earned by staff and officers during the year, along with the cost of accrued absences such as untaken annual leave.

Council Tax precepts are accounted for on an agency basis with billing authorities. The Group recognises its share of debtors, impairment allowances, overpayments/prepayments and cash balances from the collection funds of billing authorities.

5. Accruals of Income and Expenditure

The revenue and capital accounts of the Group are maintained on an accrual basis. This means that income and expenditure are recognised in the accounts in the period in which they are earned or incurred and not when money is received or paid. The exception to the accruals basis is where the amounts involved are not material. Further details are given below:

- Where income and expenditure has been recognised but cash has not yet been received or paid; a debtors or creditor for the relevant amount is included in the Balance Sheet;
- Fees, charges and rents due from customers are accounted for as income at the date that the associated goods or services are provided;
- Interest due to or from third parties in relation to loans and investment, is accrued in full at the year-end;
- Supplies are recorded as expenditure when they are consumed. Supplies received but not yet consumed are held as inventories in the Balance Sheet;
- Provision is made for Impairments of debts in the General Fund;

Specifically, the Council Tax precept on billing authorities is accounted for on an accrual's basis. As a preceptor the Group recognises its share of collection fund debtors and creditors with each billing authority. Entries are therefore included within the Balance Sheet to represent the Group's share of the following:

- Council Tax arrears (debtor)
- Impairment allowance for bad/doubtful debts (debtor)
- Council tax overpayments and prepayments (creditor)
- Cash Balances (debtor or creditor as appropriate)

Accruals have been made on the basis of the known value of the transaction wherever possible. Where estimates have been required to be made, they are based on appropriate and consistently applied methods. Where there has been a change to an estimation method from that applied in previous years and the effect is material, a description of the change and if practicable, the effect on the results for the current period is separately disclosed.

6. Revenue Recognition (IFRS15)

IFRS 15 determines that the Group should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services.

- Revenue recognised from contracts with customers, including the disaggregation of revenue into appropriate categories
- Contract balances, including the opening and closing balances of receivables, contract assets and contract liabilities
- Performance obligations, including when the entity typically satisfies its performance obligations and the amount of the transaction price that is allocated to the remaining performance obligations in a contract
- Significant judgements, and changes in judgements, made in applying the requirements, and
- Assets recognised from the costs to obtain or fulfil a contract with a customer.

Statutory income streams such as council tax precepts and government grants fall outside the scope of IFRS 15 because they do not arise from enforceable contracts with customers. IFRS 15 applies only to revenue from contracts where goods or services are transferred in exchange for consideration.

7. Council Tax Precept Income

Council tax income included within the comprehensive income and expenditure statement includes our share of the surplus or deficits from other local authority collection funds.

8. Government Grants and Contributions (IAS20)

Grants and contributions are recognised in the CIES when conditions attached to the grant or contributions has been satisfied. Government grants and contributions that have been satisfied are carried in the Balance Sheet as creditors. Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movements in Reserves Statement (MIRS). Where the grant is yet to be used to finance capital, it is held on the Capital Grant unapplied reserve. Where it has been used, it is transferred to the Capital Adjustment Account (CAA).

9. Interest

External interest receivable on investments and the interest payable on borrowing are charged to the comprehensive income and expenditure statement.

10. Charges to Service Revenue Accounts for Non-Current Assets

Service revenue accounts, support services and trading accounts are debited with the following amounts to record the real cost of holding non-current assets during the year:

- Depreciation attributable to the assets used by the relevant service.
- Revaluation and impairment losses attributable to the clear consumption of economic benefits on tangible fixed assets used by the service, and other losses where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off.
- Amortisation of intangible fixed assets attributable to the service.

The Group is not required to raise council tax (via precept) to fund depreciation, revaluation and impairment losses or amortisation. However, he is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement in accordance with the Local Authorities (Capital Finance & Accounting) (England) Regulations 2003, as amended, known as the Minimum Revenue Provision.

Depreciation, revaluation and impairment losses and amortisation are therefore replaced by the Minimum Revenue Provision contribution in the General Fund Balance by way of an adjusting transaction within the Capital Adjustment Account in the MIRS for the difference between the two.

11. Jointly Controlled Operations (IAS 31)

Jointly controlled operations are activities undertaken by the Group in conjunction with other ventures that involve the use of the assets and resources of the ventures rather than the establishment of a separate entity. The Group recognises on its Balance Sheet the assets that it controls and the liabilities that it incurs and debits and credits the CIES with the expenditure it incurs and the share of income it earns from the activity of the operation. Jointly controlled assets are items of property, plant or equipment that are jointly controlled by the Group and other ventures, with the assets being used to obtain benefits for the ventures. The joint venture does not involve the establishment of a separate entity. The Group accounts for only its share of the jointly controlled assets, the liabilities and expenses that it incurs on its own behalf or jointly with others in respect of its interest in the joint venture and income that it earns from the venture.

12. Exceptional Items

Normally any material exceptional items are separately identified on the face of the CIES, in order to give a fair presentation of the accounts. Where these items are less significant they are included within the relevant line of the CIES, however, details of all exceptional items are given in the Explanatory Foreword.

13. Employee Benefits (IAS 19)**Benefits Payable during Employment**

Under IAS19 short term employee benefits are those to be settled within 12 months of the year end. They include such benefits as salaries and wages, paid annual leave, paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for the service in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements, flexi leave and 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 year end. The accrual is charged to the Surplus or Deficit on the Provision of Services but then reversed out through the MIRS so that such benefits are charged to revenue in the financial year in which the benefit 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 as a result of a decision by the Group to terminate an employee's employment before the normal retirement date or an employee's decision to accept voluntary redundancy. These benefits are charged on an accrual's basis to the Non-Distributed Costs line in the Group's CIES. They are charged when the Group is demonstrably committed to the termination of the employment of an employee or making an offer to encourage voluntary redundancy.

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.

Defined Benefit Schemes (Post-Employment Benefits)

Employees of the Group are members of one of two separate defined benefit pension schemes which provide lump sums and pensions upon retirement:

- Police Officers – Police Pension Scheme (PPS)

From 1 April 2015 the Police Pension Scheme 2015 was introduced which changed accrued pension entitlements from a final salary basis to career average. All new police recruits will join this scheme from April 2015. Police Officers in post before this date will be members of the previous 1987 and 2006 schemes or may have transferred to the 2015 scheme dependent upon protection and transitional arrangements for the previous schemes.

Under the Police Pensions Regulations 1987 (as amended) the schemes have no investment assets, and the Pension Fund is balanced to nil each year by a transfer from the Police Fund. The Home Office then pay a top-up grant, not exceeding the amount of the transfer, back into the Police Fund. In accordance with IAS19, the charge to the CIES represents the increase in the benefits earned by officers in the current period, including the related finance costs and any changes in the value of the unfunded liabilities.

International Accounting Standard (IAS) 19 requires the nominal discount rate to be set by reference to market yields on high quality corporate bonds or where there is no deep market in such bonds then by reference to government bonds. The PPS liabilities are discounted using the nominal discount rate based on government bond yield of appropriate duration plus an additional margin. Discount rates used by the actuaries and other assumptions are sent out in the accounts.

- Police Staff - the Local Government Pension Scheme (LGPS), Administered by Staffordshire County Council

In accordance with IAS19 the charge to the CIES represents the increase in the benefits earned by employees in the current period, including the related finance costs and any changes in the value of the assets and liabilities of the scheme.

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

Liabilities are discounted to their value at current prices in line with the actuary's agreed discount rate as stated in the relevant Note to the Accounts. The assets attributable to the Group are also included in the Balance Sheet at fair value:

- Quoted securities – current bid price
- Unquoted securities – professional valuation
- Utilised securities – current bid price
- Property – market value

The change in the net pensions' liability is analysed as follows:

Current service cost – the increase in liabilities as a result of years of service earned this year. This is charged to the CIES and is apportioned across service headings according to numbers of employees.

Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years and charged to the CIES as part of the Non-Distributed Costs.

Net Interest – on the net defined benefit liability (asset), i.e. the net interest expense for the Group – the change during the period in the net defined benefit liability (asset) 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 (asset) at the beginning of the period – considering any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payments.

The re-measurements comprise of:

The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – 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 General Fund Balance to be charged with the amount payable by the Group to the pension fund or directly to pensioner 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 IAS19 Pension Reserve to remove the notional debits and credits for the 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 IAS19 Pension Reserve thereby measures the beneficial impact to the General Fund of being required to account for the retirement benefits on the basis of cash flows rather than as benefits that are earned by employees.

Discretionary Benefits

The Group also has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Injury Awards

Injury awards under The Police (Injury Benefits) Regulations 2006 are not part of the Police Pensions Scheme and are funded direct from the CIES. However, liabilities in respect of injury awards are disclosed in the Statement of Accounts as part of the Group overall liability and are measured on an actuarial basis, using the projected unit method.

14. Property, Plant and Equipment (PPE) (IAS 16)

Assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes and expected to be used during

more than one financial year are classified as Property, Plant and Equipment (PPE).

Recognition:

Expenditure on the acquisition, creation or enhancement of PPE is capitalised where it provides benefits to the Group for more than one year and exceeds the de minimis threshold of £10,000. Expenditure that maintains, but does not enhance, asset performance is charged to revenue.

Measurement at initial recognition:

Assets are initially measured at cost, comprising purchase price and all directly attributable costs of bringing the asset into working condition for its intended use. Donated assets are recognised at fair value with a corresponding credit to Taxation and Non-Specific Grant Income and Expenditure; statutory adjustments reverse this impact in the Movement in Reserves Statement (MIRS).

Subsequent measurement:

As of 1 April 2025, in accordance with CIPFA Bulletin As of 1 April 2025, and in line with CIPFA Bulletin 22, Staffordshire Police has implemented mandatory indexation to ensure asset valuations remain aligned with current economic conditions. Under this approach, buildings undergo a full valuation every five years, with indexation applied in years two to five using appropriate and reliable indices. Where suitable indices are unavailable or considered inappropriate, a desktop valuation is carried out in year three to maintain the accuracy and integrity of asset values.

Staffordshire Police has elected to undertake a full valuation of all land and buildings in 2025/26. As a result, the indexation requirements introduced under CIPFA Bulletin 22 will not impact the accounts until for these assets until 2026/27.

From 2026/27 Indexation will be applied using reliable and recognised valuation indices (e.g., BCIS or Valuation Office indices), reviewed annually for appropriateness. In the rare case that no suitable index exists, a desktop or full valuation may be undertaken in year. Operational assets are measured at current value (existing use value), specialised assets at depreciated replacement cost, and assets under construction at historical cost.

Componentisation

Componentisation will only be applied to new buildings and significant refurbishments completed after 1 April 2010 and to revaluations undertaken after 1 April 2010.

Componentisation will be applied where an individual component is material and has a significantly different useful life from the main structure. Replacement of components will result in derecognition of the old component and capitalisation of the new one.

- Structure
- Windows/ Doors
- External Works
- Roof
- Cells & Custody
- Services

Depreciation (IAS16):

Depreciation is provided on a straight-line basis over the asset's useful life. Components of significant cost are depreciated separately. Land is not depreciated. Depreciation is not charged in the year of acquisition or under construction but is charged in full in the year of disposal.

Depreciation is calculated on the straight-line method over:

- Land and Building (Inc. Components) straight line allocation over the useful life of the property as estimated by the valuer;
- Vehicles 3 to 10 years
- IT Equipment 2 to 10 years
- Other Plant and Equipment 3 to 20 years

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their

historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment (IAS 39):

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

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

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

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

15. Intangible Assets

Intangible assets are non-monetary assets without physical substance which are capable of being sold separately from the rest of the Group's business or which arise from contractual or other legal rights where expenditure of at least £10,000 is incurred. They are recognised only where it is probable that future economic benefits will flow to, or service potential be provided to the Group and where the cost of the asset can be measured reliably. Internally generated intangible assets Internally generated goodwill, brands, publishing titles, mastheads and similar items are not capitalised as intangible assets.

Expenditure on development of an intangible asset will only be capitalised where all the following can be demonstrated:

- The project is technically feasible to the point of completion and will result in an intangible asset for sale or use;
- The Group intends to develop the asset and sell or use it;
- The Group has the ability to sell or use the asset;
- The asset will demonstrate probable future economic benefits or service benefits;
- Adequate financial, technical or other resources are available to the Group to complete the development and sell or use the asset; and
- The Group can reliably measure the expenses attributable to the asset during its development.

Software

Software which is integral to the operating system is capitalised as part of the relevant item of property, plant and equipment. Software which is not integral to the operation of hardware (e.g. application software) is capitalised as an intangible asset.

Measurement

From 1 April 2025, the Code withdraws the revaluation model for intangible assets. Intangible assets must be measured at historical cost less accumulated amortisation and impairment. Amortisation is on a straight-line basis over the estimated useful life.

Amortisation

Intangible assets are amortised over their expected useful economic life in a manner consistent with the consumption of economic or service benefits. The amortisation periods for intangible assets are, in general, three years for software licences and ten years for internally developed software.

Disposals and Derecognition

On disposal or derecognition, the carrying amount of the asset is written off to the Other Operating Expenditure line in the CIES. Disposal proceeds are credited to the same line. Any accumulated revaluation surplus for the asset is transferred from the Revaluation Reserve to the Capital Adjustment Account. Where applicable, usable capital receipts are credited to the Usable Capital Receipts Reserve.

Gains and Losses on Sale of Assets

Where sale proceeds are in excess of £10,000, the gain or loss on sale or disposal (including finance leases) is removed from the CIES and adjusted with the Usable Capital Receipts Reserve (for sale proceeds) and the Capital Adjustment Account (for carrying value in the Balance Sheet).

The Usable Capital Receipts Reserve can then only be posted against the Capital Adjustment Account when financing new capital expenditure. In the meantime, the Reserve is included as a reduction in the calculation of the Capital Financing Requirement.

16. Assets Held for Sale (IFRS 5)

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and the fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to Other Operating Expenditure line in the PCC and OPCC Group's Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on provision of services. Depreciation is not charged on Assets Held for Sale.

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

17. Leases (IFRS16)

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

Group as a Lessee

A right of use asset and corresponding lease liability are recognised at commencement of the lease.

The lease liability is measured at the present value of the lease payments, discounted at the rate implicit in the lease, or if that cannot be readily determined, at the lessee's incremental borrowing rate specific to the term and start date of the lease. Lease payments include: fixed payments; variable lease payments dependent on an index or rate, initially measured using the index or rate at commencement; the exercise price under a purchase option if the Group is reasonably certain to exercise; penalties for early termination if the lease term reflects the Group exercising a break option; and payments in an optional renewal period if the Group is reasonably certain to exercise an extension option or not exercise a break option.

The lease liability is subsequently measured at amortised cost using the effective interest rate method. It is re-measured, with a corresponding adjustment to the right of use asset, when there is a change in future lease payments resulting from a rent review, change in an index or rate such as inflation, or change in the Group's assessment of whether it is reasonably certain to exercise a purchase, extension or break option.

The right of use asset is initially measured at cost, comprising: the initial lease liability; any lease payments already made less any lease incentives received; initial direct costs; and any dilapidation or restoration costs. The right of use asset is subsequently depreciated on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset.

