



STAFFORDSHIRE
POLICE

Unaudited Statement of Accounts 2024/25

Staffordshire Police



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Section 1

Narrative Statement

1.1 Foreword by the Chief Constable of Staffordshire Police



It is with pride and a sense of responsibility that we present the statutory accounts for the financial year. This period has been one of significant progress and continued adaptation in the complex and evolving nature of policing.

Over the past year, we have remained steadfast in our continued improvement in performance, which is a reflection of the hard work, dedication and commitment of our officers, staff and volunteers to delivering an even better service to the communities we serve.

This has been recognised by HMICFRS (His Majesty's Inspectorate of Constabulary and Fire & Rescue Services) in our latest PEEL inspection which showed significant improvements across the board, making us one of the most improved forces in the country.

Crime is continuing to fall across Staffordshire as a result of our hard work to protect people from harm and effectively deal with offenders.

We'll continue to work on this as part of our neighbourhood policing guarantee, which will see an additional 53 police officers recruited by March 2026 who will help ensure local communities have a more visible and responsive service. That includes a dedicated named officer for every community, who understands local issues and is trained to proactively tackle them before crimes are committed.

We have seen sustained improvement in our control room, with us now answering 80 per cent of calls within around five minutes. The team are now routinely identifying the signs of vulnerability in our contact with the public, enabling us to help and respond more effectively to those most at risk. This is a result of increased investment in our control room, clear performance processes, enhanced leadership, and adopting best practice ways of working.

Other proactive teams are also helping us effectively tackle crime, including our Road Crime Team. Since the team was formed in October 2024, officers have arrested more than 450 people suspected of driving offences, carried out more than 2,000 roadside drug tests and removed more than 120 stolen vehicles.

We have also have a Rural and County Proactive Crime Team who are focused on tackling the most important priorities facing rural communities. Rural crime has increased by two per cent this year and resulted in £1.8 million of stolen items. We know that for many members of the rural community, their business is also their home, so these types of crimes can have a significant effect on people and families.

I have welcomed a number of new members to my executive team with Becky Riggs recently being promoted to Deputy Chief Constable and two new Assistant Chief Constables, Paul Talbot and Caroline

Marsh. With this team our ambitious improvement plans continue, a new firearms range and investment in technology being just two examples.

We still have work to do to improve the service we are offering our communities, particularly around contact, child protection and domestic abuse.

Our financial situation is challenging. We are operating in a difficult and fast changing environment where we are having to make tough decisions.

But our vision remains the same, that Staffordshire Police is an outstanding local police service that cares, for both the staff and those in the communities we serve.

A handwritten signature in black ink, appearing to read 'Chris Noble', with a stylized, cursive script.

Chris Noble
Chief Constable of Staffordshire Police

1.2 Director of Resources Narrative Statement

The Narrative Statement is to provide the reader with a broad understanding of the Force's financial performance for the year end, by clearly explaining the Force's funding position, and how this funding is spent in order to deliver the Force's priorities. Within this is the context of the group position (Force and Police and Crime Commissioner) in which the Force sits.

The objectives of the Statement of Accounts are to provide useful information to a wide range of stakeholders about the financial position of the Staffordshire Police. The accounts are; therefore, necessarily detailed and technical and explanatory notes are included where applicable. In addition, the narrative statement also provides further information to the reader about economy, efficiency and the effective use of resources by the Force during the financial year. It also looks to the future and considers some challenges faced by the Force.

This statement also reflects upon the current challenges faced both locally and nationally, as well as giving commentary around the future opportunities and challenges for Staffordshire Police. Staffordshire remains one of the safest places to live, work and visit in the United Kingdom.

"I remain confident that the Force will become an outstanding local policing service whilst delivering value for money to the population of Staffordshire."

John Bloomer

Director of Resources (Section 151 Officer)
Staffordshire Police

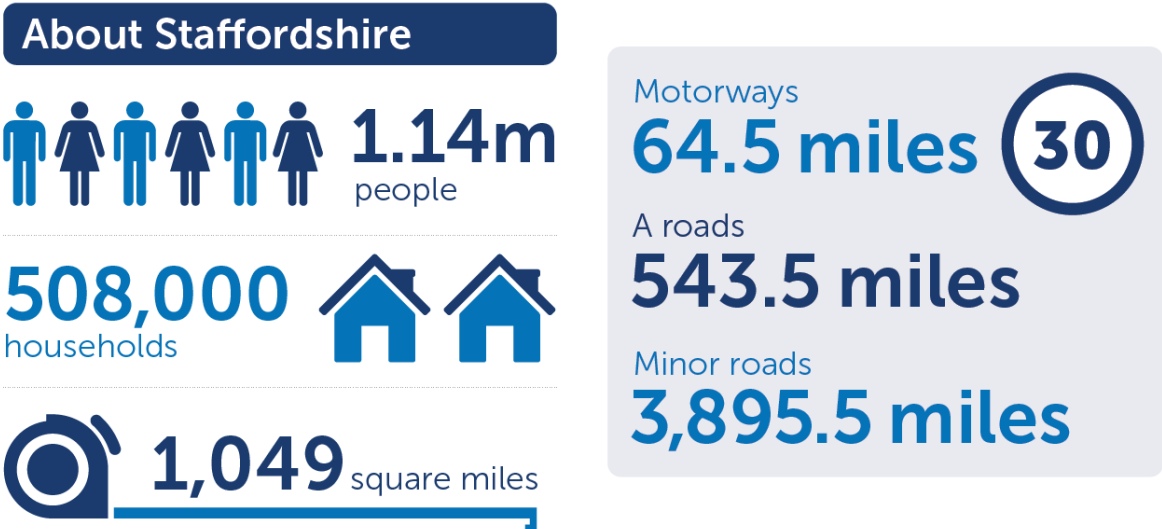
Narrative Statement

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- 1.2.2 Operational Performance
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1.2.1 About Staffordshire