The right of use asset is tested for impairment if there are any indicators of impairment. Leases of low value assets (value when new less than £10,000) and short-term leases of 12 months or less are expensed to the Comprehensive Income and Expenditure Statement, as are variable payments dependent on performance or usage, 'out of contract' payments and non-lease service components.

Group as a Lessor

Operating Leases

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

18. Cash and Cash Equivalent (IAS 39)

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

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

19. Inventories/Stocks (IAS 2)

Stock is valued at the lower of cost or current replacement cost where it is held for distribution at no charge. The stock reflected in the Balance Sheet relates predominantly to uniforms and equipment which is distributed to officers as appropriate.

20. Provisions (IAS 37)

Provisions have only been recognised in the accounts where there is a legal or constructive obligation to transfer economic benefits as a result of a past event and where such an amount can be reliably estimated. Provisions are charged to the CIES and, depending on their materiality, are either disclosed as a separate item on the Balance Sheet or added to the carrying balance of an appropriate current liability. When expenditure is eventually incurred, it is charged to the provision set up in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year. Where it is apparent that the provision is not required or is lower than originally anticipated, the provision is reversed and credited back to the relevant part of the CIES.

The insurance provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's independent external insurance advisor's assessment of the level of outstanding liabilities. The provision represents non-current amounts which are expected to be recovered or settled over more than 12 months. No amounts are expected within one year.

21. Contingent Liabilities

Where a potential provision cannot be accurately estimated or an event is not considered sufficiently certain, it has not been included in the accounts but is instead disclosed in the notes as a contingent liability. A contingent liability also occurs where a liability may arise but is dependent upon the outcome of future events before it can be confirmed.

22. Contingent Assets

A contingent asset occurs where a possible asset may arise but is dependent upon the outcome of future events before it can be confirmed. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts.

23. Financial Instruments (IFRS9)

Fair Value Measurement

The Group measure some of its non-financial assets such as surplus assets and investment properties and some of its financial instruments such as loans at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability

in an orderly transaction between market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

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

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

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

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

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

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

Financial liabilities

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

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

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

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- Amortised cost- these are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement;
- fair value through profit or loss (FVPL) – these are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services. The techniques for fair

value measurements are set out in Accounting Policy viii. Any gains or losses that arise on the de-recognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES; and

- Fair value through other comprehensive income (FVOCI) – not applicable for the Group

24. Reserves

The Group sets aside specific amounts as reserves for future policy purposes or to cover contingencies. Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the

Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The purpose and nature of reserves (split between useable and unusable reserves) maintained by the PCC are disclosed in the Movement in Reserves Statement with a detailed breakdown of useable and unusable reserves provided in the notes to the Movement in Reserves Statement and to the Balance Sheet.

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

26. Value Added Tax

Income and expenditure exclude any amounts related to VAT, as all VAT collected is payable to HM Revenue & Customs and all VAT paid is recoverable from it.

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

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

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the group's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless otherwise stated) by adjusting opening balances and comparative amounts for the prior period as if the new policy has always been applied. Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

28. Events after the Balance Sheet Date (IAS 10)

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue.

Two types of events can be identified as:

- Adjusting Events – Those events that provide evidence of conditions that existed at the year end of the reporting period – the Statement of Accounts is adjusted to reflect such events.
- Non-adjusting Events- Those events that are indicative of conditions that arose after the reporting period – the statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and either their estimated financial effect or a statement that such an estimate cannot be made reliably.

Events which appear after the date of authorisation for issue are not reflected in the Statement of Accounts

29. Assumptions made about the Future and Other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Group about the future or that are otherwise uncertain. Estimates are made considering historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates. The assumptions made about future and other major sources of estimation and uncertainty are in the following table:

Item	Uncertainties	Effect if Actual Results Differ from Assumptions
Property, Plant and Equipment	Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Group will be able to sustain its current spending on repairs and maintenance, bringing into doubt the useful lives assigned to assets.	If the useful life of assets is reduced, depreciation would increase and the carrying amount of the assets would fall, however, the assets are revalued on a rolling three year basis so the lives of the assets are regularly adjusted to allow for actual maintenance schedules. This, along with the increase in disposals, should negate the need to reduce lives further in the coming year.
Insurance Reserve	The Insurance Fund was subject to a full revaluation in 2024/25. This review confirmed that there were sufficient funds for future liabilities. The only uncertainty is the potential increase in claims as a result of the current economic climate, e.g. increase in fraud claims.	The fund evaluation in 2025/26 reassured OPCC that there were sufficient funds in the insurance reserves for outstanding current and potential liabilities.
Insurance Provisions	The insurance provision is based on estimates for all claims/liabilities known to the Group. Each claim is assessed and estimated based on experience and knowledge from previous similar claims and from information provided by the insurance company. These insurance provisions are updated for any known changes as and when required internally and on a monthly basis by the insurance company.	It is difficult to predict the actual outcome of most claims until they are finalised, however for these items the risk is clearly identified to the Group. A bigger risk is for any unforeseen, unusual insurance claims successfully made against the force. However, the Group has a £100,000 limit on each and every incident before the insurance company will then cover all other costs. Therefore, this is the maximum risk for every incident.
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Group with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured.

30. Critical Judgements in Applying Accounting Policies

- a) HQ has been valued based on 9 blocks of individual value that each have service potential as opposed to recognising the value as one single asset. The judgement of management is that each individual block does not need to be fitted out to accommodate the use of police operations and as a result has the service potential to be absorbed by the market, for example as office accommodation. Management have determined the individual units of value by the income approach. In the event that service potential is deprived or the value is recognised as one single asset, then management accept that an alternative valuation method would be to treat the HQ as a single specialised property for police operations, and therefore apply a depreciated replacement cost methodology. Management's judgement is that this is not the appropriate use or service potential of these individual blocks of unit as at the 31st March 2026 and at the point the accounts are authorised for issue. Any change in the use and purpose of the individual blocks in the future would lead to a different valuation method for HQ.

31. Accounting Standards that have been issued but not yet adopted

- a) Amendments to FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (Amendments to Heritage assets) issued in March 2024
- b) Amendments to the Classification and Measurement of Financial Instruments (Amendments to IFRS 9 and IFRS 7) issued in May 2024
- c) Annual improvements to IFRS accounting standards – Volume 11 issued in July 2024
- d) Contracts Referencing Nature-dependent Electricity (Amendments to IFRS 9 and IFRS 7) issued in December 2024

32. The statement of Accounts was authorised for issue by Sarah Wilkes, Director of Finance to the PFCC.

Financial Statements

(Incorporating Police and Crime Commissioner for Staffordshire
Single entity accounts)



STAFFORDSHIRE
POLICE

5.1 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the OPCC Group, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and unusable 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. These are different from the statutory amounts required to be charged to the General Fund for council tax setting. The Net Increase / (Decrease) before Transfers to Earmarked Reserves line shows the statutory General Fund before any discretionary transfers to or from earmarked reserves undertaken by the Group.

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL GROUP RESERVES £'000
Balance as at 01 April 2024		9,636	35,883	0	331	45,850	(1,336,294)	(1,290,444)
<u>Movement in reserves during 2024/25</u>								
Total Comprehensive Income and Expenditure	5.2	22,840	0	0	0	22,840	207,697	230,537
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	(20,878)	0	0	0	(20,878)	20,878	0
Net increase/(decrease) before Transfers to Earmarked Reserves		1,962	0	0	0	1,962	228,575	230,537
Transfers To/From Earmarked Reserves		(1,815)	1,815	0	0	0	0	0
Increase or (Decrease) in 2024/25		147	1,815	0	0	1,962	228,575	230,537
Balance as at 31 March 2025		9,783	37,698	0	331	47,812	(1,107,719)	(1,059,906)
Balance as at 01 April 2025		9,783	37,698	0	331	47,812	(1,107,719)	(1,059,906)
<u>Movement in reserves during 2025/26</u>								
Total Comprehensive Income and Expenditure	5.2	16,328	0	0	0	16,328	19,962	36,290
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	(17,333)	0	0	0	(17,333)	17,333	0
Net increase/(decrease) before Transfers to Earmarked Reserves		(1,005)	0	0	0	(1,005)	37,295	36,290
Transfers To/From Earmarked Reserves		1,795	(1,795)	0	0	0	0	0
Increase or (Decrease) in 2025/26		790	(1,795)	0	0	(1,005)	37,295	36,290
Balance as at 31 March 2026		10,573	35,903	0	331	46,807	(1,070,424)	(1,023,617)

5.1 Movement in Reserves Statement PCC (Continued)

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL GROUP RESERVES £'000
Balance as at 01 April 2024		9,636	35,883	0	331	45,850	21,846	67,696
<u>Movement in reserves during 2024/25</u>								
Total Comprehensive Income and Expenditure	5.2	(5,643)	0	0	0	(5,643)	972	(4,671)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	7,605	0	0	0	7,605	(7,605)	0
Net increase/(decrease) before Transfers to Earmarked Reserves		1,962	0	0	0	1,962	(6,633)	(4,671)
Transfers To/From Earmarked Reserves		(1,815)	1,815	0	0	0	0	0
Increase or (Decrease) in 2024/25		147	1,815	0	0	1,962	(6,633)	(4,671)
Balance as at 31 March 2025		9,783	37,698	0	331	47,812	15,213	63,025
Balance as at 01 April 2025		9,783	37,698	0	331	47,812	15,213	63,025
<u>Movement in reserves during 2025/26</u>								
Total Comprehensive Income and Expenditure	5.2	(8,891)	0	0	0	(8,891)	1,824	(7,067)
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	7,886	0	0	0	7,886	(7,886)	0
Net increase/(decrease) before Transfers to Earmarked Reserves		(1,005)	0	0	0	(1,005)	(6,062)	(7,067)
Transfers To/From Earmarked Reserves		1,795	(1,795)	0	0	0	0	0
Increase or (Decrease) in 2025/26		790	(1,795)	0	0	(1,005)	(6,062)	(7,067)
Balance as at 31 March 2026		10,573	35,903	0	0	46,807	9,151	55,958

5.3 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised but the Group. The net assets of the authority (asset less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. Usable reserves i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use. Unusable reserves – i.e. those reserves that are not able to be used to help provide services. This category includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to help provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations.

Group 31 March 2025	PCC 31 March 2025		Notes	Group 31 March 2026	PCC 31 March 2026
£'000	£'000			£'000	£'000
47,564	47,564	Land and Buildings	6.3.1	49,482	49,482
900	900	Surplus Assets	6.3.1	900	900
4,659	4,659	Right of Use Asset	6.3.1	4,387	4,387
22,084	22,084	Vehicles, Plant and Equipment	6.3.1	27,756	27,756
15,443	15,443	Intangible Assets	6.3.2	12,615	12,615
9,181	9,181	Assets under construction	6.3.1	12,204	12,204
99,831	99,831	Long Term Assets		107,344	107,344
0	0	Assets Held for Sale	6.3.3	520	520
804	804	Inventories	6.3.4	836	836
38,365	30,359	Short Term Debtors	6.3.5	30,094	29,031
0	0	Intra-group Short Term Debtors	6.3.5	0	0
26,450	26,450	Cash and Cash Equivalents	6.3.6	19,629	19,629
65,619	57,613	Current Assets		51,079	50,016
(2,080)	(2,080)	Short Term Borrowing	6.3.10	(1,825)	(1,825)
(39,838)	(26,791)	Short Term Creditors	6.3.7	(43,744)	(30,491)
0	(553)	Intra-group Short Term Creditors	6.3.7	0	(6,052)
(41,918)	(29,424)	Current Liabilities		(45,569)	(38,368)
(3,664)	0	Provisions	6.3.8	(2,851)	0
(5,334)	(5,334)	Other long-term liabilities	6.3.9	(4,962)	(4,962)
(59,650)	(59,650)	Long-Term Borrowing	6.3.10	(58,050)	(58,050)
0	0	Capital Grants received in advance		(15)	(15)
(1,114,791)	(11)	Liability Related to Defined Benefit Pension Scheme	6.5.8	(1,070,593)	(7)
(1,183,439)	(64,995)	Long Term Liabilities		(1,136,471)	(63,034)
(1,059,907)	63,025	Net Liabilities		(1,023,617)	55,958
		Financed by:			
		Reserves			
(47,812)	(47,812)	Usable Reserves	6.3.11	(46,807)	(46,807)
1,107,719	(15,213)	Unusable Reserves	6.3.13	1,070,424	(9,151)
1,059,907	(63,025)	Total Reserve		1,023,617	(55,958)

The PCC for Staffordshire owns all of the assets and bank accounts of the Group and therefore the Group Balance sheet is in many respects identical to that of the PCC. The only differences are that the Group Balance sheet includes the net pension liability and the provision for compensated absences, both of which sit with the accounts of the Chief Constable of Staffordshire Police.

I confirm that the PCC for Staffordshire approved these accounts as at 31st March 2026.

**Sarah Wilkes, Director of Finance (Section 151 Officer)
for the Police and Crime Commissioner for Staffordshire
Date**

5.4 Cash Flow Statement

The Cash Flow Statement shows the changes in cash and cash equivalents held by the OPCC during the reporting period and how these are generated or used 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 operations are funded by way of taxation and grant income or from the recipients of services provided by the OPCC. Investing activities represent the extent to which cash outflows have been used to generate resources intended to contribute to future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing).

Group 2024/25 £'000	PCC 2024/25 £'000		Notes	Group 2025/26 £'000	PCC 2025/26 £'000
22,840	(5,643)	Net Surplus or (Deficit) on the provision of services	5.2	16,328	(8,891)
460	28,943	Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements	6.4.1	2,918	28,137
(992)	(992)	Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities.	6.4.2	(712)	(712)
22,309	22,309	Net cash flow Operating Activities		18,534	18,534
(14,624)	(14,624)	Net cash flows from Investing Activities	6.4.3	(23,100)	(23,100)
(1,992)	(1,992)	Net cash flows from Financing Activities	6.4.4	(2,255)	(2,255)
5,692	5,692	Net Increase or (decrease) in cash and cash equivalents		(6,821)	(6,821)
20,758	20,758	Cash and cash equivalents at the beginning of the reporting period		26,450	26,450
26,450	26,450	Cash and cash equivalent at the end of the reporting period	6.3.6	19,629	19,629

Section 6

Notes to the Financial Statements

These notes provide information that supports and helps in interpreting the financial statements.

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6.1 Notes to the Financial Statements

6.1.1 Adjustment between accounting basis and funding basis

This note details the adjustments that are made to the CIES recognised by the OPCC/Group in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the OPCC/Group to meet future capital and revenue expenditure.

GROUP 2025/26	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'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>				
Pension Costs (transferred to or from pension reserve)	(26,158)	0	0	26,158
Council tax (transfer to or from collection fund)	(646)	0	0	646
Holiday Pay (transfer to the Accumulated Absences Account)	870	0	0	(870)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items charged to the CAA)	18,104	0	0	(18,104)
Total Adjustment to Revenue Resources	(7,830)	0	0	7,830
Adjustments between Revenue and Capital Resources				
Transfer of non-current assets sale proceeds from revenue to the Capital receipt reserve	(14)	14	0	0
Statutory provision for the repayment of debt MRP (transfer from the CAA)	(4,380)	0	0	4,380
Capital expenditure financed from revenue balances (transfer to the CAA)	(4,972)	0	0	4,972
Transfer of capital grants and contributions to capital grants unapplied	0	0	0	0
Total Adjustment between Revenue and Capital Resources	(9,366)	14	0	9,352
Adjustment to Capital Resources				
Application of capital receipt to finance capital expenditure	0	(14)	0	14
Application of capital grants to finance capital expenditure	(137)	0	0	137
Cash Payment to deferred capital receipt	0	0	0	0
Total Adjustment to Capital Resources	(137)	(14)	0	151
Total Group Adjustment	(17,333)	0	0	17,333
<i>Less: Chief Constable only adjustments</i>				
Pension Costs (transferred to or from pension reserve)	26,061	0	0	(26,061)
Holiday Pay (transfer to the Accumulated Absences Account)	(842)	0	0	842
Total PCC Adjustments	7,886	0	0	(7,886)

6.1.1 Adjustment between accounting basis and funding basis (continued)

GROUP 2024/25	General Fund Balance £'000	Capital Receipts Reserve £'000	Capital Grants Unapplied Account £'000	Movement in Unusable Reserves £'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>				
Pension Costs (transferred to or from pension reserve)	(29,926)	0	0	29,926
Council tax (transfer to or from collection fund)	1,950	0	0	(1,950)
Holiday Pay (transfer to the Accumulated Absences Account)	1,418	0	0	(1,418)
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to Capital Expenditure (these items charged to the CAA)	13,227	0	0	(13,227)
Total Adjustment to Revenue Resources	(13,331)	0	0	13,331
Adjustments between Revenue and Capital Resources				
Transfer of non-current assets sale proceeds from revenue to the Capital receipt reserve	(444)	444	0	0
Statutory provision for the repayment of debt MRP (transfer from the CAA)	(3,846)	0	0	3,846
Capital expenditure financed from revenue balances (transfer to the CAA)	(3,257)	0	0	3,257
Transfer of capital grants and contributions to capital grants unapplied	0	0	0	0
Total Adjustment between Revenue and Capital Resources	(7,547)	444	0	7,103
Adjustment to Capital Resources				
Application of capital receipt to finance capital expenditure	0	(444)	0	444
Application of capital grants to finance capital expenditure	0	0	0	0
Cash Payment to deferred capital receipt	0	0	0	0
Total Adjustment to Capital Resources	0	(444)	0	444
Total Group Adjustment	(20,878)	0	0	20,878
<i>Less: Chief Constable only adjustments</i>				
Pension Costs (transferred to or from pension reserve)	29,880	0	0	(29,880)
Holiday Pay (transfer to the Accumulated Absences Account)	(1,397)	0	0	1,397
Total PCC Adjustments	7,605	0	0	(7,605)

6.1.2 Expenditure and Funding Analysis (EFA) and Notes

The EFA shows how annual expenditure is used and funded from resources (government grants and council tax) by the Group in comparison with those resources consumed or earned by the Group in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the Group services. The income and expenditure accounted for under generally accepted accounting practices is presented more fully in the CIES.

2024/25			2025/26		
Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure	Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure
248,750	56,803	191,947	256,230	57,213	199,017
6,825	25	6,800	7,200	66	7,134
255,575	56,828	198,747	263,430	57,279	206,151
(257,537)	(35,950)	(221,587)	(262,425)	(39,946)	(222,479)
(1,962)	20,878	(22,840)	1,005	17,333	(16,328)
(45,519)			(47,481)		
(1,962)			1,005		
(47,481)			(46,476)		

2025/26				
	Adjustments for Capital Purpose	Net Changes for Pensions IAS19	Other Differences	Total
Chief Constable				
Policing Services	(17,516)	75,571	(842)	57,213
Police and Crime Commissioner				
Office of the PCC	0	94	(28)	66
Net Cost of Services	(17,516)	75,665	(870)	57,279
Other income and expenditure from the Funding Analysis	8,915	(49,507)	646	(39,946)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	(8,601)	26,158	(224)	17,333

2024/25				
	Adjustments for Capital Purpose	Net Changes for Pensions IAS19	Other Differences	Total
Chief Constable				
Policing Services	(11,791)	69,991	(1,397)	56,803
Police and Crime Commissioner				
Office of the PCC	0	46	(21)	25
Net Cost of Services	(11,791)	70,037	(1,418)	56,828
Other income and expenditure from the Funding Analysis	6,111	(40,111)	(1,950)	(35,950)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	(5,680)	29,926	(3,368)	20,878

6.1.2 Expenditure and Funding Analysis (EFA) PCC Single Entity and Notes (Continued)

2024/25			2024/25		
Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure	Net Expenditure Chargeable to General Fund	Adjustments between funding and IFRS Basis	CIES Net Expenditure
(32,726)	(11,791)	(20,935)	(44,699)	(17,516)	(27,183)
6,825	25	6,800	7,201	67	7,134
(25,901)	(11,766)	(14,135)	(37,498)	(17,449)	(20,049)
281,476	0	281,476	300,929	0	300,929
(257,537)	4,161	(261,698)	(262,425)	9,563	(271,988)
(1,962)	(7,605)	5,643	1,005	(7,886)	8,892
(45,518)			(47,481)		
(1,962)			1,005		
(47,481)			(46,476)		

2025/26				
	Adjustments for Capital Purpose	Net Changes for Pensions IAS19	Other Differences	Total
Chief Constable				
Policing Services	(17,516)	0	0	(17,516)
Police and Crime Commissioner				
Office of the PCC	0	94	(27)	66
Net Cost of Services	(17,516)	94	(27)	(17,449)
Other income and expenditure from the Funding Analysis	8,915	2	646	9,563
Difference between Police Fund surplus or deficit and CIES surplus or deficit	(8,601)	96	619	(7,886)

2024/25				
	Adjustments for Capital Purpose	Net Changes for Pensions IAS19	Other Differences	Total
Chief Constable				
Policing Services	(11,791)	0	0	(11,791)
Police and Crime Commissioner				
Office of the PCC	0	46	(21)	25
Net Cost of Services	(11,791)	46	(21)	(11,766)
Other income and expenditure from the Funding Analysis	6,111	0	(1,950)	4,161
Difference between Police Fund surplus or deficit and CIES surplus or deficit	(5,680)	46	(1,971)	(7,605)

Note (i) Adjustments for Capital Purposes

This column adds in depreciation and revaluation gains and losses in the services line. Minimum Revenue Provision (MRP) and other revenue contributions to capital expenditure are deducted because they are not chargeable under generally accepted accounting practices. Other income and expenditure is adjusted for capital disposals of assets with a transfer of the income on disposal and the amounts written off for those assets; an adjustment is also made to recognise capital grant income.

Note (ii) Net Change for Pensions Adjustments

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

- For services this represents the removal of the employer pension contributions made by the Group as allowed by statute and the replacement with current service costs and past service costs;
- For Financing and investment income and expenditure – the net interest on the defined benefit liability is charged to the CIES.
- Grant Received from Home Office in respect of the police pension fund account.

Note (iii) Financing and Investment Income and Expenditure Adjustments

This column adjusts for investment income and borrowing costs that are charged to the Police Fund but are not included in the Net Costs of Policing Services and also capital financing costs.

Note (iv) Other Adjustments

This column reflects variations in the amount chargeable for Council Tax under Statute and the Code; and timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

The PCC

2024/25			2025/26		
Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES £'000	Net Expenditure Chargeable to General Fund £'000	Adjustments between funding and IFRS Basis £'000	CIES £'000
			Expenditure		
78	0	78	Police Officer Pay Costs	724	0
2,036	31	2,005	Police Staff Pay Costs	2,100	66
20	0	20	PCSO Pay Costs	72	0
18	0	18	Other Employee Costs	218	0
0	0	0	Police Officer Pensions	0	0
2,152	31	2,121	Total Pay	3,114	66
			Non-Pay		
0	0	0	Repairs & Maintenance	0	0
0	0	0	Other Premises Costs	0	0
0	0	0	Vehicle Costs	0	0
21	0	21	Other Travel Costs	19	0
294	0	294	Administration	455	0
0	0	0	Operational Supplies & Service	0	0
96	0	96	Communications & Computers	54	0
12	0	12	Other Supplies & Services	35	0
423	0	423	Total Non-Pay	563	0
			Contracted		
11,121	0	11,121	Third Party Payments	10,139	0
11,121	0	11,121	Total Contracted	10,139	0
			Capital Financing		
2,486	0	2,486	Capital Financing Costs	2,429	0
3,846	3,846	0	Minimum Revenue Provision	4,380	4,380
3,257	3,257	0	Capital expenditure charged against the general fund balance	4,972	4,972
9,589	7,103	2,486	Total Capital Financing	11,781	9,352
			Non-Distributed Costs		
0	(6)	6	Non-Distributed Costs	0	0
0	0	0	Net interest on the net defined benefit liability	0	2
0	(6)	6	Total Non-Distributed Costs	0	2
			Capital Statutory Adjustments		
0	(11,791)	11,791	Depreciation, Amortisation, Revaluation Loss and REFCUS	0	(17,516)
0	(992)	992	Loss / (gain) on disposal of non-current assets	0	(575)
0	(12,783)	12,783	Total Capital Adjustments	0	(18,091)
			Income		
(18,019)	0	(18,019)	Grants & Contributions	(21,617)	0
(7,199)	0	(7,199)	Reimbursements	(7,954)	0
(1,902)	0	(1,902)	Sales, Fees & Charges	(3,439)	0
(14,793)	0	(14,793)	Other Income	(20,148)	0
(41,913)	0	(41,913)	Total Income	(53,158)	0
			Funding		
1,815	0	0	Reserve Transfers	(1,795)	0
1,815	0	0		(1,795)	0
281,476	0	281,476	Inter Group Transfer	300,929	0
264,664	(5,655)	268,503	Total Police Services	271,573	(8,671)
(264,811)	(1,950)	(262,860)	Net Taxation and Grant Income (Surplus) or deficit on Provision of Services	(272,363)	785
(147)	(7,605)	5,643		(790)	(7,886)
					8,891

6.2 Comprehensive Income and Expenditure (CIES) Notes

6.2.1 PCC Single Entity Intra-Group Funding Arrangements between the PCC and the Chief Constable

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 2025/26 amounts to £300.929m (£281.476m in 2024/25). This has been presented in the CIES and is now included within the Net Cost of Policing Services, in line with current best practice for the preparation of Police Accounts.

2024/25 £'000		2025/26 £'000
212,882	Chief Constable's cost of service	226,200
87,005	Interest on the net defined benefit liability	92,603
(46,894)	Home Office grant towards cost of retirement	(43,094)
(206,725)	Re-measurement of the net defined benefit liability	(18,138)
46,268	Resources consumed	257,571
	Items removed through the MIRS	
236,605	Movement in pension liability	44,199
(1,397)	Movement in accumulated absences liability	(841)
281,476	Total resources consumed for the year by the Chief Constable and funded by the PCC	300,929

6.2.2 Other operating expenditure

During 2025/26 the Group has disposed of police, where disposals fees received in excess of £10,000 are categorised as capital receipts, in accordance with the CIPFA Code.

	Receipts for Sale of Assets £'000	Carrying Amount £'000	Less Depreciation £'000	Less Cost of Sale £'000	Surplus/ (Loss) on Disposals £'000
31 March 2026	14	(2,593)	2,004	0	(575)
31 March 2025	444	(1,436)	0	0	(992)
31 March 2024	78	(2,296)	1,816	0	(402)
31 March 2023	1,296	(2,050)	702	(30)	(82)

6.2.3 Financing and Investment net expenditure

Financing and Investment includes the following items, Interest payable during 2025/26 was made to the PWLB.

2024/25 Group £'000	2024/25 PCC £'000		2025/26 Group £'000	2025/26 PCC £'000
2,486	2,486	Interest Payable and Similar Charges	2,429	2,429
87,005	0	Pension Net Interest Costs	92,601	(2)
(2,316)	(2,316)	Interest Receivable and Similar Income	(1,842)	(1,842)
87,175	170	Total	93,188	585

6.2.4 Taxation and Non-Specific Grant Income

The Policing Precept is included within core funding and this increased in 2025/26 by 5.12%, and this resulted in an additional £6.634m in core funding in 2025/26 (excluding collection fund position).

2024/25 £'000		2025/26 £'000
(99,380)	Precepts	(106,661)
(88,546)	Police Revenue Grant	(89,985)
(49,063)	Non-Domestic Rates Redistribution	(50,881)
(8,423)	Localisation of Council Tax	(8,423)
(3,541)	Council Tax Freeze Grant	(3,541)
(6,406)	Police Uplift Programme/Police Officer Maintenance Grant	(6,406)
(1,824)	Additional Recruitment Scheme	(1,824)
(5,678)	Police Pension Grant	(5,291)
0	Capital Grant	(137)
(262,860)	Taxation and Non-Specific Grant Income PCC	(273,148)
(46,894)	Home Office Pension Top Up Grant	(43,094)
(309,754)	Taxation and Non-Specific Grant Income Group	(316,242)

6.2.5 Grant Income

The Group credited the following grants and contributions to the CIES in 2025/26.

2024/25 £'000		2025/26 £'000
0	Home Office Uplift Grant	(5,275)
0	Home Office Neighbourhood Policing Guarantee	(2,913)
(2,918)	Operation Navette	0
(2,467)	Home Office Pay Award Grant	(1,808)
(2,323)	Victims Support Services	(2,243)
(1,773)	Safer Roads Partnership	(1,931)
(1,652)	Domestic Abuse Perpetrator Scheme	(1,044)
(1,116)	Anti-Social Behaviour Pilot Scheme	(982)
(1,066)	Special Branch Contribution from Partners	(1,145)
(768)	Home Office Additional Recruitment Grant	0
0	Sexual Abuse Service Funding	(659)
(596)	Home Office Serious Violence Duty Grant	(596)
(355)	Home Office Safer Streets Grant	0
(289)	Home Office Counter Terrorism Policing Grant	(328)
(278)	Home Office Aris Incentivisation Scheme	(400)
(200)	Digital Public Contact Grant	0
0	Home Office AVMM Redaction Funding	(180)
(155)	Central Motorway Group	0
(137)	National Law Enforcement Data Service (NLEDS)	0
(118)	Special Branch Grant	(165)
0	Home Office LEDS Grant	(150)
(116)	Cyber Crime Funding	(108)
0	NPCC XL Bully Dog Funding	(107)
(100)	Business Rates Pilot Scheme	(100)
(404)	Other Grants	(551)
(1,188)	Other Contributions	(933)
(18,019)	Total Credited to Services – PCC and Group	(21,617)

6.2.6 External Audit Fees

The audit fees payable in 2025/26 to the Auditors in relation to the audit of OPCC Group accounts were as follows:

The external audit fees are the PSAA Ltd scale fees for the Group and PCC opted-in authority are normally based on the scale fee for the previous year, reflecting the auditor's assessment of audit risk and complexity.

During 2022/23 audit the Group and PCC accrued for additional costs for additional work to address increase in Regulatory standards and additional procedures undertaken by the auditor. These additional fees proposed by the auditor was not approved by the PSAA Ltd.