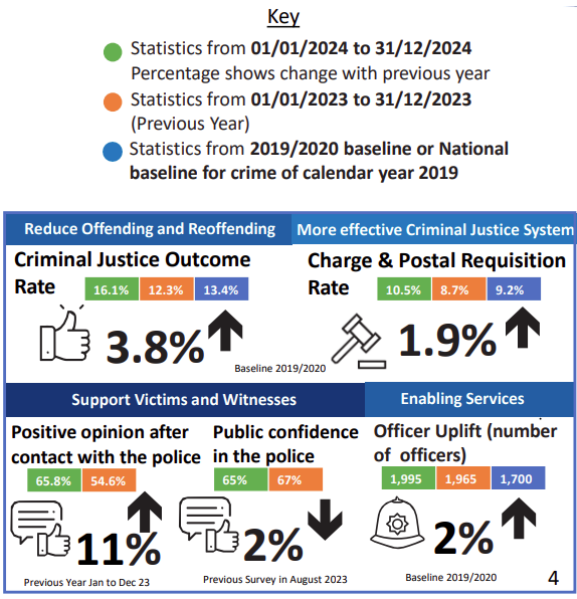
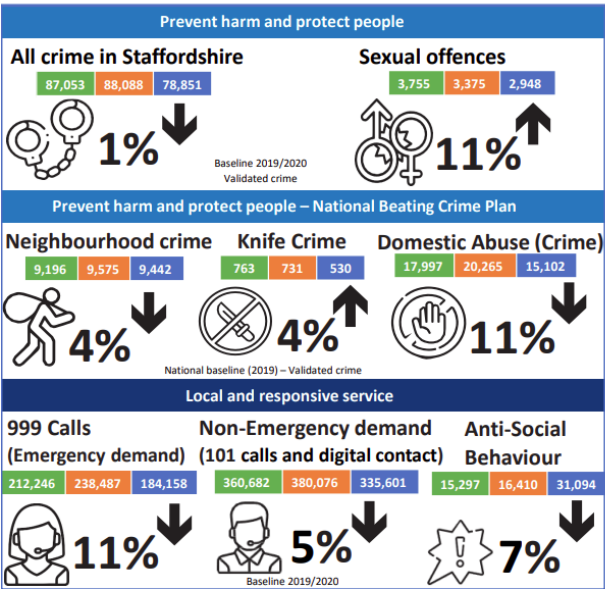
Staffordshire Police provides policing services to 1.14m people living in 508,000 households on a daily basis across Staffordshire. Our vision is *‘A safe and confident Staffordshire, secured by an outstanding local police service that is passionate about serving the public, caring for its people and working in partnership’*

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 has around 21 million vehicle movements per year.



1.2.2 Operational Performance

Staffordshire Priorities including National Beating Crime Measures (NCPM)



The infographic below is intended to provide a snapshot of the demand faced over the past year by the Force



1.2.3 Organisation Overview

The Chief Constable and PCC are separate legal entities. The legal transfer of operational policing to the Chief Constable, who also became the employer of police staff members, was completed on 1st April 2014.

This Statement of Accounts is produced in the context of the Police Reform and Social Responsibility Act 2011. The Police and Crime Commissioner (PCC) responsibility for the finances of the whole group in that he receives all external funding (from central government in particular) and sets the annual budget and precept. The Chief Constable is allocated an annual budget by the PCC and is responsible for operational policing within a scheme of consent and local arrangements.

The Chief Constable holds office as a servant of the crown and is not an employee. He has a statutory responsibility for the control over police officers and its staff, as well as direction and delivery of operational policing services in Staffordshire. The Office of the Chief Constable holds no property, assets or liabilities and is not allowed to borrow money. These powers are reserved for the Staffordshire Commissioner (Police and Crime Commissioner).

The PCC is elected by the public every four years. The PCC appoints the Chief Constable and holds the chief constable to account for the exercise of his functions and those of persons under his direction and control. The PCC holds all the assets and borrowing, as well as receiving all income from grants, precepts and charges.

This set of accounts explains how the resources provided by the PCC have been used to deliver operational policing services.

1.2.4 Risk

The Staffordshire Commissioner and Chief Constable both have risk registers both at strategic and operational level. The risk register is reviewed and challenged by the Ethics, Transparency Audit Panel (ETAP) on a regular basis. Both registers form a part of the Internal Audit programme delivered by our internal auditors, RSM and reported to ETAP. The force holds a regular review of all strategic risks and all risk owners are invited to the meeting to explain the risk and its mitigation along with how it is being pro-actively managed by the force.

1.2.5 Basis of Preparation

The Statement of Accounts are prepared using International Financial Reporting Standards (IFRS) on a going concern basis, assuming that Staffordshire Police will continue in operation for the foreseeable future. Additionally, the accounts have been prepared in accordance with the Accounts and Audit Regulations 2024 and the Code of Practice on Local Authority Accounting 2024/25.

The Chief Constable is required by statute to make funding decisions on a different basis from the way in which these decisions are reported within the Statement of Accounts. A number of adjustments are therefore made to the statement of accounts to incorporate accounting adjustments in the areas of pensions, employee benefits and depreciation.

It is the purpose of the statement of accounts consisting of the financial statements and notes to the accounts to demonstrate that the Chief Constable has accounted for public money properly and been economical, efficient and effective in the use of that public money. The accounts provide useful information to a wide range of users about the financial position, financial performance and cash flows of Staffordshire Police. The accounts are, therefore, necessarily detailed and technical with explanatory notes included where applicable.

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 2024/25 (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 taking into account 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.

1.2.6 Financial Performance

Our financial performance in 2024/25 was strong, seeing an overall increase in reserves levels, delivery of 90% of planned savings and a reduction in group external debt. The Group's net core funding grew to £264m and operating surplus post contributions to reserves of £0.147m (0.06%) against the annual budget. This underspend will be added to our general reserves, providing additional support in future years in an increasingly uncertain external environment. We have excluded the statutory accounting adjustments.

Home Office main grant funding increased by £15.6m compared to the year before. In addition to the core funding, the Group also received a Police Officer Maintenance grant, which was to assist in the maintenance of officer numbers at their baseline plus full uplift allocation.

Achievements during the year:

- The Group delivered 90% of its planned savings for the year. This is set against the context of the year's budget and savings requirement being set in the MTFS.
- External debt, used to fund the capital programme, has reduced year on year as maturing loans were not refinanced but were paid off using internal cash balances, reducing the interest payable on loans thus providing better value for the taxpayer.

- Cashable savings from better, smarter and more efficient procurement totalling £1.43m for the year.
- General reserves as at 31st March grew to £9.783m which equates to 3.69% of the 2024/25 net revenue budget.

1.2.7 Future Outlook

This section predominantly focusses on the outlook for policing over the remainder of the current parliament. Financially this is measured by the Comprehensive Spending Review (CSR) and its impact on funding for policing and also our partner agencies. Operationally this will be dominated by the government Neighbourhood Policing Guarantee to deliver 13,000 more officers, PCSO's and Specials into Neighbourhood policing as well as emergent theme of Police reform.

Funding

The increase in funding of c.£2bn over the next three years represents an increase of c11.2% which is approx. 3.7% per year and is technically real terms increase. This increase is based on treasury GDP deflators of 1.7%, 2.0% and 1.9% respectively. However, in practice most of the increase in funding will be taken up in pay and non-pay inflation. The increase in funding also assumes that the PCC maximises precept increases, and assumes these increases are to cover cost pressures as opposed to aligning to the Police and crime plan.

The balance of police funding continues to move to the local taxpayer. This presents three main challenges for Policing around firstly the differential of council tax bandings & bases across the country, secondly paying more, and especially above inflation increases to cover base cost pressures, can impact on local legitimacy in policing and thirdly it assumes that these increases are maximised to achieve the spending review financial envelope.

With regard to pay, we anticipate that future awards will be lower than in recent years, reflecting a softening labour market and a return of inflation towards the 2% target. Nevertheless, we expect pay increases to remain between 2.5% and 3% over the Spending Review period - exceeding the Treasury's GDP deflators. Notably, the 2025 pay award is projected to surpass current budget allocations, which was based on the government recommendation to pay review bodies of 2.8% at the time of budget setting.

On non-pay costs, despite concerted efforts by forces to control spending, inflation in the wider policing sector is running closer to 5% annually. This is largely driven by broader wage growth across the economy, including anticipated increases to the National Minimum Wage (estimated at approximately 3.5% from April 2026). In addition MTA costs - charges levied by the Home Office on forces for the provision of national ICT services – continue to outstrip inflation and forces pick up the cost of these charges.

Reform

A policing reform White paper is due over the Summer. This will set out the intended strategic direction for policing and in particular is expected to see a move towards greater national capabilities and standards potentially seeing local capabilities provided nationally. It is unknown as to the cost or savings of this reform, however in the short-term reform typically costs more than the status quo to generate longer term benefits.

Local Government Reform (LGR) is ongoing in Staffordshire and will see the cessation of two-tier local authority arrangements outside of Stoke-on-Trent. This change will present opportunities and challenges in the partnership space but short term the Force needs to be minded that partners organisational capacity will be impacted by these reforms. Longer term the devolution white paper sets out a vision of mayoral authorities which will see a change to governance arrangements locally as we move from a PCC to a Mayor.

The Neighbourhood Policing Guarantee sets out an ambition to transform neighbourhood Policing in England and Wales. Underpinning this is an ambition to recruit 13,000 more officers, PCSO's and Specials

into Neighbourhood policing. In year one of this scheme (2025/26) £200m was allocated nationally with conformation of our recruitment plans notified to the Force in April 2025 – given this time frame and the time taken to recruit and onboard the benefit of this will take time to build in 2025/26. Staffordshire received c.£3m of the £200m and plan to recruit 53 more officers and 15 more special constables into Neighbourhood Policing by the 31st March 2026.

Whilst additional resources are always welcome, we need to ensure that the additional resource does not pull the wider organisation out of shape. In particular this will be a challenge as an area of business is grown whilst due to funding challenges others then shrink. The funding itself does not allow for costs outside of Neighbourhoods e.g. more Police officers solving more crimes will invariably place more demand on areas such as forensics, intelligence and custody all of which do not receive additional funding as part of this uplift.

Into future years there remains a financial risk on the recruitment of the 53 additional officers and 15 specials in 2025/26. This is caused by the grant allowing for the in year salary costs, and given staggered recruitment dates throughout the years we will only see the full year costs of employment in 2026/27. This is estimated to present a c.£1.5m pressure on the c.£3m grant and unless funded will result in reductions in spending elsewhere to maintain numbers. The Comprehensive Spending review whilst presenting a small real terms funding growth will result in a real terms funding cut to the rest of policing if the remainder of the growth towards the 13,000 nationally is not centrally funded and is funded from within the CSR allocations.

Overall Staffordshire is financially well placed to continue on its journey to outstanding both due to continual positive operational performance and a relatively strong financial position.

John Bloomer CPFA

Director of Resources

Assistant Chief Officer

(Section 151 Officer)

Staffordshire Police

Section 2

Audit Certificate

2.1 Independent Auditor's Report to the members of The Chief Constable of Staffordshire Police

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Section 3

Statement of Responsibilities

Responsibilities of the Chief Constable of Staffordshire Police

The Chief Constable is required to:

- Make arrangements for the proper administration of the financial affairs of Staffordshire Police Force and to ensure that one of its officers (Section 151 Officer) has responsibility for the administration of those affairs. In this organisation the Director of Resources is the Section 151 Officer;
- Manage Staffordshire Police's affairs to secure the economic, efficient and effective use of resources and safeguard its assets;
- Approve the Statement of Accounts.

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

Chris Noble
Chief Constable
Staffordshire Police
Date

Responsibilities of the Director of Resources to the Chief Constable

The Director of Resources is required to:

- Ensure that the financial affairs of the force are properly administered and that financial regulations are observed and kept up to date;
- Report to the Chief Constable, the PCC and the external auditor, any unlawful, or potentially unlawful expenditure by the Chief Constable or officers of the Chief Constable;
- Provide information to the CFO to the PCC as required to enable production of group accounts.

The Director of Resources is responsible for the preparation of the Statement of Accounts for the Chief Constable 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 these Statement of Accounts the Director of Resources has:

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

The Director of Resources has also:

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

Director of Resources Certificate

I certify that the Statement of Accounts presents a true and fair view of the financial position of the Corporation Sole of the Chief Constable of Staffordshire Police as at 31st March 2025 and its income and expenditure for the year ended 31st March 2025.

John Bloomer
Director of Resources (S151 Officer)
Staffordshire Police
Date

Section 4

Accounting Policies

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.

1. General Principles (IAS 8)

The Statement of Accounts have been prepared in accordance with proper accounting principles contained within the Code of Practice on Local Authority Accounting in the United Kingdom 2023/24 (the Code), issued by the Chartered Institute of Public Finance and Accountancy (CIPFA), and the International Financial Reporting Standards (IFRS).

2. Group Accounts

Following the passing of the Police Reform and Social Responsibility Act 2011, Staffordshire Police Authority was replaced with two ‘corporation sole’ bodies, the Police and Crime Commissioner for Staffordshire Police (PCC) and the Chief Constable of Staffordshire Police (CC). Both bodies are required to prepare separate Statement of Accounts. However, the Act also recognises that the Chief Constable is a wholly owned subsidiary of the PCC and proper accounting practices require group accounts to be produced.

3. Income and Cost Recognition and Intra-group Adjustment

The OPCC is responsible for the Police Fund into which all income is received including the main funding streams of Police Grant, Revenue Support Grant, National Non-Domestic Rates and Council Tax as well as income from charges and from which all costs are met.

The OPCC holds a bank account along with the Chief Constable: the OPCC transfers money to the Chief Constable bank account from where those payments can be made.

The Chief Constable’s Accounts show the cost of undertaking day to day operational policing under the direction and control of the Chief Constable. Expenditure shown in the CIES include the salaries of police officers, PCSOs and police staff as well as the cost of purchases. In addition, a charge is shown for the Chief Constable’s use of assets, which are strategically controlled by the PCC. The capital charge is equal to depreciation of property, plant and equipment and amortisation of intangible assets plus any charge for impairment through obsolescence or physical damage. To fund the operational expenditure, the Chief Constable’s Accounts show income by way of funding or financial guarantee provided by the OPCC to the Chief Constable. This treatment forms the basis of the intra-group adjustment between the Accounts of the OPCC and the CC.

The cost of post-employment benefits accrued by serving and ex-police officers and police staff and the cost of accrued absences are shown in both set of accounts.

4. Revenue from Contracts with Customers (IFRS 15)

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.

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;

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. 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.

7. 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.

8. Government Grants and Contributions (IAS 20)

Government's grant 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.

9. Leases (IAS 17)

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. The PCC has full responsibility of all finance leases and non are in control of the Chief Constable.

Operating lease, the annual rentals are charged to revenue. The value of assets and related liability for future rentals are not shown on the Balance Sheet.

10. 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 accruals 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 section 7.3.7 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 – taking into account 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.

11. 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.

12. 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.

13. 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.

14. 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.

15. 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.

16. 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.

17. 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.