2024/25 Group £'000	2024/25 PCC £'000		2025/26 Group £'000	2025/26 PCC £'000
155	102	External Audit Fees	159	105
155	102	Sub-Total	159	105
(21)	(15)	External Audit Fees Variation 2020/21	0	0
(14)	(11)	External Audit Fees Variation 2021/22	0	0
25	16	External Audit Fees Variation 2022/23	(22)	(14)
15	8	External Audit Fees Variation 2023/24	0	0
160	100	Total	137	91

6.2.7 Operating Leases

The OPCC Group leases various land and buildings. The amount paid under these arrangements in 2025/26 was £36k (£69k in 2024/25).

The OPCC Group has entered into a number of operating leases for its use of Premises owned by other bodies. The future minimum lease payments due under non-cancellable leases in future years are:

2024/25 £'000		2025/26 £'000
12	No Later Than One Year	6
11	Later Than One Year and Not Later Than Five Years	5
0	Later Than Five Years	0
23	Total	11

6.2.8 Material items and income and expenditure

There are no material items of Income or Expenditure in 2025/26 that require specific disclosure.

6.2.9 Termination Benefits and Exit Packages

During 2025/26 the Group approved 9 voluntary redundancies and early retirements (8 in 2024/25) at a total cost of £0.435m (£0.577m). In 2025/26 PCC had 1 voluntary redundancies and early retirements at a total cost of £0.010m. A breakdown of the total cost and number of exit packages are shown below:

Exit Package Cost Band	Number of exit packages		Total cost of exit packages in	
	2024/25	2025/26	2024/25	2025/26
			£	£
£0- £20,000	4	5	29,591	50,801
£20,001 - £40,000	0	2	0	66,212
£40,001 - £60,000	1	1	51,738	45,000
£60,001 - £80,000	0	0	0	0
£80,001 - £100,000	1	0	93,409	0
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	1	0	160,986	0
£200,001 - £250,000	1	0	241,330	0
£250,001 - £300,000	0	1	0	273,047
Total	8	9	577,054	435,060

6.2.10 Officers Remuneration

Senior police officers (defined as Chief Superintendent and above) and police staff receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

Number of Employees			Remuneration Band	Number of Employees	
Group	PCC			Group	PCC
2024/25	2024/25		2025/26	2025/26	
69	0	£50,000 - £54,999	82	3	
47	9	£55,000 - £59,999	44	0	
12	1	£60,000 - £64,999	31	8	
10	0	£65,000 - £69,999	16	0	
6	0	£70,000 - £74,999	9	0	
4	0	£75,000 - £79,999	3	0	
3	0	£80,000 - £84,999	4	0	
2	0	£85,000 - £89,999	0	0	
3	2	£90,000 - £94,999	4	0	
0	0	£95,000 - £99,999	4	2	
3	0	£100,000 - £104,999	1	0	
1	0	£105,000 - £109,999	1	0	
2	0	£110,000 - £114,999	0	0	
0	0	£115,000 - £119,999	0	0	
0	0	£120,000 - £124,999	0	0	
0	0	£125,000 - £129,999	1	0	
0	0	£130,000 - £134,999	0	0	
0	0	£135,000 - £139,999	0	0	
0	0	£140,000 - £144,999	0	0	
0	0	£145,000 - £149,999	0	0	
0	0	£150,000 - £154,999	0	0	
0	0	£155,000 - £159,999	0	0	
0	0	£160,000 - £164,999	0	0	
0	0	£165,000 - £169,999	0	0	
162	12	Total	200	13	

The banding excludes the remuneration of employees and relevant police officers who have been disclosed individually under the Senior Executives note.

6.2.11 Disclosure of Remuneration for Senior Executives 2025/26

Post Holder Information	Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
		£	£	£	£	£
Senior Executives of the Chief Constable						
Chief Constable- Chris Noble		203,928	0	0	71,987	275,915
Acting Chief Constable	1	115,379	0	0	40,729	156,108
Deputy Chief Constable (A)	1	49,735	0	0	17,556	67,291
Deputy Chief Constable (B)	2	99,903	0	0	35,266	135,169
Assistant Chief Constable (A)	2	13,524	0	0	4,774	18,298
Assistant Chief Constable (B)	3	110,242	0	0	38,912	149,154
Assistant Chief Constable (C)	4	113,678	0	0	40,128	153,806
Assistant Chief Constable (D)	5	10,316	0	0	3,616	13,932
Assistant Chief Constable (E)	6	20,492	0	0	7,355	27,847
Assistant Chief Officer (S151 Officer)		131,927	0	0	29,783	161,710
Sub Total Chief Constable		869,124	0	0	290,106	1,159,230
Senior Executives of the OPCC						
Police and Crime Commissioner		83,693	0	0	17,994	101,687
Deputy Police and Crime Commissioner (A)		34,975	0	0	7,519	42,494
Chief Executive		124,278	1,239	0	23,330	148,847
Director of Finance (S151 Officer) (A)		10,982	0	0	2,378	13,360
Director of Finance (S151 Officer) (B)		36,973	0	0	7,136	44,109
Sub Total OPCC		290,901	1,239	0	58,357	350,498
Total- Group		1,160,025	1,239	0	348,463	1,509,728

- 1 The Deputy Chief Constable (A) left DCC role 31st July 2025 and Acting Chief Constable from 1st August 2025
- 2 Left Assistant Chief Constable (A) 31st July 2025. Was Acting DCC 1st August to 25th September 2025. Then became temporary DCC (B) since 26th September 2025.
- 3 Acting Assistant Chief Constable (B) 1st August 2025 to 25th September 2025. The became temporary Assistant Chief Constable (B) since 26th September 2025.
- 4 Temporary Assistant Chief Constable (C) since 21st April 2025.
- 5 Temporary Assistant Chief Constable (D) from 24th March 2025 to 20th April 2025, then returned to their substantive rank.
- 6 Temporary Assistant Chief Constable (E) since 2nd February 2026.
- 7 Director of Finance (S151 Officer) (A) left the organisation 31st May 2025
- 8 Director of Finance (S151 Officer) (B) joined the organisation 20th October 2025.

6.2.12 Disclosure of Remuneration for Senior Executives 2024/25 (Continued)

Post Holder Information	Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
		£	£	£	£	£
Senior Executives of the Chief Constable						
Chief Constable- Chris Noble		187,370	1,239	0	66,142	254,751
Deputy Chief Constable – John Roy	1	153,465	2,265	0	51,179	206,909
Assistant Chief Constable (A)	2	145,118	2,875	0	42,618	190,611
Assistant Chief Constable (B)	3	133,796	3,612	0	44,651	182,059
Assistant Chief Constable (C)	4	11,418	0	0	3,802	15,220
Assistant Chief Officer (S151 Officer)		126,338	0	0	27,163	153,501
Sub Total Chief Constable		757,505	9,991	0	235,555	1,003,051
Senior Executives of the OPCC						
Police and Crime Commissioner		81,400	0	0	17,501	98,901
Deputy Police and Crime Commissioner (A)	5	3,494	0	0	751	4,245
Deputy Police and Crime Commissioner (B)	6	29,747	0	0	6,396	36,143
Chief Executive (A)		119,013	1,239	0	22,198	142,450
Director of Finance (S151 Officer) (A)	7	29,123	0	0	6,262	35,385
Director of Finance (S151 Officer) (B)	8	22,216	0	0	4,776	26,992
Sub Total OPCC		284,993	1,239	0	57,884	344,116
Total- Group		1,042,498	11,230	0	293,439	1,347,167

- 1 Deputy Chief Constable John Roy Retired 30th March 2025
- 2 Assistant Chief Constable (A) retired from the organisation on the 19th January 2025 and returned as a rejoinder on the 21st February 2025 and was successfully appointed as Deputy Chief Constable of the 31st March 2025.
- 3 Assistant Chief Constable (B) Retired 30th March 2025
- 4 Assistant Chief Constable (C) was temporarily promoted to ACC from 21st February to 2nd March. Then was successfully appointed to the role as ACC on the 31st March 2025.
- 5 Deputy Police and Crime Commissioner (A) left the organisation on the 8th May 2024
- 6 Deputy Police and Crime Commissioner (B) was appointed to the role on the 10th May 2024
- 7 Director of Finance (A) left the organisation on the 22nd September 2024
- 8 Director of Finance (B) was appointed to the role on the 25th November 2024.

6.3 Balance Sheet Notes

6.3.1 Property, Plant and Equipment (PPE)

The PCC holds all the Groups PPE. Assets are strategic in nature and are controlled by the PCC to achieve strategic outcomes. Cameron Butler BLE (Hons) MRICS, FHP Property Consultants have been engaged on behalf of the OPCC/Group to provide valuation services. A full property valuation was carried out on 36 police sites in 2025/26 in accordance with the 'code' to undertake a valuation at least every 5 years and all assets held on the Balance Sheet comply with as per IAS16.

The valuation has been updated for the properties which are valued on the basis of "depreciated replacements costs" (DRC) these are 3 properties which are specialised due to the nature of the property. All remaining properties have been valued using the income-based approach as there is service potential to be absorbed by the market, for example as office accommodation. The valuations of the land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institution of Chartered Surveyors (RICS).

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

GROUP AND PCC MOVEMENTS 2025/26	Land and Building	Right Of use Asset	Surplus Assets	Assets Under Construction	Vehicles, Plant and Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Value at 01 April 2025	47,564	4,659	900	9,181	73,124	135,428
Additions	3,402	0	0	11,398	8,196	22,996
Disposals	0	0	0	0	(1,860)	(1,860)
De-recognition other*	(207)	0	0	0	(36,911)	(37,118)
Revaluations	(5,081)	(514)	0	0	0	(5,595)
Assets reclassified to/(from)	3,804	0	0	(8,375)	3,950	(621)
Other movements in cost or valuation	0	242	0	0	0	242
Gross Book Value at 31 March 2026	49,482	4,387	900	12,204	46,498	113,471
<u>Depreciation and Impairment:</u>						
Cumulative net to 01 April 2025	0	0	0	0	(51,039)	(51,039)
Depreciation Charge	(1,485)	(465)	0	0	(6,124)	(8,074)
Assets reclassified (to)/from	0	0	0	0	0	0
Disposals	0	0	0	0	1,519	1,519
De-recognition other*	10	0	0	0	36,902	36,912
On revaluations	1,476	465	0	0	0	1,940
Other Movements	0	0	0	0	0	0
Depreciation at 31 March 2026	0	0	0	0	(18,743)	(18,743)
Net Book Value 2026	49,482	4,387	900	12,204	27,756	94,729
Net Book Value 2025	47,564	4,659	900	9,181	22,084	84,389

* "De-recognition – other" of £36.911m shown above in both the Cost and Depreciation sections relates to historic Plant, Furniture and Equipment (PFE) Assets that have been fully depreciated dating from 1994/95 to 2020/21. These assets were never written out at the time that they were fully depreciated, despite having a netbook value. In future years fully depreciated PFE assets will be derecognised in the appropriate year.

The movements on the balances of the PPE assets for 2024/25 are shown in the following tables:

GROUP AND PCC MOVEMENTS 2024/25	Land and Building	Right Of use Asset	Surplus Assets	Assets Under Construction	Vehicles, Plant and Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000
Value at 01 April 2024	48,095	4,460	900	1,591	69,492	124,538
Additions	324	1,381	0	8,739	5,351	15,795
Disposals	0	(376)	0	0	(2,847)	(3,223)
Revaluations	(185)	(1,477)	0	0	0	(1,662)
Assets reclassified to/(from)	(670)	670	0	(1,149)	1,128	(21)
Other movements in cost or valuation	0	0	0	0	0	0
Gross Book Value at 31 March 2025	47,564	4,659	900	9,181	73,124	135,429
<u>Depreciation and Impairment:</u>						
Cumulative net to 01 April 2024	0	0	0	0	(47,643)	(47,643)
Depreciation Charge	(1,427)	(18)	0	0	(5,630)	(7,075)
Assets reclassified (to)/from	0	0	0	0	0	0
Disposals	0	12	0	0	2,233	2,245
On revaluations	1,427	6	0	0	0	1,433
Other Movements	0	0	0	0	0	0
Depreciation at 31 March 2025	0	0	0	0	(51,040)	(51,040)
Net Book Value 2025	47,564	4,659	900	9,181	22,084	84,389
Net Book Value 2024	48,095	0	900	1,591	21,849	72,435

Depreciation

The following useful lives and depreciation rates have been used in the calculation of depreciation in 2025/26.

- Land and Building (Inc. Components) 15 to 60 years
- Vehicles 3 to 10 years
- IT Equipment 2 to 10 years
- Other Plant and Equipment 3 to 20 years

Capital Commitments

As part of the capital programme the OPCC had in progress during 2025/26 a number of contracted schemes which were not completed before 31st March 2026. The potential budgeted capital commitment arising from those schemes is estimated to be £16.603m (£6.956m in 2024/25).

Revaluations

The figures shown in the tables above include both upward and downward revaluations of tangible non-current assets. These movements are captured in either the revaluation reserve (balance sheet) or the other comprehensive income and expenditure section of the comprehensive income and expenditure statement (CIES).

Assets under Construction

As at 31st March 2026 we had 21 vehicles classed as assets under construction as these had not been commissioned for operational purposes. In addition, various IT and Estates works which are to under construction as at 31st March 2026.

	Land and Building	Surplus Assets	Right of Use Asset	Assets Under Construction	Asset Held for Sale	Vehicles, Plant and Equipment	Total Property, Plant and Equipment
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Carried at Historical Cost:	0	0	0	12,204	0	46,498	58,703
Valued at Fair Value as at:							
31 March 2026	1,918	0	(272)	0	520	0	2,166
31 March 2025	(531)	0	4,659	0	(430)	0	3,698
31 March 2024	1,008	625	0	0	430	0	2,063
Up to 31 March 2023	47,087	275	0	0	0	0	47,362
Total Gross Cost or Valuation	49,482	900	4,387	12,204	520	46,498	113,991

6.3.2 Intangible assets

Software is accounted for as intangible assets, to the extent that the software is not an integral part of a particular ICT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licences and general software.

All software is given a finite useful life based on assessments of the period that the software is expected to be of use to the OPCC. The useful lives assigned to the major software suites by the OPCC are three to 10 years.

The carrying amount of intangible assets is amortised on a straight-line basis. An amortisation of £3.673m was charged to revenue in 2025/26, (£3.386m in 2024/25).

2024/25		2025/26
£'000		£'000
Group and PCC Balance as at 1 April		
36,384	Gross Carrying Amount	37,448
(18,665)	Accumulated Amortisation	(22,005)
17,719	Net Carrying Amount at Start of Year	15,443
1,118	Additions	679
(53)	De recognition- other	(10,467)
0	Transfer	208
(3,386)	Amortisation for the period	(3,673)
45	Write Out Amortisation on Disposal	10,425
(2,276)	Net Carrying Amount at End of Year	(2,828)
Comprising:		
37,449	Gross Carrying Amounts	27,869
(22,006)	Accumulated Amortisation	(15,254)
15,443	Group and PCC Balance as at 31 March	12,615

6.3.3 Asset Held for Sale

In 2025/26 we seen the Uttoxeter Police Station and Hearn Court transferred to assets held for sale.