18. Value Added Tax

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

19. Accounting Policies not relevant or not material

The accounting policies are reviewed each year to assess whether it is appropriate for individual policies to be included. There are a number of accounting policies that have not been included above, because the statements are not materially affected by their implementation. These policies include:

- Acquisitions and Discontinued Operations
- Restructuring of loan portfolios and treatment of bonds
- Use of capital receipts to fund disposal costs
- Foreign Currency Translation
- Intangible Assets – Recognition of website development and other internally generated assets
- Interests in companies and other entities
- Investment properties (IAS 40)
- Private Finance Initiatives and Similar Contracts.
- Heritage Assets
- Financial Instruments (IFRS 9)
- Finance Leases (IAS 17)
- Property, Plant and Equipment (PPE) (IAS 16) and Intangible Assets (IAS 38)
- Gains and Losses on Sale of Assets and Disposals
- Assets Held for Sale (IFRS 5)
- Inventories/Stocks (IAS 2)
- Revenue Expenditure Funded from Capital under Statute (REFCUS)
- Impairment (IAS 39) and Depreciation and Amortisation (IAS 16/38)

20. Assumptions 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 Chief Constable about the future or that are otherwise uncertain. Estimates are made taking into account 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
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.

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

- a. IAS 21 The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) issued in August 2023. The amendments to IAS 21 clarify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking, as well as require the disclosure of information that enables users of financial statements to understand the impact of a currency not being exchangeable.
- b. IFRS 17 Insurance Contracts issued in May 2017. IFRS 17 replaces IFRS 4 and sets out principles for recognition, measurement, presentation and disclosure of insurance contracts.
- c. The changes to the measurement of non-investment assets within the 2025/26 Code include adaptations and interpretations of IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets. These include setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets and a requirement to value intangible assets using the historical cost approach. These have the same effect as requiring a change in accounting policy due to an amendment to standards, which would normally be disclosed under IAS 8.

22. The statement of Accounts was authorised for issue by John Bloomer, Director of Resources to the Chief Constable of Staffordshire Police.

Section 5

Single Entity Financial Statements

5.1 Movement in Reserves Statement

This statement shows the movement in the year on the different reserves held by the Chief Constable, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves.

The statement does not show any usable reserves as these are held on behalf of the group by the PCC.

	Notes	General Fund Balance £'000	Earmarked Reserves £'000	TOTAL USABLE RESERVES £'000	TOTAL UNUSABLE RESERVES £'000	TOTAL RESERVES £'000
Balance as at 01 April 2023		0	0	0	(1,391,192)	(1,391,192)
<u>Movement in reserves during 2023/24</u>						
Total Comprehensive Income and Expenditure	5.2	24,730	0	24,730	8,325	33,055
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	(24,730)	0	(24,730)	24,730	0
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	0	33,055	33,055
Transfers To/From Earmarked Reserves		0	0	0	0	0
Increase or (Decrease) in 2023/24		0	0	0	33,055	33,055
Balance as at 31 March 2024		0	0	0	(1,358,137)	(1,358,137)
Balance as at 01 April 2024		0	0	0	(1,358,137)	(1,358,137)
<u>Movement in reserves during 2024/25</u>						
Total Comprehensive Income and Expenditure	5.2	28,483	0	28,483	206,725	235,208
Adjustments Between Accounting Basis and Funding Basis Under Regulations	6.1.1	(28,483)	0	(28,483)	28,483	0
Net increase/(decrease) before Transfers to Earmarked Reserves		0	0	0	235,208	235,208
Transfers To/From Earmarked Reserves		0	0	0	0	0
Increase or (Decrease) in 2024/25		0	0	0	235,208	235,208
Balance as at 31 March 2025		0	0	0	(1,122,929)	(1,122,929)

5.3 Balance Sheet

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the Chief Constable. The net assets of the CC (assets less liabilities) are matched by the reserves held by the CC. The CC only holds unusable reserves, i.e. reserves that the CC is not able to use to provide services. This category of reserves includes reserves that hold timing differences shown in the Movement in Reserves Statements line 'Adjustments between accounting basis and funding basis under regulations'.

31 March 2024 Restated £'000		Notes	31 March 2025 £'000
0			0
0	Long Term Assets		0
19,538	Short Term Debtors	6.3.1	8,009
0	Intra Group Debtors	6.3.1	553
19,538	Current Assets		8,562
(11,051)	Short Term Creditors	6.3.2	(13,047)
(10,626)	Intra Group Short Term Creditors	6.3.2	0
(21,677)	Current Liabilities		(13,047)
(4,614)	Provisions	6.3.3	(3,664)
(1,351,384)	Liability Related to Defined Benefit Pension Scheme	7.3.3	(1,114,780)
(1,355,998)	Long Term Liabilities		(1,118,444)
(1,358,137)	Net Liabilities		(1,122,929)
	Financed by:		
	Usable Reserves		
0	General Fund		0
0	Earmarked Reserves		0
1,358,137	Unusable Reserves	6.3.4	1,122,929
1,358,137	Total Reserve		1,122,929

I confirm that the Staffordshire Police have approved these accounts as at 31st March 2025.

John Bloomer,
Director of Resources
Assistant Chief Officer
 (Section 151 Officer)
Chief Constable for Staffordshire Police
Date

5.4 Cash Flow Statement

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

2023/24 £'000		Notes	2024/25 £'000
24,730	Net Surplus or (Deficit) on the provision of services	5.2	28,483
(24,730)	Adjustments to net Surplus or (Deficit) on the provision of services for non-cash movements	6.4.1	(28,483)
0	Adjustment for items included in the net Surplus or (Deficit) on the provision of services that are investing and financing activities.		0
0	Net cash flow Operating Activities		0
0	Net cash flows from Investing Activities		0
0	Net cash flows from Financing Activities		0
0	Net Increase or (decrease) in cash and cash equivalents		0
0	Cash and cash equivalents at the beginning of the reporting period		0
0	Cash and cash equivalent at the end of the reporting period		0

Section 6

Notes to the Core Financial Statements

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

6.1 Movement in Reserves Statements (MIRS) notes

- 6.1.1 Adjustment between accounting basis and funding basis
- 6.1.2 Expenditure and Funding Analysis
- 6.1.3 Expenditure and Income Analysed by Nature

6.2 Comprehensive Income and Expenditure Statement (CIES) notes

- 6.2.1 Intra-group Funding
- 6.2.2 Financing and investment net expenditure
- 6.2.3 External Audit Fees
- 6.2.4 Material items of income and expenditure

6.3 Balance Sheet Statement notes

- 6.3.1 Short term debtors
- 6.3.2 Short term creditors
- 6.3.3 Provisions
- 6.3.4 Unusable reserves

6.4 Cash Flow Statement notes

- 6.4.1 Operating activities

6.5 Other notes

- 6.5.1 Termination benefits and exit packages
- 6.5.2 Officers remuneration
- 6.5.3 Disclosure of remuneration for senior executives
- 6.5.4 Related party transactions
- 6.5.5 Pooled budgets and joint operations
- 6.5.6 Contingent liabilities
- 6.5.7 Events after the Balance Sheet date

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 Comprehensive Income & Expenditure recognised by the CC in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the CC to meet future capital and revenue expenditure.

2024/25	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments to the Revenue Resources		
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>		
Pension Costs (transferred to or from pension reserve)	29,880	(29,880)
Holiday pay (transfer to the Accumulated Absences Account)	(1,397)	1,397
Total Chief Constable Adjustments	28,483	(28,483)

2023/24	General Fund Balance	Movement in Unusable Reserves
	£'000	£'000
Adjustments to the Revenue Resources		
<i>Amounts by which income and expenditure included in the CIES are different from revenue for the year calculated in accordance with statutory requirements:</i>		
Pension Costs (transferred to or from pension reserve)	24,388	(24,388)
Holiday pay (transfer to the Accumulated Absences Account)	343	(343)
Total Chief Constable Adjustments	24,730	(24,730)

6.1.2 Expenditure and Funding Analysis (EFA) and Notes

Local Authorities are required by statute to make their funding decisions on a different basis from the Statement of Accounts, which is required to follow International Financial Reporting Standards (IFRS). The accounts used for resource allocation and budget management are shown on a funding basis and a number of adjustments are, therefore, required to produce the Statement of Accounts on an IFRS basis. The adjustments required to the CIES are generally offset by adjustments to unusable reserves.

The Expenditure and Funding Analysis (EFA) brings together both the fiscal/ funding framework and the accounting framework by the service. It takes the net expenditure that is chargeable to taxation and reconciles it to the CIES Surplus or Deficit on the Provision of Services.

2023/24 (Restated)			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
			Chief Constable			
248,470	53,053	195,417	Policing Services	269,685	56,803	212,882
248,470	53,053	195,417	Net Cost of Services	269,685	56,803	212,882
0	9,707	(258,177)	Funding from the PCC	(269,685)	11,791	(281,476)
0	(38,030)	38,030	Other income and expenditure	0	(40,111)	40,111
0	24,730	(24,730)	(Surplus) or deficit on Provision of Services	0	28,483	(28,483)
0			Opening Police Fund at 1 April 2024	0		
0			Plus Surplus on Police Fund in Year	0		
0			Closing Police Fund at 31 March 2025	0		

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
Net Cost of Services	(11,791)	69,991	(1,397)	56,803
Funding from PCC	11,791	0	0	11,791
Other income and expenditure from the Funding Analysis	0	(40,111)	0	(40,111)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	29,880	(1,397)	28,483

2023/24				
	Adjustments for Capital Purpose	Net Changes for Pensions IAS19	Other Differences	Total
Chief Constable				
Policing Services	(9,707)	62,417	343	53,053
Net Cost of Services	(9,707)	62,417	343	53,053
Funding from PCC	9,707	0	0	9,707
Other income and expenditure from the Funding Analysis	0	(38,030)	0	(38,030)
Difference between Police Fund surplus or deficit and CIES surplus or deficit	0	24,387	343	24,730

Note (i) 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 (ii) 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.

Note (iii) Other Adjustments

This column reflects the timing differences relating to accruing for compensated absences earned but not taken in the year (absorbed by the Accumulated Absences Account).

6.2 Comprehensive income and expenditure statements (CIES) notes

6.2.1 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 2024/25 amounts to £281.476m (£258.177m in 2023/24). This has been re-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.

2023/24 (Restated) £'000		2024/25 £'000
195,417	Chief Constable's cost of service	212,882
84,551	Interest on the net defined benefit liability	87,005
(46,521)	Home Office grant towards cost of retirement	(46,894)
(8,325)	Re-measurement of the net defined benefit liability	(206,725)
225,122	Resources consumed	46,268
	Items removed through the MIRS	
32,712	Movement in pension liability	236,605
343	Movement in accumulated absences liability	(1,397)
258,177	Total resources consumed for the year by the Chief Constable and funded by the PCC	281,476

6.2.2 Financing and Investment Net Expenditure

Financing and Investment includes the following items: -

2023/24 £'000		2024/25 £'000
84,551	Pension Net Interest Costs	87,005
84,551	Total	87,005

6.2.3 Audit Fees

The audit fees payable in 2024/25 to the Auditors in relation to the audit of CC accounts were as follows:

The external audit fees are the PSAA Ltd scale fees for the CC as an opted-in authority and reflect the auditor's assessment of audit risk and complexity. Additional charges may be submitted each year by way of fee variations for work undertaken in addition to the work planned through the normal course of the annual process.

2023/24 £'000		2024/25 £'000
47	External Audit Scale Fees 2024/25	53
47	Sub Total	53
0	Additional External Audit Fees 2020/21	(5)
0	Additional External Audit Fees 2021/22	(4)
0	Additional External Audit Fees 2022/23	9
18	Additional External Audit Fees 2023/24	8
65	Total	61

6.2.4 Material Items of Income and Expenditure

There are no material items of Income or Expenditure in 2024/25 that require specific disclosure.

6.3 Balance Sheet Notes

6.3.1 Debtors

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

31 March 2024		31 March 2025
(Restated)		
£'000		£'000
14,321	Central government bodies	7,883
5,217	Other entities and individuals	126
19,538	Sub-Total	8,009
0	Intra-group Funding	553
19,538	Total short term debtors	8,562

6.3.2 Creditors

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

31 March 2024		31 March 2025
£'000		£'000
(4,298)	Central government bodies	(4,897)
(6,753)	Other entities and individuals	(8,150)
(11,051)	Sub-Total	(13,047)
(10,626)	Intra-Group Funding	0
(21,677)	Total short term creditors	(13,047)

6.3.3 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. Provisions 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.

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.

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 2024		31 March 2025
£'000		£'000
4,030	Group and CC Balance as at 1 April	4,614
1,685	Contributions to provision in year	195
(1,101)	Net expenditure in year	(1,335)
4,614	Group and CC Balance as at 31 March	3,474

Total Provisions

31 March 2024 £'000		31 March 2025 £'000
4,614	Insurance Provision	3,474
0	Legal Case Provision	190
4,614	Total Provisions as 31 March	3,664

6.3.4 Unusable Reserves

Unusable reserves have been created as result of the difference between accounting under IFRS and statutory provisions for meeting expenditure from the General Fund. These reserves represent differences due to timing of funding certain items of expenditure and are, therefore not available as a source of general funding.

31 March 2024 £'000		31 March 2025 £'000
1,351,386	Pension Reserve	1,114,780
6,751	Accumulated Absences Account	8,149
1,358,137	Total Unusable Reserves	1,122,929

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 Chief Constable accounts for post-employment 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 resource set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the CC makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible.

The debit balance on the Pension Reserve therefore shows a substantial shortfall in the benefits earned by past and current employees and the resources the CC has set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time benefits come to be paid.

31 March 2024 (Restated) £'000		31 March 2025 £'000
(1,384,098)	Balance as at 1 April	(1,351,386)
8,325	Re-measurement of the net defined benefit liability	206,726
(120,186)	Reversal of items relating to retirement benefits debited or credited to the surplus or deficit on the provision of services in the CIES	(122,390)
98,052	Employer's pensions contribution and direct payments to pensioners payable in year	105,376
46,521	Additional contribution to the pension fund balance the deficit on the fund account	46,894
(1,351,386)	Total Balance as at 31 March	(1,114,780)

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 Reserve relates to Police Officers and Staff who are under the direction and control of the Chief Constable. 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 CC Single Entity below relate to the balances on the Reserve that relate to those staff that were under the direct control of the CC as at 31st March 2024 and 31st March 2025.