2024/25 £'000		2025/26 £'000
430	Group and PCC Balance as at 1 April	0
	<i>Assets newly classified as held for sale</i>	
0	Additions	0
22	Transfers	413
0	Revaluations	107
(452)	Disposals	0
0	Other Movements	0
0	Group and PCC Balance as at 31 March	520

6.3.4 Inventories

The closing stock adjustment of £0.836m reflects the value of a number of different stock types including ammunition, protective clothing and uniform as at 31st March 2026 (£0.804m 2024/25).

6.3.5 Short term debtors

A breakdown of the Debtors figure in the balance sheet is provided below. The balance per debtor category is shown net of any impairment. All Debtors were held on the Balance Sheet of the PCC and the Group during 2024/25 and 2025/26.

31 March 2025 Group Restated £'000	31 March 2025 PCC Restated £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
1,680	1,680	Trade Receivables	1,380	1,380
5,335	5,335	Prepayments	5,262	5,262
10,064	10,064	Accrued Income	7,836	7,836
21,286	13,278	Other Receivables	15,616	14,551
38,365	30,359	Sub-Total	30,094	29,029
0	0	Intra Group Funding	0	0
38,365	30,359	Total short-term debtors	30,094	29,029

6.3.6 Cash and cash equivalents

A breakdown of the cash figure in the Balance Sheet is provided below. All cash was held by the PCC and the OPCC Group during 2024/25 and 2025/26.

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
		Current assets:		
350	350	Cash in hand and Bank current account	394	394
26,100	26,100	Short term deposits	19,235	19,235
26,450	26,450	Total current cash and equivalents Group and PCC	19,629	19,629

6.3.7 Short term creditors

A breakdown of the Creditors figure in the Balance Sheet is provided below.

31 March 2025 Group Restated £'000	31 March 2025 PCC Restated £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
7,617	7,617	Trade Payables	5,492	5,492
32,221	19,174	Other Payables	38,252	24,999
39,838	26,791	Sub Total	43,744	30,491
0	553	Intra Group Funding	0	6,052
39,838	27,344	Total short term creditors	43,744	36,543

The classification used in this disclosure notes are different to those used in 2024/25; hence the prior year figures have been restated to ensure comparability, the total is not affected.

6.3.8 Provisions

Provisions fall into two categories depending on when the related payments are expected to be made. Provisions with expected pay outs within one year are classed as current liabilities and those expected to be paid out in excess of one year are long term liabilities. Provision are now under the control of the Chief Constable and as such have moved from the Balance Sheet of the PCC to the Balance Sheet of the Chief Constable.

Insurance Provision

This provision was established to meet liability claims which are not covered by external insurers. The balance reflects the Group's independent external insurance advisor's assessment of the level of outstanding liabilities. The provision represents non-current amounts which are expected to be recovered or settled over more than 12 months. No amounts are expected within one year.

31 March 2025 £'000		31 March 2026 £'000
4,614	Group and CC Balance as at 1 April	3,474
195	Contributions to provision in year	743
(1,335)	Net expenditure in year	(1,556)
3,474	Group and CC Balance as at 31 March	2,661

Legal Case Provision

A £0.190m provision was charged to the CIES in 2024/25 in respect of costs of a court case that will give rise to payments in the future. This provision remains unchanged in 2025/26.

Total Provisions

31 March 2025 £'000		31 March 2026 £'000
3,474	Insurance Provision	2,661
190	Legal Case Provision	190
3,664	Total Provisions as 31 March	2,851

6.3.9 Leases

The Group adopted IFRS 16 from 1 April 2024, to recognise right of use assets, which meant that the majority of leases where the OPCC acts as lessee came onto the balance sheet. With effect from 1 April 2024 right-of-use assets and lease liabilities will have been calculated as if IFRS 16 had always applied but recognised in the year of adoption and not by adjusting prior year figures.

Leases for items of low value and leases that expire on or before 31 March 2027 are exempt from IFRS 16 disclosure requirements. As a lessee, the Group has previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Group.

Under IFRS 16, the Group recognises right-of-use assets and lease liabilities for most leases. The Group has decided to apply recognition exemptions to short-term leases and has elected not to recognise right-of-use assets and lease liabilities for short term leases that have a term of 12 months or less and leases of low value assets (£10,000).

The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term. A weighted average incremental borrowing rate has been applied to lease liabilities as at 1 April 2024.

This table shows the change in the value of right-of-use assets held under leases by the authority:

	Land and Buildings £'000
Balance at 01 April 2025	4,659
Additions	0
Revaluations	(514)
Depreciation	0
Disposals	0
Other movements in cost or valuation	242
Balance at 31 March 2026	4,387

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments):

2024/25 £'000		2025/26 £'000
496	Current Liabilities	567
5,334	Long term Liabilities	4,962
5,830	Total	5,529

2024/25 £'000		2025/26 £'000
496	No Later Than One Year	567
2,576	Later Than One Year and Not Later Than Five Years	2,172
2,758	Later Than Five Years	2,790
5,830	Total	5,529

Amount charged to the Group and PCC Comprehensive Income and Expenditure amounted to £0.346m in 2025/26 (£0.355m 2024/25), related to interest expense on the lease liabilities.

6.3.10 Financial Instruments

Financial liabilities and financial assets are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

The new borrowing interest rates at the 31st March 2026 for all Public Works Loan Board (PWLB) loans and the market rate applicable at the 31st March 2026 for investments;

- No early repayment or impairment is recognised;
- where an instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value;
- Short term debtors and creditors are carried at cost as this is an approximation of their fair value. Total short-term financial assets and liabilities relating to debtors and creditors are included in Notes 6.3.5 and 6.3.7.
- The fair values in 2025/26 are calculated under IFRS 13 which under the definition the fair value is calculated reference to the “premature repayment” set of rates as at 31st March 2026. As the price that would be received to sell an asset or paid to transfer its liability.

31 March 2025			31 March 2026	
Carrying Amount £'000	Carrying Amount £'000		Carrying Amount £'000	Fair Value £'000
		<u>Financial Liabilities</u>		
59,650	46,628	PWLB Long Term Borrowing	58,050	44,340
59,650	46,628		58,050	44,340
1,850	1,850	PWLB Short Term Borrowing	1,600	1,576
0	0	Short Term OLAS	0	0
230	230	Interest due within one year	225	225
2,080	2,080		1,825	1,801
14,033	14,033	Creditors which are financial instruments	15,593	15,593
75,763	62,741	Group and PCC Total Liability	75,468	61,734

31 March 2025			31 March 2026	
Carrying Amount £'000	Carrying Amount £'000		Carrying Amount £'000	Fair Value £'000
		<u>Financial Assets</u>		
0	0	Short Term Deposits	0	0
0	0	Total Short-Term Investments	0	0
		<u>Cash</u>		
350	350	Cash	394	394
26,100	26,100	Short Term Deposits	19,235	19,235
26,450	26,450	Total Cash and Cash Equivalents	19,629	19,629
10,383	10,383	Debtors which are financial instruments	9,382	9,382
36,833	36,833	Group and PCC Total Assets	29,011	29,011

Financial Assets appear in two places on the Balance Sheet, either as Short-Term Investments or as Cash Equivalents within the Cash and Cash Equivalents figure. Their fair values are calculated by using the net present value approach, using a discount rate that should be equal to the current rate in relation to the same instrument from a comparable lender. This will be the rate applicable in the market on the date of valuation for an instrument with a duration that is equal to the outstanding period from valuation date to maturity.

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

- Credit risk – the possibility that other parties might fail to pay amounts due

- Liquidity risk – the possibility that the OPCC might not have funds available to meet its commitments to make payments
- Market risk – the possibility that financial loss might arise for the OPCC as a result of changes in such measures as interest rates and stock market movements.

The OPCC's Treasury Management function is sub-contracted to Staffordshire County Council and the Council's management of treasury risks actively works to minimise the OPCC's exposure to the unpredictability of financial markets and to protect the financial resources available to fund services. The Group has fully adopted the CIPFA's Treasury Management in the Public Services: Code of Practice and has written Treasury Management practice notes dealing with different aspects of the function.

Credit risk

Credit risk arises from the short-term lending of surplus funds to banks, building societies and other local authorities, as well as credit exposure to customers. It is the policy of the OPCC to loan money with only a limited number of high-quality banks and building societies and during the past financial year the OPCC has restricted lending to the following bodies with the amounts limited as shown:

- The UK Government directly (unlimited amount)
- Non- charge capped UK Local Authorities (unlimited amount)
- The OPCC's banker, Lloyds Bank (£0.5m) – see below.

	As at 31 st March	Historical Experience of Default	Historical Experience Adjusted for Market Conditions	Estimated Maximum Exposure to default and Collectability
	£'000	%	%	£'000
Deposits with Banks and other Financial Institutions	19,235	N/A	N/A	N/A
Customers	1,380	2%	2%	28

The following analysis summarises the potential maximum exposure to credit risk, based on past experience and current market conditions. No credit limits were exceeded during the financial year and the Group expects full repayment on the due date of deposits placed with its counterparties. The Group does not expect any losses from non-performance by any of its counterparties in relation to deposits and bonds.

The Group allows credit to some customers and £0.207m of the £1.380m balance (£0.178m of £1.680m in 2024/25) is past its due date for payment but has not been impaired. The past due amount can be analysed by age as follows:

	31st March 2025	31st March 2026
	£'000	£'000
Less than three months	89	84
Three to six months	22	99
Six months to one year	62	15
More than one year	5	9
Total	178	207

Liquidity risk

The OPCC has access to a facility to borrow from the Public Works Loan Board. As a result, there is no significant risk of being unable to raise finance to meet its commitments. Safeguards are in place to ensure that a significant proportion of borrowing does not mature for repayment at any one time in the future, to reduce the financial impact of re-borrowing at a time of unfavourable interest rates. The policy is to ensure that no more than 10% of loans are due to mature within any financial year, through a combination of prudent planning of new loans taken out and, where it is economic to do so, making early repayments.

The lender and maturity analysis of financial liabilities at nominal value is as follows:

	31st March 2025 £'000	31st March 2026 £'000
Analysis by lender		
Public Work Loan Board (PWLB)	61,500	59,650
Other Local Authorities	0	0
	61,500	59,650
Analysis by Maturity		
Less than one year	1,850	1,600
Between one to two years	1,600	4,300
Between two to five years	10,300	9,000
More than five years	47,750	44,750
Total	61,500	59,650

Market risk

Interest rate risk

The OPCC is exposed to interest rate risk in terms of its exposure to interest rate movements on its borrowings and investments. Movements in interest rates have a complex impact on the OPCC Group. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates - the interest expense charged to the Comprehensive Income and Expenditure Statement will rise
- Borrowings at fixed rates - the fair value of the liabilities will fall
- Investments at variable rates - the interest income credited to the Comprehensive Income and Expenditure Statement will rise
- Investments at fixed rates - the fair value of the assets will fall.

Borrowings are not carried at fair value, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes in interest payable and receivable on variable rate borrowings and investments will be posted to the Comprehensive Income and Expenditure Statement and affect the General Fund on a pound for pound basis. The OPCC has a number of strategies for managing interest rate risk. The policy is to aim to keep a maximum of 20% of its borrowings in variable rate loans. During periods of falling interest rates and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses.

At 31st March 2026, if interest rates had been 1% higher, with all other variables held constant, the financial effect would have been:

	£'000
Increase in interest receivable on variable rate investments	242
Impact on CIES	242
Decrease in fair value of fixed rate borrowing liabilities	-
(No impact on CIES)	-

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

Foreign exchange risk

The Group or OPCC single entity has no financial assets, or liabilities, denominated in foreign currencies and thus has no exposure to loss arising from movements in exchange rates.

6.3.11 Usable Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2025/26. All Usable Reserves are held by the PCC.

31 March 2025 £'000		31 March 2026 £'000
9,783	General Fund	10,573
0	Capital receipt reserve	0
331	Capital grants unapplied	331
1,472	Reshaping the Future	3,524
2,242	IT Transformation Reserve	2,242
919	Insurance Reserve	812
4,028	Pension Reserve	3,575
716	Collaboration Reserve	520
1,283	Capital Reserve	1,976
2,422	ESN Reserve	2,422
474	Major Policing Events Reserve	1,275
24,142	Operational Reserves	19,557
37,698	Total Earmarked Reserves	35,903
47,812	Total Usable Reserves	46,807

- **General Fund** is held to protect against any state or emergency conditions which may arise. The level held is based on a risk assessment.
- **Reshaping the Future Reserves** – this reserve has been created to help fund the transformation currently taking place in order to achieve the required savings to balance future budgets. These reserves will cover the cost of external advisors, redundancy and some investments required in order to achieve more efficiencies and reduce future costs for the force.
- **Insurance Reserve** - provides for the self-funding of certain uninsurable risks, and also to cover the excess (£100,000) for any unknown claims before the insurance cover is applied and the aggregate stop loss for each year. The reserve covers amounts falling outside the definition of the insurance provision as they are unknown claims which could occur from past or future events.
- **Earmarked pensions reserve** – This reserve has been created because when Officers leave on ill health reasons the OPCC are required to make contribution from the revenue budget towards the pension scheme.
- **Capital Reserve and ESN Reserve**- Revenue funding which has been set aside for future capital projects.
- **Major Events Reserve** - Earmarked Reserves to support the Force during the budget year and into the medium term.
- **Other Earmarked reserves** – the OPCC has other funding sources which are restricted in terms of the purpose or timing of their use and these have been established on the balance sheet date.

6.3.12 Earmarked Reserves

	Balance at 01 April 2024	Transfer Out	Transfer In	Balance at 31 March 2025	Transfer Out	Transfer In	Balance at 31 March 2026
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Reshaping the Future	2,090	(618)	0	1,472	(210)	2,262	3,524
IT Transformation Reserve	2,633	(391)	0	2,242	0	0	2,242
Insurance Reserve	314	(1,190)	1,795	919	(907)	800	812
Pension Reserve	5,689	(1,661)	0	4,028	(474)	21	3,575
Collaboration Reserve	618	0	98	716	(196)	0	520
Capital Reserve	1,378	(1,801)	1,706	1,283	(1,284)	1,977	1,976
ESN Reserve	2,422	0	0	2,422	0	0	2,422
Major Policing Events Reserve	474	0	0	474	(672)	1,473	1,275
Operational Reserves	20,265	(15,513)	19,390	24,142	(14,614)	10,029	19,557
Total Earmarked Reserves	35,883	(21,174)	22,989	37,698	(18,357)	16,562	35,903

6.3.13 Unusable Reserves

The Group and PCC keeps a number of reserves that are required to be held for statutory reasons. They cannot be used to provide services. Majority of the Pension Reserve and Accumulated Absences Reserves are held by the Chief Constable and all other unusable reserves are held by the PCC. The unusable reserves can be summarised as follows:

31 March 2025 Group	31 March 2025 PCC		31 March 2026 Group	31 March 2026 PCC
£'000	£'000		£'000	£'000
(13,981)	(13,981)	Revaluation Reserve	(15,400)	(15,400)
(1,582)	(1,582)	Capital Adjustment Account	6,518	6,518
285	285	Collection Fund Adjustment Account	(361)	(361)
1,114,791	11	Pension Reserve	1,070,592	7
8,206	54	Accumulated Absences Account	9,075	85
1,107,719	(15,213)	Total Unusable Reserves	1,070,424	(9,151)

The Group's unusable reserves are in deficit due to the pension reserve. The pension reserve reflects the deficit on the Group's defined pension scheme and in particular the police schemes which are not funded by assets but are supported by central funding from the Home Office.