31 March 2024 £'000		31 March 2025 £'000
(7,095)	Balance as at 1 April	(6,753)
7,095	Settlement of cancellation of accrual made at the end of the preceding year	6,753
(6,751)	Amount accrued at the end of the current year	(8,149)
344	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	(1,396)
(6,751)	Total Balance as at 31 March	(8,149)

6.4 Cash Flow Notes

6.4.1 Operating Activities

31 March 2024 £'000		31 March 2025 £'000
(290)	Increase/(decrease) in revenue creditors	(8,630)
(636)	(Increase)/decrease in revenue debtors	10,977
(24,388)	Movement in pension liability	(29,880)
584	Movement in provisions	(950)
0	Other non-cash items charged to the net surplus or deficit on the provision of services	0
(24,730)	Adjustment to net surplus or (deficit) on the provision of services for non-cash movements	(28,483)

6.5 Other Notes

6.5.1 Termination Benefits and Exit Packages

During 2024/25 the Force approved 8 voluntary redundancies and early retirements (2 in 2023/24) at a total cost of £0.577m (£0.133m 2023/24). 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	
	2023/24	2024/25	2023/24	2024/25
			£	£
£0- £20,000	0	4	0	29,591
£20,001 - £40,000	0	0	0	0
£40,001 - £60,000	1	1	57,587	51,738
£60,001 - £80,000	1	0	74,990	0
£80,001 - £100,000	0	1	0	93,409
£100,001 - £150,000	0	0	0	0
£150,001 - £200,000	0	1	0	160,986
£200,001 - £250,000	0	1	0	241,330
Total	2	8	132,577	577,054

6.5.2 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:

Chief Constable 2023/24 Number of employees	Remuneration Band	Chief Constable 2024/25 Number of employees
31	£50,000 - £54,999	69
20	£55,000 - £59,999	38
7	£60,000 - £64,999	11
9	£65,000 - £69,999	10
3	£70,000 - £74,999	6
3	£75,000 - £79,999	4
2	£80,000 - £84,999	3
2	£85,000 - £89,999	2
1	£90,000 - £94,999	1
2	£95,000 - £99,999	0
3	£100,000 - £104,999	3
0	£105,000 - £109,999	1
1	£110,000 - £114,999	2
0	£115,000 - £119,999	0
1	£120,000 - £124,999	0
0	£125,000 - £129,999	0
0	£130,000 - £134,999	0
0	£135,000 - £139,999	0
0	£140,000 - £144,999	0
0	£145,000 - £149,999	0
0	£150,000 - £154,999	0
0	£155,000 - £159,999	0
0	£160,000 - £164,999	0
	£165,000 - £169,999	0
85	Total	150

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

6.5.3 Disclosure of Remuneration for Senior Executives 2024/25

Post Holder Information	Notes	Salary £	Bonuses, Fees and Allowances £	Expenses allowances £	Pension Contribution £	Total Remuneration £
<u>Senior Executives of the Chief Constable</u>						
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)		145,118	2,875	0	42,618	190,611
Assistant Chief Constable (B)		133,796	3,612	0	44,651	182,059
Assistant Chief Constable (C)		11,418	0	0	3,802	15,220
Assistant Chief Officer (S151 Officer)		126,338	0	0	27,163	153,501
Total Chief Constable		757,505	9,991	0	235,555	1,003,051

Notes

- 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 rejoiner 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.

Disclosure of Remuneration for Senior Executives 2023/24 (Continued)

Post Holder Information	Notes	Salary	Bonuses, Fees and Allowances	Expenses allowances	Pension Contribution	Total Remuneration
		£	£	£	£	£
<u>Senior Executives of the Chief Constable</u>						
Chief Constable- Chris Noble		165,072	2,072	0	51,172	218,316
Deputy Chief Constable (A)	1	98,708	10,083	0	29,808	138,599
Deputy Chief Constable (B)	2	53,800	1,093	0	16,678	71,571
Assistant Chief Constable (A)		120,502	3,510	0	37,356	161,369
Assistant Chief Constable (B)		113,000	3,510	0	35,030	151,540
Assistant Chief Officer (S151 Officer)		116,732	1,075	0	25,097	142,904
Total Chief Constable		667,815	21,345	0	195,141	884,300

Notes

1. Deputy Chief Constable (A) retired from the organisation as at 17th December 2023.
2. Deputy Chief Constable (B) was appointed to the Force on the 13th December 2023.

6.5.4 Related Party Transactions

The Chief Constable is required to disclose material transactions with related parties; that is bodies or individuals that have the potential to control or influence the Chief Constable or to be controlled or influenced by the Chief Constable.

The Chief Constable, senior officers and departmental heads were contacted to obtain the required declarations. The Chief Constable 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:

- Police and Crime Commissioner – all funding for operational police services is effectively controlled by the Staffordshire Commissioner (Police and Crime Commissioner for Staffordshire) and recharged to reflect the resources consumed by the CC on the PCC's behalf to deliver the Police and Crime Plan. The PCC for Staffordshire can hold the Chief Constable to account for the performance of the Force. The PCC, in consultation with the CC, decides on the level of funding that the CC receives and sets a budget for the force each year.
- Senior officers and other employees – there are no known related party transactions.
- 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.

6.5.5 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 2024/25 amounted to £652k (2023/24 £634k).

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 2024/25 were £1,697,815 (2023/24 £1,541,873).

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 2024/25 a contribution of £0.436m (£0.305m in 2023/24) 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.

Joint Emergency Transport Service (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 2024/25 £3,778,344 (2023/24 £3,783,660).

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 £0.325m has been made by West Midlands Police towards the cost of the service during 2024/25 (£0.286m in 2023/24). This figure is included in the CIES of the Group. A formal agreement is in place.

Central Motorway Police Group with West Midlands Police

The Police and Crime Commissioner for the West Midlands (PCCWM) is engaged in a jointly controlled operation with Staffordshire PCC for the Policing of the Motorway network in the West Midlands area known as the Central Motorway Police Group. PCCWM provides the financial administration service for this joint unit.

The assets of the unit in respect of police vehicles, equipment and land and buildings are held individually by each PCC and are shown on each force's balance sheet.

The two police forces have an agreement in place for funding this unit with contributions to the agreed budget of 70% from PCCWM and 30% from Staffordshire PCC. The same proportions are used to meet any deficit or share any surplus arising on the pooled budget at the end of each financial year. During the year, the collaboration arrangement ceased.