Revaluation Reserve

The Revaluation Reserve contains the gains made by the OPCC Group arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Re-valued downwards or impaired and gains are lost;
- Used in the provision of services and the gains are consumed through depreciation; or
- Disposed of and the gains are realised.

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

2024/25 £'000		2025/26 £'000
13,475	Group and PCC Balance as at 1 April	13,981
1,270	Upwards revaluation of assets	2,596
(253)	Downward revaluation of assets and impairment losses not charged to the surplus/deficit on the provision of services	(676)
1,017	Surplus or deficit on revaluation of non-current assets not posted to the Surplus or Deficit on the Provision of Services	1,920
(438)	Different between fair value depreciation and historical cost depreciation	(501)
(73)	Accumulated gains on assets sold or scrapped	0
(511)	Amount written off the Capital Adjustment Account	(501)
13,981	Group and PCC Balance as at 31 March	15,400

Capital Adjustment Account (CCA)

The CAA absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the CIES (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The Account is credited with amounts set aside by the Group as finance for the cost of acquisition, construction and enhancement.

The Account also contains revaluation gains accumulated on Property, Plant and Equipment before 1st April 2007, the date that the Revaluation Reserve was created to hold such gains.

2024/25 £'000		2025/26 £'000
6,752	Group and PCC Balance as at 1 April	1,582
	<i>Reversal of items relating to capital expenditure debited or credited to the CIES:</i>	
(7,075)	Charges for depreciation and impairments of non-current assets	(8,074)
(1,247)	Revaluation losses on PPE	(5,468)
(3,386)	Amortisation of intangible assets	(3,673)
(1,436)	Amounts of non-current assets written off on disposal as part of gain/loss on disposals to the CIES	(589)
(84)	Revenue expenditure funded from capital under statute (REFCUS)	(300)
(13,228)		(18,104)
511	Adjusting amounts written out of the revaluation reserve	501
(12,717)	Net written out amount of the cost of non-current assets consumed in the year	(17,603)
	<u>Capital financing in year:</u>	
444	Use of Capital Receipt Reserve to finance new capital expenditure	14
0	Capital Grants and contributions credited to the CIES that have been applied to capital financing	137
0	Application of grants to capital financing from the Capital Grants Unapplied Account	0
3,256	Capital Expenditure charged to General Fund	4,972
3,846	Statutory provision for the financing of capital investment charged against the General Fund	4,377
1,582	Group and PCC Balance as at 31 March	(6,518)

Collection Fund Adjustment Account

The Collection Fund Adjustment Account manages the differences arising from the recognition of Council Tax income in the CIES as it falls due from Council Tax payers compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2024/25 £'000		2025/26 £'000
1,665	Group and PCC Balance as at 1 April	(285)
(1,950)	Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	646
(285)	Group and PCC Balance as at 31 March	(361)

Pension Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for the funding of benefits in accordance with statutory provisions. The OPCC Group accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the OPCC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. The debit balance on the Pensions Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources The Group has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
(1,351,399)	(12)	Balance as at 1 April	(1,114,791)	(11)
206,680	(45)	Re-measurement of the net defined benefit liability	18,041	(93)
(122,589)	(201)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(121,652)	(117)
105,623	247	Employer's pensions contribution and direct payments to pensioners payable in year	104,716	214
46,894	0	Additional contribution to the pension fund balances the deficit on the fund account	43,094	0
(1,114,791)	(11)	Total Balance as at 31 March	(1,070,592)	(7)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund from accruing for compensated absences earned but not taken in the year e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund is neutralised by transfers to or from the Account.

The majority of the Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. Therefore, the Opening Balance of the Reserve as at 1st April 2012 was transferred to the CC Single Entity with effect from that date. The entries for the PCC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the PCC as at 31st March 2025 and 31st March 2026.

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
(6,787)	(34)	Balance as at 1 April	(8,206)	(54)
6,787	34	Settlement of cancellation of accrual made at the end of the preceding year	8,206	54
(8,206)	(54)	Amount accrued at the end of the current year	(9,075)	(85)
(1,419)	(20)	Amount by which office remuneration charged to the CIES on accrual basis is different from remuneration chargeable in the year in accordance with statutory requirements	(869)	(31)
(8,206)	(54)	Total Balance as at 31 March	(9,075)	(85)

6.4 Cash Flow Statement Notes

6.4.1 Operating Activities

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
7,075	7,075	Depreciation and Impairment	8,074	8,074
1,247	1,247	(Upward)/downward valuation	5,468	5,468
3,386	3,386	Amortisation of intangible assets	3,673	3,673
9,964	8,520	Increase/(decrease) in revenue creditors	3,549	8,838
8,254	7,351	(Increase)/decrease in revenue debtors	8,271	1,327
(104)	(104)	(Increase)/decrease in inventories	(31)	(31)
(29,926)	(46)	Movement in pension liability	(26,158)	(97)
(950)	0	Movement in provisions	(813)	0
1,436	1,436	Carrying amount of non-current assets sold	589	589
78	78	Other non-cash items charged to the net surplus or deficit on the provision of services	295	295
460	28,943	Adjustment to net surplus or (deficit) on the provision of services for non-cash movements	2,918	28,137

6.4.2 Adjustments for items included in the net deficit on the provision of services that are investing or financing activities

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
(992)	(992)	Proceeds from the sale of PPE	(575)	(575)
0	0	Capital Grants	(137)	(137)
(992)	(992)	Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(712)	(712)

6.4.3 Investing Activities

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
(15,616)	(15,616)	Purchase of PPE and Intangible Assets	(23,675)	(23,675)
992	992	Proceeds from the sale of PPE	575	575
0	0	Purchase of short term and long term investments	0	0
0	0	Proceeds from short term and long term investments	0	0
(14,624)	(14,624)	Total Investing Activities	(23,100)	(23,100)

6.4.4 Financing Activities

31 March 2025 Group £'000	31 March 2025 PCC £'000		31 March 2026 Group £'000	31 March 2026 PCC £'000
(1,600)	(1,600)	Repayments of short term and long term borrowing	(1,850)	(1,850)
(392)	(392)	Cash Payments for the Reduction of the Outstanding Liability relating to Finance Leases	(542)	(542)
0	0	Cash receipts of short and long term borrowing	0	0
0	0	Capital grants	137	137
		Total Adjustment for items included in the net surplus or (deficit) on the provision of services that are investing and financing activities	(2,255)	(2,255)
(1,992)	(1,992)			

6.5. Other Notes

6.5.1 Related Parties

The Group is required to disclose material transactions with related parties, that is bodies or individuals that have the potential to control or influence the Group or to be controlled or influenced by the Group. The OPCC's staff and members, senior officers and departmental heads were contacted to obtain the required declarations.

The Group also has business relationships with Central Government and a number of other public organisations, such as Staffordshire County Council.

Details of our related party transactions are as follows:

- Central Government – it has effective control over the general operations of the Group. It is responsible for providing the statutory framework within which the Group operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Group has with other parties. Details of transactions with government departments are set out in the disclosure notes.
- Other Local Authorities and Public Bodies – transactions have been disclosed elsewhere in the notes to the Financial Statements.
- Members, senior officers and other employees – there are no known related party transactions.
- Partnerships, Trusts, and Associated Organisations – During 2025/26 the PCC made a grant of £25,000 which supported the operation of the Staffordshire Police Cadets, which was payable to the force.
- Charitable Organisations – the Chief Constable is a Trustee of the Care of Police Survivors (COPS) which supports the surviving families of police officer's and staff who died on duty. A donation has been made during the financial year.

Precept funding was received from the following local authorities during the year (amounts are shown on an accruals basis):

2024/25		2025/26
£'000		£'000
19,697	Stoke-on-Trent City Council	19,425
13,468	Stafford Borough Council	14,135
11,592	South Staffordshire District Council	11,700
11,293	Lichfield District Council	11,942
11,263	Newcastle-under-Lyme Borough Council	11,448
10,167	East Staffordshire Moorlands District Council	12,055
9,218	Staffordshire Moorlands District Council	10,003
8,174	Cannock Chase District Council	8,475
6,458	Tamworth Borough Council	6,830
101,330		106,013

6.5.2 Pooled Budgets and Joint Operations

The Group actively works with other police forces to deliver areas of operational policing and back office functions. Some arrangements have financial implications and these are explained below:

Central Counties' Air Operations Unit (CCAOU) with West Mercia Police

As from 1st October 2013, the joint arrangement with West Mercia Police for the provision of air support ceased to exist. This service is now provided by NPAS the National Police Aviation Service. The charges for the service in 2025/26 amounted to £687k (2024/25 £652k).

Joint Emergency Transport Services (JETS)

The Joint Emergency Transport Service delivers all aspects of fleet services for Fire and Police vehicles in Staffordshire. JETS was established in April 2016 and is located at the Staffordshire Fire Workshop's at Trentham Lakes. Some overheads costs are shared at a 51:49 split Police: Fire respectively. Other costs are direct to each Service. All the stock is held separately with identifiable stock control. The cost to Staffordshire Police for the transport service in 2025/26 £3,506,909 (2024/25 £3,778,344).

Staffordshire Fire and Rescue Service Collaboration

The PCC became the Police, Fire and Crime Commissioner (PFCC) on the 1st August 2018. The PFCC and the PFCC staff pay and associated costs relating to their work at Staffordshire Fire and Rescue Service are recharged on a direct basis. In addition to this, there is a joint arrangement for joint projects which is run by a joint Collaboration Board programme and Strategic Governance Board. The costs for providing the service in 2025/26 were £1,855,123 (2024/25 £1,697,815).

Legal Services

During 2011/12 a Section 22a collaboration agreement was signed with West Midlands Police for the joint delivery of a Legal Services Department. The collaborative working arrangement began in 2011/12. In 2025/26 a contribution of £0.588m (£0.436m in 2024/25) was made to West Midlands Police towards the cost of legal services and this figure is included in the Comprehensive Income and Expenditure Statement of the Group.

Regional Organised Crime Unit (ROCU) with West Midlands Police

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

The aim of ROCU is to reduce the impact and increase the disruption of serious and organised crime with the region and beyond. West Midlands Police acts as the lead force this joint arrangement and provides the financial management service for the 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 cover all operating costs. The details are as follows:

2024/25 £'000		2025/26 £'000
	Funding provided to West Midlands ROCU	
(17,296)	Contribution from West Midlands Police	(16,952)
(5,310)	Contribution from West Mercia Police	(5,204)
(5,158)	Contribution from Staffordshire Police	(5,056)
(2,579)	Contribution from Warwickshire Police	(2,528)
(2,399)	WMROCU Grant	(2,460)
(280)	National Cyber Security Programme funding	(311)
(252)	Asset Confiscation Enforcement grant (ACE)	(267)
(330)	ROCU Reserves	(75)
(1,120)	UCOL funding	(1,156)
(236)	ROCTA funding	(236)
(256)	Disruption Team Funding	(256)
(250)	Dark Web Funding	(253)
0	Regional Prisons Intelligence Unit	(110)
(142)	Fraud Investigation	(331)
(46)	DART	(662)
0	Regional Asset Recovery Team (RART)	(461)
0	Regional Confidential Unit	(370)
(35,654)	Total Income	(36,688)
	WM ROCU Expenditure	
1,555	Regional Asset Recovery Team (RART)	2,139
260	RART- ACE team	288
912	Regional Cyber Crime Unit	788
605	Regional Fraud Team	826
1,472	Regional Prisons Intelligence Unit	1,822
67	Operational Security (OPSY)	75
74	Regional Government Agency Intelligence Network (GAIN)	76
1,621	Command Team	1,370
6,776	Regional Confidential Unit	6,948
694	TIDU- Technical Intelligence	763
346	Enabling Services	351
5,899	SOCU	5,725
9,567	Regional Surveillance Unit (FSU)	9,500
4,404	Other Regional Operations	4,228
0	Additional Contribution to Reserves	0
428	Threat Assessment Team (ROCTA)	384
336	Disruption Team	249
317	Dark Web	262
321	DART	894
35,654	Total Expenditure	36,688
0	Total Net Expenditure	0

Firearms Licensing

On 1st August 2013 a collaborative working arrangement commenced with West Midlands Police for the joint delivery of a Firearms Licensing Department based in Staffordshire and with all Police Staff being employed by Staffordshire Police. A contribution of £0.316m has been made by West Midlands Police towards the cost of the service during 2025/26 (£0.325m in 2024/25). This figure is included in the CIES of the Group. A formal agreement is in place.

6.5.3 Members Allowances

Allowances and expenses for Joint, Audit and Risk Committee members, the PCC and the Deputy PCC in 2025/26 amounted to £12,661 (£17,166 in 2024/25).

6.5.4 Proceeds of Crime Act 2002 (POCA)

The Group has separate bank accounts for temporarily holding third party funds seized as suspected proceeds of crime. At 31st March 2026 the balance on this account was £1,517,949 (£1,810,020 at 31st March 2025). This sum does not appear on the Balance Sheet of the OPCC Group accounts.

6.5.5 Contingent Liabilities

During the year 2025/26 Motorway Speed Enforcement (Op Cabin) The Department for Transport (DfT) has confirmed that National Highways is responsible for funding financial redress arising from erroneous speed enforcement linked to certain managed motorway cameras enforced on their behalf by Staffordshire Police. While police forces are involved in supporting the administration of the redress scheme, no liability resulting from this redress is expected to fall to the Police Force or the Police and Crime Commissioner. At the date of approval of these financial statements, the redress scheme has not yet been fully implemented, and the final scope remains subject to further approvals. Accordingly, no provision has been recognised in these accounts, but this matter is disclosed as a contingent liability.

6.5.6 Capital Financing

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

2024/25 £'000		2025/26 £'000
70,357	Opening Capital Financing Requirement Group and PCC	84,269
	Capital Investment	
5,674	Property Plant and Equipment (PPE)	11,598
1,118	Intangible Assets	679
8,740	Non-Operational Assets	11,398
84	Revenue Expenditure Funded from Capital Under Statute (REFCUS)	300
5,842	Right of Use Asset Recognised in year	242
	Sources of Finance:	
0	Capital Grants Received in Year	(137)
0	Capital Grants from Grants Unapplied Account	0
(444)	Capital Receipts	(14)
(392)	Finance lease repayments	(542)
	Amounts Set aside from Revenue	
(3,257)	Direct Revenue Contribution	(4,972)
(3,453)	Minimum Revenue Provision (MRP)	(3,838)
84,269	Closing Capital Financing Requirement Group and PCC	98,983
	Explanation of movement in year:	
8,070	Increase / (decrease) in underlying need to borrowing (supported by government financial assistance)	14,472
5,842	Assets acquired under finance leases	242
13,912	Increase/(Decrease) in Capital Financing Requirement Group and PCC	14,714

6.5.7 Events after the Balance Sheet Date

Events after the balance sheet date have been considered for inclusion in the accounts up to the date of authorised for issue.

In May 2026, HM Treasury announced a change to the SCAPE discount rate applied to the Police Pension Scheme. The Government Actuary's Department has confirmed that this does not affect the IAS19 valuation as at 31 March 2026, as assumptions are derived based on market conditions at the reporting date.

The change is therefore treated as a non-adjusting post balance sheet event. The impact of the revised SCAPE rate will be reflected in future actuarial valuations and employer contribution rates. At this stage, the financial effect of the change cannot be reliably quantified.

6.5.8 Defined Benefit Pension Scheme

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 of its officers and other employees, the OPCC offers retirement benefits. Although these benefits will not actually be payable until employees retire, the OPCC has a commitment to make the payments, and that needs to be disclosed at the time that employees earn their future entitlement.

The OPCC participates in two post-employment schemes:

- The Local Government Pension Scheme for Police Staff (LGPS), administered by Staffordshire County Council. This is a funded defined benefit scheme, meaning that the OPCC and employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets. With effect from 1st April 2014, the LGPS became a career average (CARE) scheme rather than a final salary scheme.
- The Police Pension Scheme 1987 (OPPS), the New Police Pension Scheme 2006 (NPPS) and the Police Pension Scheme 2015 (PPS) are administered by XPS Limited. 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. Further details of this scheme are given in the Supplementary Financial Statement.

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 Staffordshire 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 plan assets built up to meet these pension liabilities.

McCloud Remedy

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, GAD 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.

Now that the remedy window has closed, GAD have moved all McCloud related liabilities for eligible members for the period 2019 to 2022 to the associated legacy schemes. This means all McCloud liability are held within the legacy scheme GAD expect benefits to be paid from. In the 2022/23 disclosures, this led to a past service cost in the 1987 Scheme and the 2006 Scheme and a past service gain in the 2015 Scheme.

Now that all the McCloud-related liabilities have moved into the legacy schemes, contribution adjustments are being carried out by administrators to ensure affected members have paid the correct 'legacy rate' contributions for this portion of service.

At the time when the 2023/24 accounting disclosures were being prepared, only a small amount of time had passed from the McCloud implementation date on 1 October 2023 which meant that the contributions adjustments made by administrators during that period were immaterial.

However, since then, GAD have refined the accounting treatment of the contribution's adjustments in the 2025/26 disclosures, so they are shown as net cashflows.

LGPS Asset Ceiling Calculation

Under the accounting standard IFRIC 14 IAS19, a net asset restriction may apply where the Employer's LGPS Assets are greater than the Obligations as at the Balance Sheet date. The Standard restricts (by way of an "asset ceiling") the amount of accounting surplus that the Employer may be able to disclose as at 31 March 2026. The Group's Balance Sheet position, prior to applying the asset ceiling adjustment is a net asset of £133.6m

The Group's LGPS actuaries, Hymans, were commissioned to prepare an asset ceiling paper to provide the Group with asset ceiling calculations as at 31 March 2026.

The asset ceiling defined by IAS19 is "the present value of any economic benefits available in the form of refunds from the plan or reductions in future contributions to the plan." IFRIC 14 IAS 19 also states: "Minimum funding requirements exist in many countries to improve the security of the post-employment benefit promise made to members of an employee benefit plan. Such requirements normally stipulate a minimum amount or level of contributions that must be made to a plan over a given future period. Therefore, a minimum funding requirement may limit the ability of the entity to reduce future contributions."

IFRIC 14 asks employers to analyse minimum funding requirement contributions split between future service and past service elements.

Under IAS19, IFRIC 14 requires an additional liability to be recognised where agreed past service contributions would give rise to a future surplus and not be available after they are paid (i.e. available as a refund or reduction in future contributions).

The methodology used by Hymans, as agreed with the Employer, assumes that the Employer has no unconditional right to a refund from the Fund and therefore there is no economic benefit available as a refund. It also assumes that economic benefit is available to the Employer as a reduction in future contributions. The methodology considers both future service contributions and past service contributions as a minimum funding requirement. Past service contributions, where positive, are used to determine if there is an additional liability to recognise under IAS19.

Taking the above methodology into account, Hymans have calculated the Asset Ceiling and the economic benefit available as a reduction in future contributions as:

the present value of future service cost (A)
less
the present value of future service contributions (B)

Where B is greater than A, the economic benefit available as a reduction in future contributions is floored at £0. This is the case for the Group and, as such, the Net Asset of £133.6m would be floored at £0.

However, the second part of the calculation takes into account the present value of agreed past service contributions. These contributions are being made by the Group is £0 per The Group and Police and Crime Commissioner for Staffordshire Statement of Accounts 2025/26 Note to the Financial Statements.

Therefore, the total effect of the asset ceiling on the net asset is £133.6m. Applying this to the calculated net asset of £133.6m results in a net liability of £0.550m. The Group has chosen to restrict its net asset position in line with the methodology set out above and is now showing a net LGPS liability of £0.550m as at 31 March 2026, as set out in the tables below.

The adjustment of £133.6m has been applied to the Accounts as a remeasurement of the liability. Prior to applying the asset ceiling adjustment, the net remeasurement was a gain of £133.6m, but is now shown as a loss of £0.550m and is accounted for in the CIES as Other Comprehensive Income and Expenditure. See the "Reconciliation of the Re-measurement" table below for the breakdown of the remeasurement shown in the CIES.

Transactions Relating to Retirement Benefits

The OPCC recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge the OPCC is required to make against Council Tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement.

The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement

	LGPS (PCC)		LGPS (Group)		PPS (Group)	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Cost of Services:						
Current service costs (Inc. employee contribution)	(195)	(120)	(10,827)	(7,941)	(24,140)	(20,780)
Past service costs (Inc. curtailments)	(6)	0	(319)	0	0	0
Pension transfer in	0	0	0	0	(300)	(330)
Effect of business combinations and disposals	0	0	0	0	0	0
Financing and Investment income and expenditure						
Interest cost on defined benefit obligation	(293)	(253)	(16,284)	(16,760)	(87,030)	(92,750)
Interest income on plan assets	340	355	18,895	23,527	0	0
Interest on the effect of the asset ceiling	(47)	(100)	(2,586)	(6,618)	0	0
Total post-employment benefit charges to the surplus or deficit on provision of services	(201)	(118)	(11,121)	(7,792)	(111,470)	(113,860)
Re-measurement of the net defined benefit liability						
Return on plan assets (excluding the amount included in the net interest expense)	(192)	156	(10,642)	10,350	0	0
Re-measurement of the net defined benefit liability- demographic assumptions	10	77	578	5,108	2,870	0
Re-measurement of the net defined benefit liability- financial assumptions	1,131	215	62,811	14,253	206,400	55,630
Actuarial gains and losses on liabilities experience	55	(352)	3,053	(23,291)	(110)	(31,230)
Changes in the effect of the asset ceiling	(1,049)	(193)	(58,280)	(12,778)	0	0
Total Post Employment Benefit Charged to the CIES	(45)	(96)	(2,480)	(6,358)	209,160	24,400

Movement in Reserve Statement

	LGPS (PCC)		LGPS (Group)		PPS (Group)	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Reversal of Net Charges Made to the Surplus or Deficit for the Provision of Services for the Post-Employment Benefits in Accordance with the Code Employers Contributions Payable to Scheme	201	118	11,121	7,792	111,470	113,860
Retirement Benefits Payable to Pensioners	(247)	(214)	(13,723)	(14,196)	(91,900)	(90,520)
	0	0	0	0	0	0
Total Post Employment Benefit Charged to the CIES	(46)	(97)	(2,602)	(6,404)	19,570	23,340

Pension Assets and Liabilities Recognised in the Balance Sheet

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

	2025/26 £'000	2024/25 £'000	2023/24 £'000	2022/23 £'000
Present Value of the Defined Benefit Obligations				
PPS	(1,070,042)	(1,114,196)	(1,350,680)	(1,390,091)
LGPS	(446,664)	(402,533)	(386,830)	(325,093)
Fair Value of LGPS Assets	446,114	401,937	386,112	331,180
Deficit in the Scheme				
PPS	(1,070,042)	(1,114,196)	(1,350,680)	(1,390,091)
LGPS	(550)	(596)	(718)	6,087
Total	(1,070,592)	(1,114,792)	(1,351,398)	(1,384,004)

PCC Single Entity Pension Assets and Liabilities Recognised in the Balance Sheet

	2024/25 £'000	2025/26 £'000
Present Value of the Defined Benefit Obligations		
LGPS	(7,246)	(6,744)
Fair Value of LGPS Assets	7,235	6,736
Total	(11)	(8)

Reconciliation of Present Value of the Scheme liabilities (Defined Benefit Obligations)

	LGPS PCC		LGPS Group		PPS	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Opening Balance at 1 April	(6,963)	(7,246)	(386,830)	(402,533)	(1,350,680)	(1,114,196)
Current Service Cost	(195)	(120)	(10,827)	(7,941)	(13,080)	(9,060)
Interest Cost	(293)	(253)	(16,284)	(16,760)	(87,030)	(92,750)
Contributions by Scheme Participants	(74)	(65)	(4,087)	(4,335)	(11,060)	(11,720)
Re-measurement Gain/(Loss)	1,196	(102)	66,442	(6,748)	209,160	24,400
Pension Transfers In	0	0	0	0	(300)	(330)
Benefits Paid	184	167	10,238	11,049	91,900	90,520
Past Service Costs (including curtailments)	(6)	0	(319)	0	0	0
Asset Ceiling adjustment for economic benefit calculation	(1,095)	(293)	(60,866)	(19,396)	0	0
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	1,168	0	0	0	0
Top-up-Grant	0	0	0	0	46,894	43,094
Closing Balance at 31 March	(7,246)	(6,744)	(402,533)	(446,664)	(1,114,196)	(1,070,042)

Reconciliation of the Movement in the fair value of the scheme assets

	LGPS (PCC)		LGPS (Group)	
	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000
Opening Balance at 1 April	6,950	7,235	386,112	401,937
Interest Income	340	355	18,895	23,527
<i>Re-measurement gain/(loss)</i>				
The Return on the plan assets, excluding the amount included in the net interest expense	(192)	156	(10,642)	10,350
Other experiences	0	43	0	2,818
Employer Contributions	247	214	13,723	14,196
Contributions by Scheme Participants	74	65	4,087	4,335
Benefits Paid	(184)	(167)	(10,238)	(11,049)
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	0	(1,166)	0	0
Closing Balance at 31 March	7,235	6,736	401,937	446,114

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

The net liabilities show the underlying commitments that the OPCC has in the long term to pay post-employment (retirement) benefits. In assessing the liabilities for retirement benefits, the actuaries use a set of assumptions including a discount rate set by reference to long term gilt yields. The assumptions used by the actuaries in 2025/26 and the potential effect of changes in these assumptions are set out below.

As a result of this lump sum payment, the rate of employer contributions payable by both the PCC and the CC for LGPS members will remain constant at 21.5% throughout the period.

The Local Government Pension Scheme Assets Comprise:

Asset Category	31 March 2025		31 March 2026	
	Fair Value of Scheme Assets £m	% age of Total Assets	Fair Value of Scheme Assets £m	% age of Total Assets
Equity Securities:				
Consumer	8.96850	2%	0.00000	0%
Manufacturing	3.65160	1%	0.00000	0%
Energy and Utilities	0.00000	0%	0.00000	0%
Financial Institutions	11.63380	3%	0.00000	0%
Health and Care	6.80980	2%	0.00000	0%
IT	8.63100	2%	0.00000	0%
Other	0.00000	0%	0.00000	0%
Debt Securities:				
Corporate Bonds (investment grade)	29.50410	7%	18.20160	4%
Corporate Bonds (non-investment grade)	0.00000	0%	0.00000	0%
UK Government	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
Private Equity:				
All	19.52530	5%	25.15930	6%
Real Estate:				
UK Property	31.88380	8%	39.66830	9%
Overseas Property	0.00000	0%	0.00000	0%
Investment Funds and Unit Trusts:				
Equities	186.19800	46%	240.65300	54%
Bonds	30.83480	8%	40.41800	9%
Hedge Funds	0.00000	0%	0.00000	0%
Commodities	0.00000	0%	0.00000	0%
Infrastructure	22.47260	6%	29.87840	7%
Other	36.25330	9%	43.71890	10%
Derivatives:				
Inflation	0.00000	0%	0.00000	0%
Interest Rate	0.00000	0%	0.00000	0%
Foreign Exchange	0.00000	0%	0.00000	0%
Other	0.00000	0%	0.00000	0%
Cash and Cash Equivalents:				
All	5.57040	1%	8.41650	1%
Totals:	401.93700	100%	446.11400	100%

Approximately 1.51% of the value of these Assets relates to the PCC Single Entity and 98.49% relates to the Chief Constable.

The breakdown of assets in monetary terms in the above table have been shown to the nearest £100. The additional precision in the presentation of the figures has been included because the sum of the values rounded to the nearest £1,000 will not equal the total values due to rounding.

Source: Hymans Robertson LLP

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit credit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The Police Pension Scheme liabilities have been assessed by the Government Actuary Department (GAD) using their pension model. The Local Government Pension Scheme assets and liabilities have been assessed by Hymans Robertson, an independent firm of actuaries.

	2024/25	LGPS 2025/26	2024/25	PPS 2025/26
Mortality Assumptions				
<u>Longevity at 65 for Current Pensioners</u>				
Men	20.7yrs	21.6yrs	21.9yrs	22.0yrs
Women	24.0yrs	24.6yrs	23.9yrs	24.0yrs
<u>Longevity at 65 for Future Pensioners</u>				
Men	21.9yrs	22.8yrs	23.3yrs	23.4yrs
Women	25.5yrs	26.1yrs	25.2yrs	25.3yrs
Rate of Inflation			2.70%pa	2.95%pa
Rate of Increases in Salaries	3.25%pa	3.50%pa	3.45%pa	3.70%pa
CARE Revaluation Rate			3.95%pa	4.20%pa
Rate of Increases in Pensions	2.75%pa	3.00%pa	2.70%pa	2.95%pa
Rate for Discounting Scheme Liabilities	5.80%pa	6.30%pa	5.65%pa	6.10%pa
Take Up of Option to Convert Annual Pension into Retirement Grant:				
Pre-April 2008 Service	50%	50%	N/A	N/A
Post-April 2008 Service	75%	75%	N/A	N/A

Sensitivity Analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The tables below show the sensitivities regarding the principal assumptions used to measure the schemes liabilities.

	Approximate % Increase in Employer Liability	Approximate monetary amount (000's)
LGPS Change in assumption 31 March 26		
0.1% decrease in Real Discount Rate	2.00%	5,679
1 year increase in member life expectancy	4.00%	12,524
0.5% increase in the salary Increase rate	0.00%	286
0.5% increase in the pension Increase Rate	2.00%	5,392
PPS Change in assumption 31 March 26		
0.5% Decrease in Real Discount Rate	-7.00%	(114,000)
0.5% increase in the salary Increase rate	7.00%	12,000
0.5% increase in the pension Increase Rate	2.50%	115,000
1 year increase in member life expectancy	0.50%	41,000

Section 7

Pension Fund Account

7. Police Pension Scheme for England and Wales Pension Fund Account

The Chief Constable administers the Police Pension Fund Account on behalf of the PCC; amounts debited and credited to the Account are specified by legislation, the Police Pension Fund Regulations 2007 (Statutory Regulations 2007 No 1932) 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.