The revenue account for the Unit covers all operating costs. The details for 2024/25 are as follows:

2023/24 £'000		2024/25 £'000
	Contributions to the Pooled Budget	
(4,881)	West Midlands PCC	(2,414)
(2,500)	Staffordshire PCC	(1,148)
0	Other Income	0
(7,381)	Total Income	(3,562)
	Expenditure met from Pooled Budget	
6,692	Pay and Allowances	3,248
503	Transport Costs	190
186	Supplies and Services and Communications and Computing	124
7,381	Total Expenditure	3,562
0	Net Surplus/(Deficit) arising during the year	0
0	Staffordshire PCC share (30%) of (Surplus)/Deficit and Reserves	0
247	Reimbursement to Staffordshire PCC	117

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 aim of WMROCU 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.

2023/24 £'000		2024/25 £'000
	Funding provided to West Midlands ROCU	
(16,545)	Contribution from West Midlands Police	(17,296)
(5,080)	Contribution from West Mercia Police	(5,310)
(4,935)	Contribution from Staffordshire Police	(5,158)
(2,467)	Contribution from Warwickshire Police	(2,579)
(2,399)	WMROCU Grant	(2,399)
(280)	National Cyber Security Programme funding	(280)
(242)	Asset Confiscation Enforcement grant (ACE)	(252)
(275)	ROCU Reserves	(330)
(1,096)	UCOL funding	(1,120)
(153)	ROCTA funding	(236)
(256)	Disruption Team Funding	(256)
(250)	Dark Web Funding	(250)
(153)	Fraud Investigation	(142)
(0)	Illicit Crash Team	(46)
(34,131)	Total Income	(35,654)
	WM ROCU Expenditure	
1,792	Regional Asset Recovery Team (RART)	1,555
243	RART- ACE team	260
880	Regional Cyber Crime Unit	912
797	Regional Fraud Team	605
1,429	Regional Prisons Intelligence Unit	1,472
78	Operational Security (OPSY)	67
22	Regional Government Agency Intelligence Network (GAIN)	74
1,429	Command Team	1,621
6,699	Regional Confidential Unit	6,776
694	TIDU- Technical Intelligence	694
456	Enabling Services	346
6,553	SOCU	5,899
8,657	Regional Surveillance Unit (FSU)	9,567
3,730	Other Regional Operations	4,404
0	Additional Contribution to Reserves	0
336	Threat Assessment Team (ROCTA)	428
288	Disruption Team	336
48	Dark Web	317
0	DART	321
34,131	Total Expenditure	35,654
0	Total Net Expenditure	0

6.5.6 Contingent Liabilities

During the year 2024/25 there was no contingent liabilities.

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. No adjusting events have taken place to date.

Section 7

PENSION FUND ACCOUNTS

7.1 Police Pension Scheme for England and Wales- Pension Fund Accounts

Fund Account		Fund Account	
2023/24		2024/25	
£'000		£'000	
		Contributions Receivable:	
		From employer	
(23,785)		Contributions at 35.3%	(29,014)
(422)		Early retirements	(879)
(2)		Other- Pre-1974 recharge receipts	(2)
(10,283)		Officers contributions	(11,225)
	(34,492)		(41,121)
	(231)	Transfers in from Other Schemes	(297)
		Benefits Payable:	
67,485		Pensions	72,952
13,190		Commutations and lump sum retirement benefits	15,121
0		Repayments to HO following Ombudsman decision Milne v GAD	0
461		Lump sum death benefits	0
	81,136		88,074
		Payment to and on Account of Leavers	
107		Refund of contributions	185
0		Individual transfers out to other schemes	53
	107		238
	46,520	Sub-total for the year before transfer from the Group of amounts equal to the deficit	46,894
	(46,520)	Net Amount payable/ receivable for the year	(46,894)
	(46,520)	Actual Home Office top up funding	(46,894)

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.

7.2 Notes to Supplementary Financial Statements

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 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 Chief Constables pension liability can be found in 7.3.3.

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%.

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 7.3.3 the Financial Statements.

7.3 Pensions Scheme

Participation in Pension Schemes

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

The Police Pension Scheme for Police Officers (PPS), which is an unfunded defined benefit scheme, meaning that there are no investment assets built up to meet the pension liabilities, and cash has to be generated to meet 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 2024/25 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 2025. The Group's Balance Sheet position, prior to applying the asset ceiling adjustment is a net asset of £114.1m

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 2025.

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 £114.1m 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 2024/25 Note to the Financial Statements.

Therefore, the total effect of the asset ceiling on the net asset is £114.1m. Applying this to the calculated net asset of £114.1m results in a net liability of £0.596m. 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 £0.596m as at 31 March 2025, as set out in the tables below.

The adjustment of £114.1m has been applied to the Accounts as a remeasurement of the liability (less the adjustment retrospectively applied to the 2023/24 LGPS net surplus, as explained below). Prior to applying the asset ceiling adjustment, the net remeasurement was a gain of £114.1m, but is now shown as a loss of £0.596m 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.

An Asset Ceiling Adjustment of has also been applied retrospectively to the 2023/24 The result of this is a revised net liability of £0.718m after flooring the surplus to zero and the prior year comparative figures have been re-calculated to reflect this and this is set out below.

Transactions Relating to Retirement Benefits

The CC 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 CC 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:

7.3.1 Comprehensive Income and Expenditure Statement

	2023/24	LGPS	2023/24	PPS
	£'000	2024/25	£'000	2024/25
	£'000	£'000	£'000	£'000
Cost of Services:				
Current service costs (Inc. employee contribution)	(12,245)	(10,632)	(23,160)	(24,140)
Past service costs (Inc. curtailments)	0	(313)	0	0
Pension transfer in	0	0	(230)	(300)
Effect of business combinations and disposals	0	0	0	0
Financing and Investment income and expenditure				
Interest cost on defined benefit obligation	(15,345)	(15,991)	(84,860)	(87,030)
Interest income on plan assets	15,654	18,555	0	0
Interest on the effect of the asset ceiling	0	(2,539)		
Total post-employment benefit charges to the surplus or deficit on provision of services	(11,936)	(10,920)	(108,250)	(111,470)
Re-measurement of the net defined benefit liability				
Return on plan assets (excluding the amount included in the net interest expense)	29,487	(10,450)	0	0
Re-measurement of the net defined benefit liability- demographic assumptions	22,942	568	0	2,870
Re-measurement of the net defined benefit liability- financial assumptions	1,871	61,680	38,750	206,400
Actuarial gains and losses on liabilities experience	(10,057)	2,998	(22,300)	(110)
Changes in the effect of the asset ceiling	(52,353)	(57,231)		
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	(15)	0	0	0
Total Post Employment Benefit Charged to the CIES	(8,125)	(2,435)	16,450	209,160

7.3.2 Movement in Reserves Statement

	2023/24	LGPS	2023/24	PPS
	£'000	2024/25	£'000	2024/25
	£'000	£'000	£'000	£'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	11,936	10,920	108,250	111,470
Employers Contributions Payable to Scheme	(13,362)	(13,476)	(84,690)	(91,900)
Retirement Benefits Payable to Pensioners	0	0	0	0
Total	(1,426)	(2,556)	23,560	19,570

7.3.3 Pension Assets and Liabilities recognised in the Balance Sheet

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

	2024/25 £'000	2023/24 £'000	2022/23 £'000	2021/22 £'000
Present Value of the Defined Benefit Obligations				
PPS	(1,114,196)	(1,350,680)	(1,390,091)	(2,114,233)
LGPS	(395,288)	(379,868)	(320,219)	(473,590)
Fair Value of LGPS Assets	394,704	379,164	326,214	332,680
Deficit in the Scheme				
PPS	(1,114,196)	(1,350,680)	(1,390,091)	(2,114,233)
LGPS	(584)	(704)	5,995	(140,910)
Total	(1,114,780)	(1,351,384)	(1,384,096)	(2,255,143)

7.3.4 Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation):

	2023/24 £'000	LGPS 2024/25 £'000	2023/24 £'000	PPS 2024/25 £'000
Opening Balance at 1 April	(320,219)	(379,868)	(1,390,091)	(1,350,680)
Current Service Cost	(12,245)	(10,632)	(12,880)	(13,080)
Interest Cost	(15,345)	(15,991)	(84,860)	(87,030)
Contributions by Scheme Participants	(4,062)	(4,013)	(10,280)	(11,060)
Re-measurement Gain/(Loss)	14,756	65,246	16,450	209,160
Pension Transfers In	0	0	(230)	(230)
Benefits Paid	8,622	10,054	84,690	91,900
Past Service Costs (including curtailments)	0	(313)	0	0
Business combinations and disposals	0	0	0	0
Asset Ceiling adjustment for economic benefit calculation	(52,353)	(59,771)	0	0
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	978	0	0	0
Top-up-Grant	0	0	46,521	46,521
Closing Balance at 31 March	(379,868)	(395,288)	(1,350,680)	(1,114,196)

7.3.5 Reconciliation of the Movement in the Fair Value of the Scheme Assets

	2023/24 £'000	LGPS 2024/25 £'000
Opening Balance at 1 April	326,214	379,164
Interest Income	15,654	18,555
<i>Re-measurement gain/(loss)</i>		
The Return on the plan assets, excluding the amount included in the net interest expense	29,487	(10,450)
Other experiences	0	0
Employer Contributions	13,362	13,476
Contributions by Scheme Participants	4,062	4,013
Benefits Paid	(8,622)	(10,054)
Business combinations and disposals	0	0
Obligation relating to: staff previously under control of the Chief Constable and new staff in the year	(993)	0
Closing Balance at 31 March	379,164	394,704

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 CC 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 2024/25 and the potential effect of changes in these assumptions are set out below.

However, statutory arrangements for funding the deficit mean that the financial position of the CC remains healthy. The deficit on the local government scheme will be made good by increased contributions over the working life of employees (i.e. before payments fall due), as assessed by the scheme actuary. Finance is only required to be raised to cover police officer pensions when the pensions are actually paid.

In March 2011, Lord Hutton published his report into public sector pension provision which set out recommendations for the Government on how to ensure public service pensions were sustainable and affordable in the long term. As a result, negotiations between unions, employers and government took place and a new style LGPS was agreed, the core principle of which was the move away from a final salaried scheme towards a career average scheme (CARE).

The majority of public sector pension schemes became CARE schemes from 1st April 2015 (including the Police Pension Scheme). However, the Local Government Pension Scheme was selected to make the transition 12 months earlier, on 1st April 2014.

The rate of employer contributions payable by the CC for LGPS members remained constant at 21.5%.

7.3.6 The Local Government Pension Scheme assets comprised:

Asset Category	31 March 2024		31 March 2025	
	Fair Value of Scheme Assets £m	% age of Total Assets	Fair Value of Scheme Assets £m	% age of Total Assets
Equity Securities:				
Consumer	10.45560	3%	8.96850	2%
Manufacturing	5.20960	1%	3.65160	1%
Energy and Utilities	2.37760	1%	0.00000	0%
Financial Institutions	14.18600	4%	11.63380	3%
Health and Care	10.69120	3%	6.80980	2%
IT	17.07590	4%	8.63100	2%
Other	0.00000	0%	0.00000	0%
Debt Securities:				
Corporate Bonds (investment grade)	28.74230	7%	29.50410	7%
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	20.32060	5%	19.52530	5%
Real Estate:				
UK Property	28.50140	7%	31.88380	8%
Overseas Property	0.00000	0%	0.00000	0%
Investment Funds and Unit Trusts:				
Equities	174.96500	46%	186.19800	46%
Bonds	30.30090	8%	30.83480	8%
Hedge Funds	0.00000	0%	0.00000	0%
Commodities	0.00000	0%	0.00000	0%
Infrastructure	16.77980	4%	22.47260	6%
Other	20.22730	5%	36.25330	9%
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	6.27800	2%	5.57040	1%
Totals:	386.11200	100%	401.93700	100%

Approximately 1.8% of the value of these Assets relates to the PCC Single Entity and 98.2% 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

7.3.7 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.

The principal assumptions used by the actuary have been:

	2023/24	LGPS 2024/25	2023/24	PPS 2024/25
Mortality Assumptions				
<u>Longevity at 65 for Current Pensioners</u>				
Men	20.8yrs	20.7yrs	21.9yrs	21.9yrs
Women	24.0yrs	24.0yrs	23.6yrs	23.9yrs
<u>Longevity at 65 for Future Pensioners</u>				
Men	22.0yrs	21.9yrs	23.6yrs	23.3yrs
Women	25.6yrs	25.5yrs	25.1yrs	25.2yrs
Rate of Inflation			2.60%pa	2.70%pa
Rate of Increases in Salaries	3.25%pa	3.25%pa	3.85%pa	3.45%pa
CARE Revaluation Rate			3.85%pa	3.95%pa
Rate of Increases in Pensions	2.75%pa	2.75%pa	2.60%pa	2.70%pa
Rate for Discounting Scheme Liabilities	4.85%pa	5.8%pa	4.75%pa	5.65%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

7.3.8 Sensitivity Analysis

IAS19 requires the disclosure of the sensitivity of the results to the methods and assumptions used. The tables below shows 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 25		
0.5% decrease in Real Discount Rate	2.00%	6,054
1 year increase in member life expectancy	4.00%	11,534
0.5% increase in the salary Increase rate	0.00%	258
0.5% increase in the pension Increase Rate	2.00%	5,965
PPS Change in assumption 31 March 25		
0.5% Decrease in Real Discount Rate	-7.00%	(118,000)
1 year increase in member life expectancy	1.00%	13,000
0.5% increase in the salary Increase rate	7.00%	119,000
0.5% increase in the pension Increase Rate	2.00%	37,000

Section 8

ABBREVIATIONS/GLOSSARY

8.1 Abbreviations

OPCC	-	Office of the Police and Crime Commissioner for Staffordshire
CC	-	Chief Constable
PCC	-	Police and Crime Commissioner
CIES	-	Comprehensive Income and Expenditure Statement
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
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
OPCC	-	Office for the Police and Crime Commissioner
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

8.2 Glossary of Financial 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 1 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 1 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

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 MTFS currently covers four 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.

Relevant Police Officer

The Chief Constable (England and Wales) and Commissioners of the Metropolitan or City of London Police (England). Any other senior police officer whose salary is £150,000 per year or more.

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 Chief Constable as shown in section 5 of the Group Account.

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.