Fund Account		Fund Account	
2024/25		2025/26	
£'000		£'000	
		Contributions Receivable:	
		From employer	
(29,014)		Contributions at 35.3%	(30,725)
(879)		Early retirements	(859)
(2)		Other- Pre-1974 recharge receipts	(2)
(11,225)		Officers contributions	(11,749)
	(41,121)		(43,335)
	(297)	Transfers in from Other Schemes	(327)
		Benefits Payable:	
72,952		Pensions	76,031
15,121		Commutations and lump sum retirement benefits	10,439
0		Repayments to HO following Ombudsman decision Milne v GAD	0
0		Lump sum death benefits	131
	88,074		86,601
		Payment to and on Account of Leavers	
185		Refund of contributions	53
53		Individual transfers out to other schemes	100
	238		153
	46,894	Sub-total for the year before transfer from the Group of amounts equal to the deficit	43,094
	(46,894)	Net Amount payable/ receivable for the year	(43,094)
	(46,894)	Actual Home Office top up funding	(43,094)

7.1.1 Notes to the Police Pension Fund Account

Note 1

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. Due to the fact that the Chief Constable does not hold assets or liabilities, no cash is transacted by the Chief Constable. The fund is be balanced to nil at the end of each financial year either by paying over any surplus to the Home Office or by receiving cash in the form of pension top-up grant from the Home Office to make up any deficit. The OPCC acts as intermediary where grant payment/receipt takes place – the grant is therefore shown on the OPCC's CIES (Intra-group funding) but is transferred to the Chief Constable through the Intra-Group funding. The fund does not hold any investment assets and follows the accounting policies of the Group.

Note 2

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 pension's payable under the Police Injury Pension Regulations, which are charged directly to the Cost of Services in the CIES;

Note 3

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 6.5.8.

Note 4

Employers' contributions, which are set by the Home Office subject to the Government Actuary's Department triennial valuation, are calculated at 35.3% in 31st March 2026.

Accounting Policies**(a) Transfer values**

The OPCC uses the receipts and payments basis for transfer values it has received or paid and for refunds of contributions. This means the accounts do not include amounts the OPCC owe or amounts which are owed to the OPCC.

(b) Debtors and creditors

The OPCC include debtors and creditors at the end of the financial year for employer's pension contributions paid in advance, top-up grant due but not received and for commuted lump sum payments to retiring police officers that have been paid but not processed through the payroll. The pension scheme financial statements do not take account of liabilities to pay pensions and other benefits after the period end.

(c) IAS 19

Relevant information from the pension accounts has been supplied to the Government Actuary Department (GAD), so the necessary information is available to help us meet IAS19. Further details of the long-term pension obligations are contained in 6.5.8 the Financial Statements.

Section 8

Glossary of Terms

8.1 Abbreviations

OPCC	-	Office of the Police and Crime Commissioner for Staffordshire Group
PCC	-	Police and Crime Commissioner
SCO	-	Staffordshire Commissioners Office
CIES	-	Comprehensive Income and Expenditure Statement
CFR	-	Capital Financing Requirement
IAS	-	International Accounting Standard
IFRS	-	International Financial Reporting Standards
LGPS	-	Local Government Pension Scheme
GAD	-	Government Actuary Department
NPAS	-	National Police Aviation
MIRS	-	Movement in Reserves Statement
MTFO	-	Medium Term Financial Outlook
MTFS	-	Medium Term Financial Strategy
NNDR	-	National Non-Domestic Rates
PPE	-	Property Plant and Equipment
PWLB	-	Public Works Loan Board
REFCUS	-	Revenue Expenditure Financed from Capital under Statute
RSG	-	Revenue Support Grant
ROCU	-	Regional Organised Crime Unit
PCCWM	-	Police and Crime Commissioner West Midlands
CCAOU	-	Central Counties' Air Operations Unit
VFM	-	Value for Money
PCSO	-	Police Community Support Officer
CMPG	-	Central Motorway Patrol Group
HMIC	-	His Majesty's Inspectorate of Constabulary
CFO	-	Chief Finance Officer
CIPFA	-	Chartered Institute of Public Finance & Accountancy
EFA	-	Expenditure and Funding Analysis
ETAP	-	Ethics, Transparency and Audit Panel
JARC	-	Joint Audit and Risk Committee

8.2 Glossary of Terms

Items in **bold** are described further within the glossary.

Accounting Period

The period of time covered by the OPCC accounts. Normally twelve months, beginning on 1st April. Also known as the Financial Year.

Accounting Policies

The principles, bases, conventions, rules and practices applied by an organisation that specify how the effects of transactions and other events are to be reflected in its financial statements through recognising, measuring and presenting assets, liabilities, gains, losses and changes to reserves.

Accrual

Income and expenditure are recognised as they are earned or incurred, not as money is received or paid. Accruals are made for revenue and capital expenditure and income (see debtors and creditors).

Actuarial gains and losses

The changes in the net pension's liability that arise because events have not coincided with assumptions made at the last actuarial valuation, or because the actuaries have updated their assumptions.

Agency Services

Services that are performed by or for another authority or public body, where the agent is reimbursed for the cost of the work done.

Amortisation

The writing down of an intangible asset reflecting its diminution in value as its useful life expires over time.

Appropriations

Amounts transferred to or from revenue or capital reserves.

Assets

Items having measurable value in monetary terms. Assets can be defined as fixed or current. A fixed asset has use and value for more than one year e.g. land, buildings, plant, vehicles and equipment. Current assets can be readily converted into cash.

Bad (and doubtful) Debts

Debts which may be uneconomical to collect or unrecoverable.

Balance Sheet

A statement of recorded assets and liabilities, and other balances at the end of an accounting period.

Budget

A statement of the PCC's plans in financial terms. A budget is prepared and approved by the PCC prior to the start of each financial year.

Capital Adjustment Account

This account contains the balances previously held on the Capital Financing Account. The movements in year relate to the amount of capital expenditure financed from revenue, grants and capital receipts. It also contains the difference between amounts provided for depreciation and that required to be charged to revenue to repay the principal element of external loans.

Capital Expenditure

Expenditure on an acquisition or enhancement of fixed assets. Enhancement would include increases in value, lengthening the life of the asset or increasing the usage of the asset.

Capital Financing Requirement

An amount calculated from the value of Fixed Assets less the balances on Capital Adjustment Account. The sum represents the “underlying” need to borrow of the OPCC. The OPCC is required to set aside some for its revenue budget each year as provision for debt repayment. This is known as the Minimum Revenue Provision

Capital Receipt

Money received from the disposal of land and other assets, and from the repayment of capital grants and loans made by the OPCC.

Cash and Cash Equivalents

Cash in hand, cash overdrawn and short-term investments that are readily convertible into known amounts of cash

Chartered Institute of Public Finance and Accountancy (CIPFA)

CIPFA is the leading professional accountancy body for public services. It draws up the Accounting Code of Practices and issues professional guidance that is used to compile these accounts. CIPFA advises central government and other bodies on local government and public sector finance matters.

Code of Practice on Local Authority Accounting (UK)

Publication produced by CIPFA that provides detailed guidance on the proper accounting treatment to be used in the preparation of local authority statement of accounts.

Commuted Lump Sums

These are the amounts paid to officers when they retire, if they choose to have a lower pension.

Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that the plant property and equipment is accurately and fairly included in the PCC and OPCC Group’s balance sheet, and that the PCC and OPCC Group’s Income and Expenditure Statement properly reflects the cost of their use over their individual useful lives through depreciation charges. Authorities are required to implement this with effect from 1st April 2010 with no retrospective adjustments, although the PCC for Staffordshire started to operate component accounting during the last financial year, obtaining a full valuation of all property split down to their component parts in order to fully comply with IFRS.

Consolidated

Added together with adjustments to avoid double counting of income, expenditure or to avoid exaggeration e.g. debtors.

Contingency

A sum included in the revenue budget to cover unexpected expenditure during the accounting period. An example of such an event would be an exceptional price increase not anticipated at the time the budget was constructed.

Contingent Liabilities

A contingent liability is defined as either a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the organisation’s control or a present obligation that arises from past events but is not recognised because either it is not probable that a transfer of economic benefits will be required to settle the obligation, or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

Defined elements of support service costs which are not chargeable to services, sub-divided into Democratic Representation and Corporate Management.

Creditors

Amounts owed by an authority for works done, goods received or services rendered before the end of an accounting period, but for which actual payments had not been made by the end of that accounting period.

Current Service Cost

The increase in present value of a defined benefit pension scheme's liabilities expected to arise from employee service in the current financial year.

Current Value

The current value of an asset is a measurement of the assets service potential and can be measured at:

- Existing Use Value – where an active market exists,
- Depreciated Replacement Cost– for assets where there is no market and / or the assets are specialised.

Debtors

Amounts due to an authority for works done, goods supplied or service rendered before the end of an accounting period, but for which actual payments had not been received by the end of that accounting period.

Deferred Liabilities

Fees Liabilities which by arrangement are payable beyond the next year at some point in the future or paid off by an annual sum over a period of time.

Defined Benefit Pension Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded.

Depreciation

The measure of the cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, the passage of time or obsolescence through either changes in technology or the demand for the service produced by the asset.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the OPCC and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

External Audit

The auditor is required to verify that all statutory and regulatory requirements have been met during the production of the OPCC accounts. There is also a requirement to review the arrangements in place to ensure the economic and effective use of resources.

Fair Value

The fair value of an asset is the price at which assets or liability could be exchanged in an orderly transaction between market participants at the measurement date under current market conditions.

Finance Lease

A lease, which transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee. The payments usually cover the full cost of the asset together with a return for the cost of finance. Asset held under Finance Leases are recognised on the Balance Sheet as Assets.

Financial Instrument

Any contract giving rise to a financial asset in one entity and a financial liability or equity instrument in another. Examples include the treasury management activity of the OPCC, including the borrowing and lending of money and the making of investments.

Financial Regulations

A written code of procedures approved by the PCC and intended to provide a framework for the proper financial management of the Group. The financial regulations are supported by detailed financial instructions.

Fixed Assets

Tangible assets which have value to the OPCC for more than one year.

General Fund

The common name for the account which accumulates balances for all services except the Collection Fund.

Going Concern

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

Group Financial Statements

Where the OPCC has an interest in another organisation (e.g. a subsidiary organisation) group accounts have to be produced. These accounts report the financial position of the OPCC and all organisations in which it has an interest.

Historical Cost

This represents the original cost of acquisition, construction or purchase of a fixed asset.

IAS19

The objective of International Accounting Standard (IAS) 19, Accounting for Retirement Benefits in Financial Statements of Employers is to prescribe the accounting and Disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

Impairment

A reduction in the value of a fixed asset, resulting from financial loss, damage or obsolescence. In order to comply with accounting standards, the OPCC undertakes annual reviews of its assets to identify any that are impaired.

Intangible Assets

Assets that do not have physical substance but are identifiable and controlled by the OPCC through custom or legal rights.

International Financial Reporting Standards (IFRS)

International Financial Reporting Standards are standards and interpretations adopted by the International Accounting Standards Board (IASB). Many of the standards forming part of the IFRS were previously known as International Accounting Standards.

Joint Ventures

An organisation in which the OPCC is involved where decisions require the consent of all participants.

Liability

Amounts due to individuals or organisations that will have to be paid at some time in the future. Current liabilities are usually payable within one year of the balance sheet date.

Liquid Resources

Current asset investments that are readily disposable by the Group without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount or traded in an active market.

Medium Term Financial Strategy (MTFS)

A plan detailing projected expenditure and available resources over a period of more than one year. The OPCC MTFP currently covers three years.

Minimum Revenue Provision

The statutory minimum amount that authorities must set aside each year as provision for debt repayment. The Commissioner's MRP Policy is set out within the Capital Strategy.

National Non-Domestic Rates

The means by which local businesses contribute to the cost of providing local authority services. All Non-Domestic Rates are paid into a central pool and then divided between all authorities depending on the number of residents each authority has.

Net Revenue Expenditure

This represents the OPCC budget requirement and use of reserves.

Non-Distributed Costs

This is where overheads are not charged or apportioned to activities within the service expenditure analysis in the OPCC and OPC Group's Comprehensive Income and Expenditure Statement.

Non-Cancellable Lease

A lease that is cancellable only:

- Upon the occurrence of some remote contingency.
- With the permission on the lessor.
- If the lessee enters into a new lease for the same or an equivalent asset with the same lessor
- Upon payment by the lessee of such an additional amount that, at the inception of the lease, continuation of the lease is reasonably certain.

Outturn

Actual income and expenditure in an accounting period.

Past Service Cost

The increase in liabilities arising from current year decisions whose effect relates to years of service earned in earlier years.

Post Balance Sheet Events

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Precepts

The method by which the OPCC obtains the income it requires from the Council Tax via the appropriate authorities

Prior Year Adjustments

These are material adjustments relating to prior year accounts that are reported in subsequent years and arise from changes in accounting policies or from the correction of fundamental errors. They do not include normal recurring corrections or adjustments of accounting estimates in prior years.

Provision

An amount set aside to cover a liability that will almost certainly occur, but where the amounts or dates on which the cost will arise are uncertain.

Prudential Code

The Prudential Code ensures, within a clear framework, that the capital investment plans of the OPCC are affordable, prudent and sustainable.

Public Works Loans Board (PWLB)

A Government agency which provides loans, for terms of one year and above, to local authorities. The interest rates applied are only slightly higher than those at which the Government can borrow.

Remuneration

All amounts paid to or receivable by a person, and includes sums due by way of expenses allowance (so far as those sums are chargeable to United Kingdom income tax), and the estimated money value of any other benefits received by an employee otherwise than in cash (e.g. benefits in kind).

Reserves

A reserve is an amount set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years. A distinction is drawn between reserves and provisions which are set up to meet known liabilities.

Residual Value

The net realisable value of an asset at the end of its useful life.

Revaluation Reserve

This represents the non-distributable increase/decrease in the valuation of fixed assets.

Revenue Expenditure

Expenditure on day-to-day running costs such as salaries, heating, printing and stationery and debt charges. Revenue items will either be expended immediately, like salaries, or within one year of purchase.

Revenue Expenditure Funded from Capital under Statute (REFCUS)

This is expenditure that can be deemed capital expenditure under Statute but does not result in an asset for the OPCC. Such expenditure is written off to the Income and Expenditure Account in the year it is incurred.

Revenue Support Grant (RSG)

Government financial support to aid local authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Service Reporting Code of Practice

Published by CIPFA the Service Reporting Code of Practice establishes "proper practice" with regard to consistent financial reporting to enhance the comparability of local authority financial information and is given statutory force in England by regulations under the Local Government Act 2011.

Senior Employee

A senior employee is an employee whose salary is more than £150,000 per year, or one whose salary is at least £50,000 per year (to be calculated pro rata for a part-time employee) and who is:

- (a) The designated head of paid service, a statutory chief officer or a non-statutory chief officer of a relevant body, as defined under the Local Government and Housing Act 1989; or
- (b) The head of staff for a relevant body which does not have a designated head of paid service

Single Entity Financial Statements

The main financial statements for the OPCC.

Specific Grant

Government financial support for a specific purpose or service that cannot be spent on anything else.

Work in Progress

Work in progress is the value of work undertaken on an unfinished project at the end of the financial year, which has not yet been charged to the revenue account.

